



# Better Connection for a Better Future

## Ninth Event | Nepal-China

### Tax Administration Theme Day





# The Ninth Theme Day Event

15 May 2025





# **Tax Policy, Tax Administration Tax Service and Tax Incentive in Nepal**

**Inland Revenue Department  
Lazimpat, Kathmandu, Nepal.**





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# Tax Policy

- **Income Tax, VAT, Customs and Excise as major taxes in Federal Level,**
- **Property Tax & Agricultural taxes fall under sub-national bodies,**
- **IRD is responsible for administering taxes except customs,**
- **Customs revenue mobilization is a jurisdiction of Customs Department,**
- **Property Tax & Agricultural taxes are mobilized by sub-national bodies.**



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# Excise Policy

- On goods that pose risk to health and harm the environment,
- However, other common goods have also been dragged into its scope,
- Specific and ad-valorem rates are in practice,
- Physical Control System – High Risk Commodity,
- Excise is Zero Rated for export,
- Excise Sticker for liquor & tobacco.



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# Value Added Tax Policy

- Tax based on Destination Principle,
- Input Tax Credit is provided,
- Ensures Non-Cascading Effect,
- Tax avoidance is minimized through Catch-Up Effect,
- Basic needs for daily life – tax exempted,
- Export is zero rated,
- Single Rate of VAT – 13%, registration threshold NRs. 3 & 5 million,
- Service provided by non-resident person is taxable even in B-to-C transactions.



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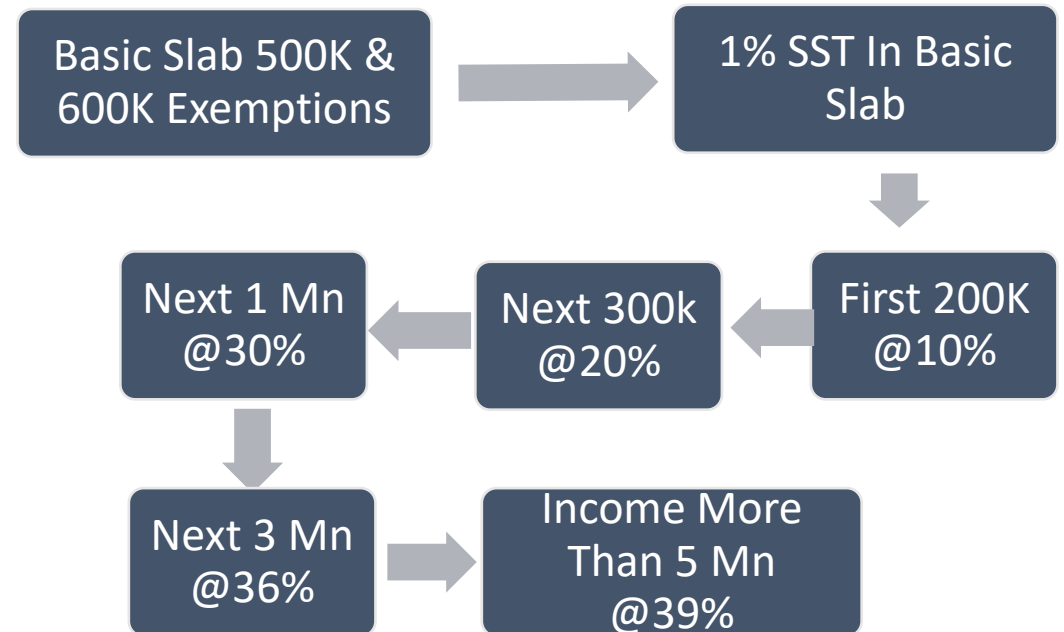
# Income Tax Policy

- Incomes Classified into four heads,

## *Income Heads*

- *Business*
- *Investment*
- *Remuneration*
- *Windfall Gain*

- Progressive Measures of taxation,



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Continue.....



# Income Tax Policy

.....Continue.....

➤ *Based On Self-Assessment System,*

➤ *Tax collection at transactions settlement intermediaries,*

➤ *Tax collection through withholding agents as TDS,*

➤ *Employer as a tax assessor & collector,*

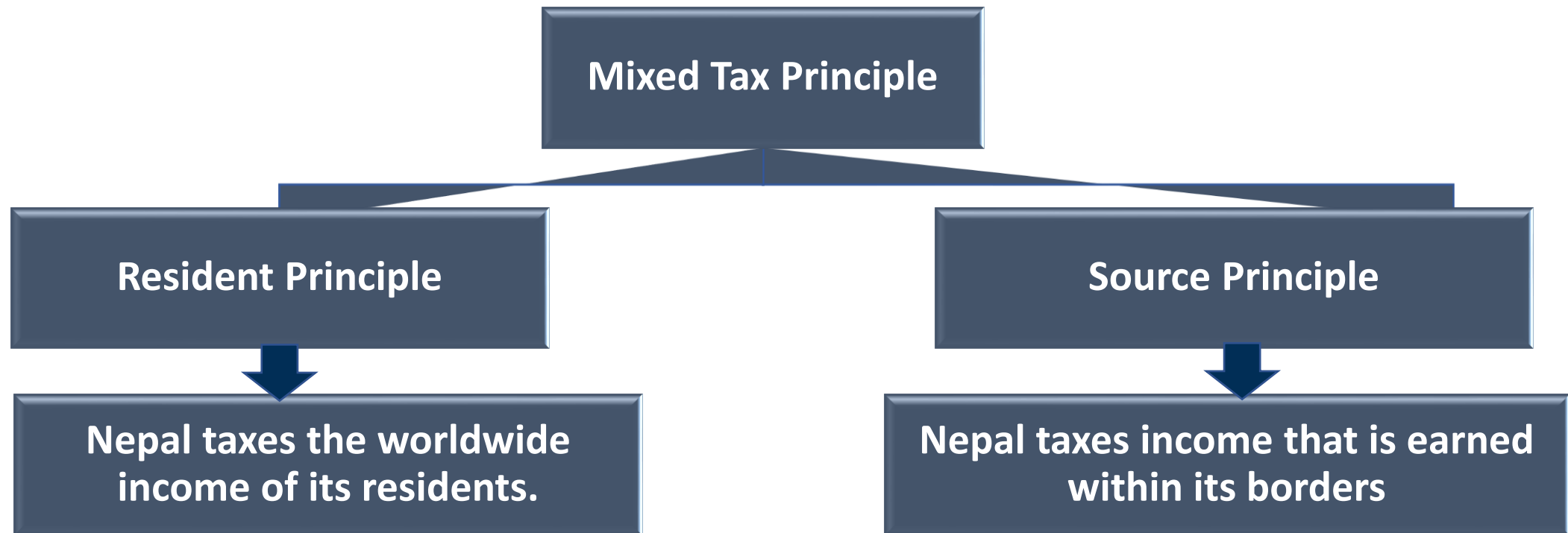


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# Income Tax Policy

.....Continue.....

- ***Resident vs. Source Principle***



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# Income Tax Policy

.....Continue.....

- *Comprises Hybrid model of Global & Scheduler tax system,*

## ***Scheduler Tax System***

- Business
- Investment (Div., Int.)
- Remuneration

## ***Global Tax System***

Residents worldwide income is aggregated and taxed at progressive rates.

- *Capital Gain Tax on the profits of non-business chargeable assets,*

Individuals are subject to tax.  
CGT on land, building, & Share.

Entities are required to include in business income. No CGT for entities.

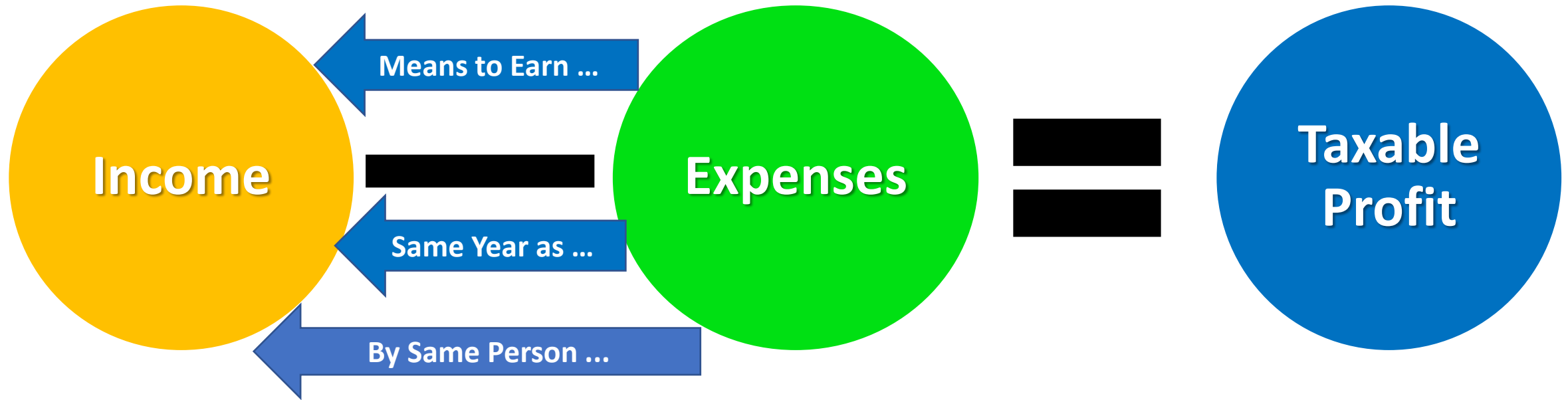


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# Income Tax Policy

.....Continue.....

- ***Matching Principle for expenditure deductions,***

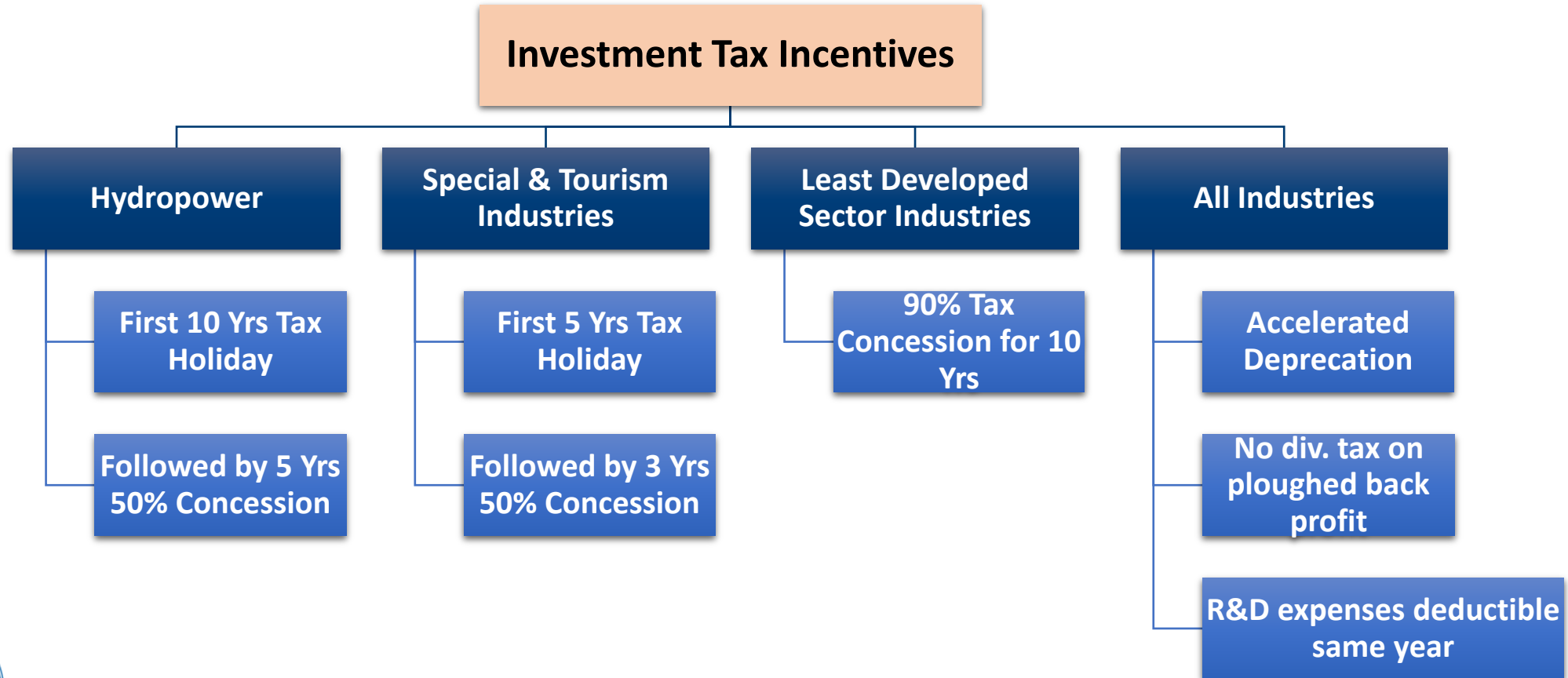


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# Income Tax Policy

.....Continue.....

- ***Investment Tax Incentives,***



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# Income Tax Policy

.....Continue.....

- ***Enactment of GAAR,***

- Empowers IRD to address arrangements that are considered to be tax avoidance schemes.

- ***Digital Service Tax,***

- Collected By Non-Resident digital service provider,
- B-to-C transactions,
- 2% of price of service.



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# Income Tax Policy

.....Continue.....

- ***Nepal has entered into DTAA with 11 Countries,***

Countries Having DTAA With Nepal	
Norway	Bangladesh
Thailand	Pakistan
Sri Lanka	China
Qatar	Mauritius
Austria	India
Korea	

- ***Provisions of transfer pricing,***

- Ensure transactions are being settled in arm's length price.
- Allocates taxable income fairly among the tax jurisdictions,
- Helps to minimize tax evasion and avoidance



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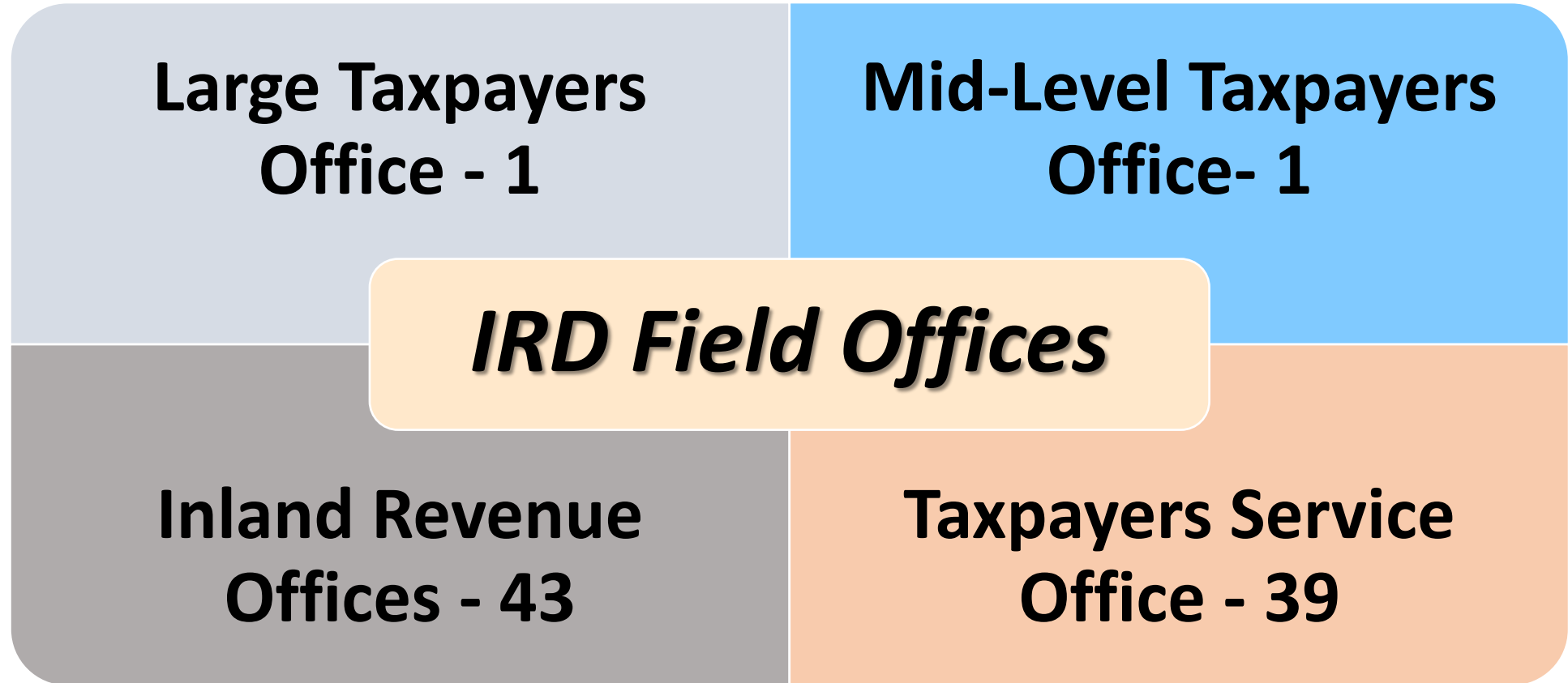
# Tax Administration Introduction

- Traditional & primitive taxes were there till mid of 20<sup>th</sup> century,
- Nepal's tax system established only after income tax act in 1959,
- The IRD is responsible for tax administration,
- The IRD has a network of offices throughout the country,
- Special revenue administration service as a sub wing of civil service.



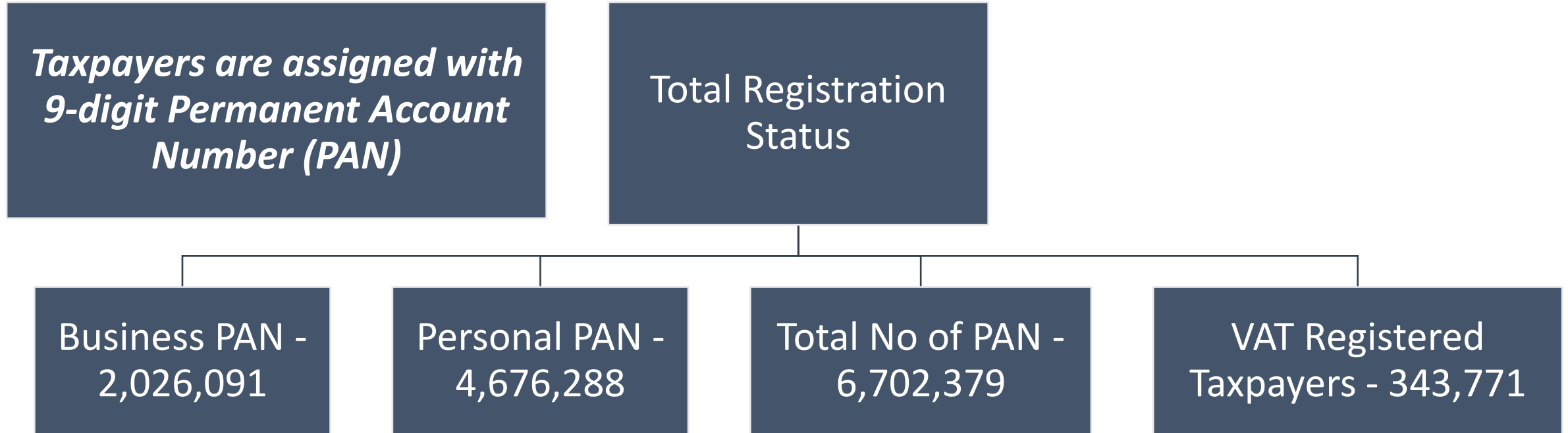
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# Organizational Scope



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# Registration Status



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# Integrated Tax System

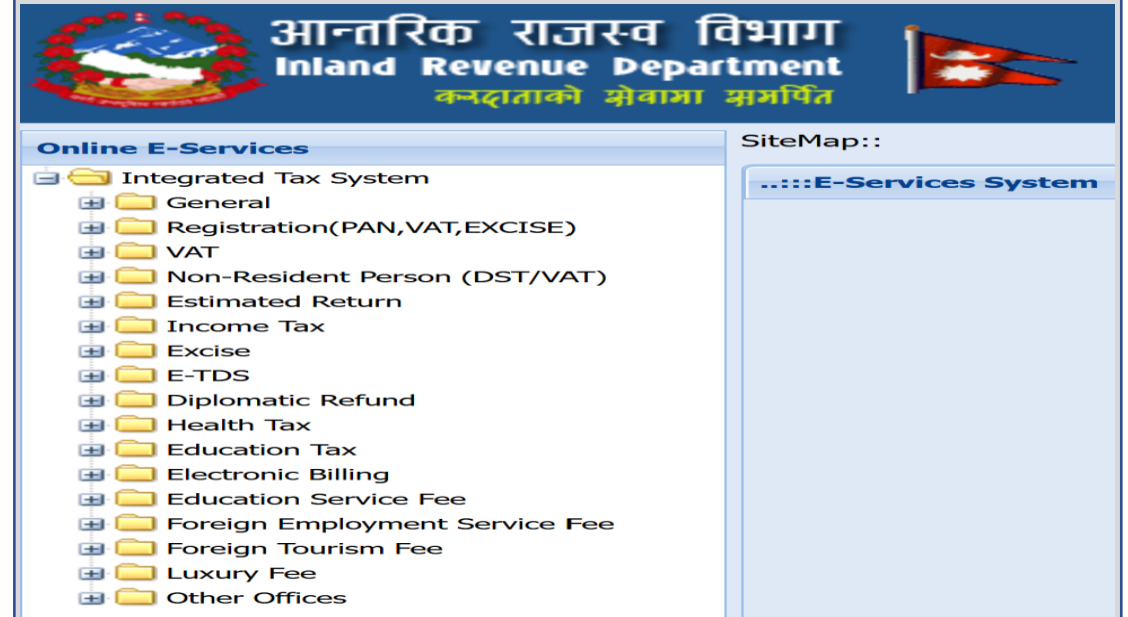
## IRD Tax Portal

### Officer Portal (<https://officerportal.ird.gov.np>)



The screenshot shows the Officer Portal interface for the Inland Revenue Department. The header includes the department's logo, name in Nepali and English, and a Nepali flag. The main content area is divided into two sections: 'Integrated Tax Links' on the left and 'SiteMap::' on the right. The 'Integrated Tax Links' section contains a list of various tax-related systems and reports, including Central Function, Central Reports, Taxpayer Information Report (TIR), Tax Clearance Certificates, MIS Reports, Registration Reports, VAT Reports, Income Tax Reports, TDS Reports, Beruju Reports, Appeal Information Management System, Excise Reports, Sticker Reports, Activity Recording Report, RAS Report, RAS- Entry Search, Arrear Management System, Arrear Management System Reports, Central Billing Management System, Audit Record Management System, EIMS, EIMS Report, and Security. The 'SiteMap::' section shows a link to the 'Integrated Tax System'.

### Taxpayer Portal (<https://taxpayerportal.ird.gov.np>)



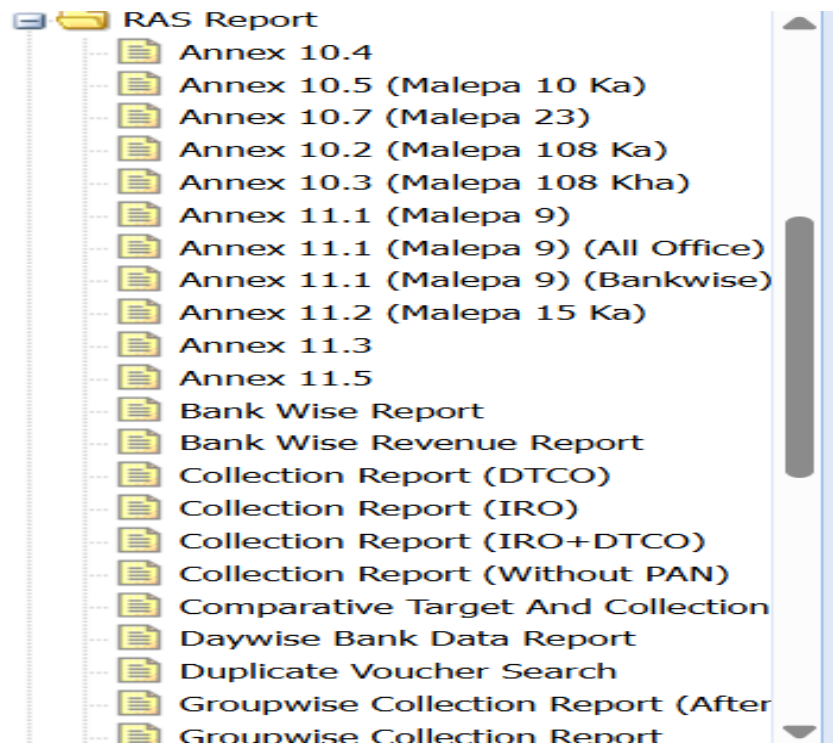
The screenshot shows the Taxpayer Portal interface for the Inland Revenue Department. The header includes the department's logo, name in Nepali and English, and a Nepali flag. The main content area is divided into two sections: 'Online E-Services' on the left and 'SiteMap::' on the right. The 'Online E-Services' section contains a list of various tax-related services, including General, Registration (PAN, VAT, EXCISE), VAT, Non-Resident Person (DST/VAT), Estimated Return, Income Tax, Excise, E-TDS, Diplomatic Refund, Health Tax, Education Tax, Electronic Billing, Education Service Fee, Foreign Employment Service Fee, Foreign Tourism Fee, Luxury Fee, and Other Offices. The 'SiteMap::' section shows a link to the 'E-Services System'.



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# Tax Collection - Revenue Accounting System

## RAS Report Snap



## RAS Showing Collection Report of an office

अर्थ मन्त्रालय

आन्तरिक राजस्व विभाग

आन्तरिक राजस्व कार्यालय, आन्तरिक राजस्व कार्यालय भद्रपुर

Officewise Target Collection Report

कार्यालय: आन्तरिक राजस्व कार्यालय भद्रपुर

आर्थिक वर्ष: 2081.082

महिना: माघ

प्रकार: आ. रा. का. + को. ले. नि. का.

	2081 / 10 को			2081 / 10 सम्मको		
Group	Monthly Target	Monthly Collection	Percent	Total Target	Total Collection	Percent
(A) Income Tax	93184	117265	125.84	1019941	780413	76.52
(B) Rent Income Tax	4359	3393	77.84	21862	14040	64.22
(C) Interest	18563	15425	83.09	55489	63020	113.57
(D)VAT (Internal)	97100	67058	69.06	711149	589087	82.84
(E) Excise (Internal)	34124	16721	49.00	324675	281726	86.77
(F) Health Service	4		.00	11	3764	35443.98
(G) Education	3	2	67.75	5	8	152.26
(H) Others	33	808	2435.88	58	5908	10170.97
Total	247369	220671	89.21	2133190	1737967	81.47



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# Tax Audit, assessment & appeal

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Inland Revenue Department  
बन्नुको सेवा  
“जगतलाई सम्मान र सेवा: सुशासनलाई देवा”  
Welcome Ujjwal Gautam  
तुम करदाता कार्यालय  
[2073]

Date: 2073.01.28

Integrated Tax Links  
Integrated Tax System  
Central Function  
Central Reports  
Taxpayer Information Report (TIR)  
Tax Clearance Certificates  
Electronic Billing  
Taxpayer Registration System  
Registration Reports  
Value Added Tax System  
Manual VAT Returns  
VAT Returns Close of Business  
Pre Management Assessment  
Final Management Assessment  
Appeal Entry  
Appeal Decision  
VAT Notification  
Receipt Payments  
Refund Payments  
Rebate  
Special Penalty for VAT  
Sundry Transaction  
Management Adjustment Return  
Refund Bill Entry List  
Unused Credit  
Diplomatic Refund Cheque Multiple  
Diplomatic Refund Registration  
Manual VAT Returns (DST)  
Payment Hold/Release  
Diplomatic Refund  
Dummy Receipt Payments  
VAT Reports  
VAT Incentive  
Income Tax System

अन्तिम कर निर्धारण आदेश

कर निर्धारण कोड: 52  
कर निर्धारण आदेश नं.: Enter No No.  
करदाता दर्ता नम्बर: Enter Pan No. खाताको क्रम: 00  
नम:   
रेकर्ड:   
कर निर्धारण भएको अवधि:   
कर निर्धारण गर्ने ऐनको दफा:   
रकम:   
कर निर्धारण गर्ने कारण:   
पुरावदको विवरण अनुसार भएको भए पुरावदेन नै:   
अन्य भए विवरण:   
खाता र बरिदान गणना पुरावदको मिति: YYYYMMDD अन्तिम कर निर्धारण मिति: YYYYMMDD  
कर अवधि

## Audit Record Management System

- Audit Allocation
- Audit Close
- Audit Notice
- Audit Officer Verification
- Audit Report
- Audit Report List
- Audit Report Samples
- Audit Response
- Audit Selection
- Bank Audit Entry
- Decision Letter
- Field Visit Entry
- Insurance Audit Entry
- Manufacturing Audit Entry
- Other Audit Entry

## Appeal Information Management System

- AM Appeal Decision
- AM Appeal Decision Report
- AM Appeal Entry
- AM Appeal Extension
- AM Appeal Extension Report
- AppealEntry Darta Report
- MA Order Received Info



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# TDS Management System

Integrated Tax Menus >> E-TDS >> E-TDS

सांभ्रमण नं. लिने फारम विधहोल्डर लगइन विधहोल्डर लगइन

प्रयोगकर्ताको नाम \*:

पासवर्ड \*:

पुनः पासवर्ड \*:

स्थायी लेखा नं. (पान नं.):

विधहोल्डरको नाम \*:

☒ आ.रा.का ☐ क.से.का

आ.रा.का \*:

ईमेल:

फोन नं. \*:

ठेगाना:

भौचर मिति: YYYY.MM.DD \*\*भौचर मिति २०७५.०४.०१(BS) भन्दा अगाडि भएमा भर्नुहोस्

टि. डि. एस कलेक्सन अन्तराल

☒ वि.सं. YYYY MM DD २०८२ ०१ २७

First, Withholder needs to fill up the form on left to get a submission no., then proceed to E-TDS Portal

Integrated Tax Menus >> E-TDS >> E-TDS

संभ्रमण नं.: 770025338643 विधहोल्डरको स्थायी लेखा नं.: 500166008 विधहोल्डरको नाम: प्रोडिगन्त कम्प्युटर सिस्टम (प्रा.) लि. टि. डि. एस कलेक्सन अन्तराल: 2077.04.01 रेकि 2077.06.13 85 सम्

Print Preview Print Preview in English Download Sample Load XML file Load EXCEL file Save Records to XML file Save Records to EXCEL file

स्थायी लेखा नं./पान नं. नाम टाकित मिति: ☒ वि.सं. ☐ ई.सं. भुक्तानी रकम टि.डि.एस रकम टि.डि.एस सिस्टिम

स्थायी लेखा नं.: नाम खोज्ने आधार: ☒ English ☐ Nepali नाम:

Delete All Add Reset Save Submit

टाकित मिति

Previous Next Refresh

व्याप्ता भुक्तानी रकम:

व्याप्ता टि.डि.एस रकम:

---Select TDS Type---

- (19) 11111 Individual or Proprietorship Form
- (20) 11112 Remuneration Income Tax
- (21) 11113 Capital Gain Tax - Individual
- (22) 11121 Government Institutions
- (23) 11122 Public Limited
- (24) 11123 Private Limited
- (25) 11124 Other Entities
- (26) 11125 Capital Gain Tax - Entity
- (27) 11131 Rental Tax
- (28) 11132 Interest Tax
- (29) 11133 Dividend Tax
- (30) 11134 Tax on Other Investment Income



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# E-Internal Monitoring System

## Progress entry module by office

Progress Entry Month:   
After the incentive entry deadline

Entry	Reports	System	Operational
Collection & functional			
PAN Mismatch Upload			
Update RAS Collections			
Update Full Audit			
Update Collection Function			
Collection Function Entry			
Market Monitoring			
Pre Investigation			
Health Education Service Fee			
Legal Action Liquor			
Taxpayer Education			
Rapid Verification			
Audit Review			
Vat Registration			

## Progress report generated by system

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Inland Revenue Department  
कर्मचारीको सेवाको लागि

Progress Entry Month: Incentive Entry Deadline: **Time Out** Reporting E  
After the incentive entry deadline, the progress entry will not be counted for the

Setup	Entry	Reports	System	Operational Manual	EIMS(6869-7071)	EIMS(6667-6768)
		Suspicious PAN Report				
		Yearly Target Report				
		Performance Report				
		Monthly Target Report				
		Monthly Performance Report				
		Comparative Target and Performance				
		All Office Target and Performance				
		Dues Collection				
		All Office Target Report				
		All Office Performance Report				
		Detail Report (Office wise)				
		Collection Function Report				
		Detail Report (Indicator wise)				
		Grading Report (All IRO, TSO, LTO)				
		IROwise TSO Grading Report				
		TSO Grading Report				
		Categorywise Grading Report				
		Audit Review Report				

Welcome to IMS  
of  
Revenue Department  
al Monitoring System

नी दायित्व मात्र होइन, सम्मान पाउने अवसर पनि हो ।  
Right Inland Revenue Department Nepal



BUILDING A GROWTH-FRIENDLY TAX ENVIRONMENT

# Taxpayer Service

## Registration:

- Permanent Account Number (PAN)
- Value Added Tax (VAT)
- Excise Duty Registration

## Tax Payment:

- ❖ connectIPS
- ❖ Mobile Banking & Digital Wallets
- ❖ Offline Payments

## Filing & Returns:

- ✓ Income Tax Return Filing
- ✓ VAT Return Filing
- ✓ E-TDS
- ✓ Excise Return Filing



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Continue.....

# Taxpayer Service

## Support and Information:

- Service Offices TSOs & IROs
- Taxpayer Education
- Guidelines, Procedures etc.
- Assistance & Consultancy

## Online E-Services and Portals:

- Taxpayer Portal
- IRD Nepal Mobile App

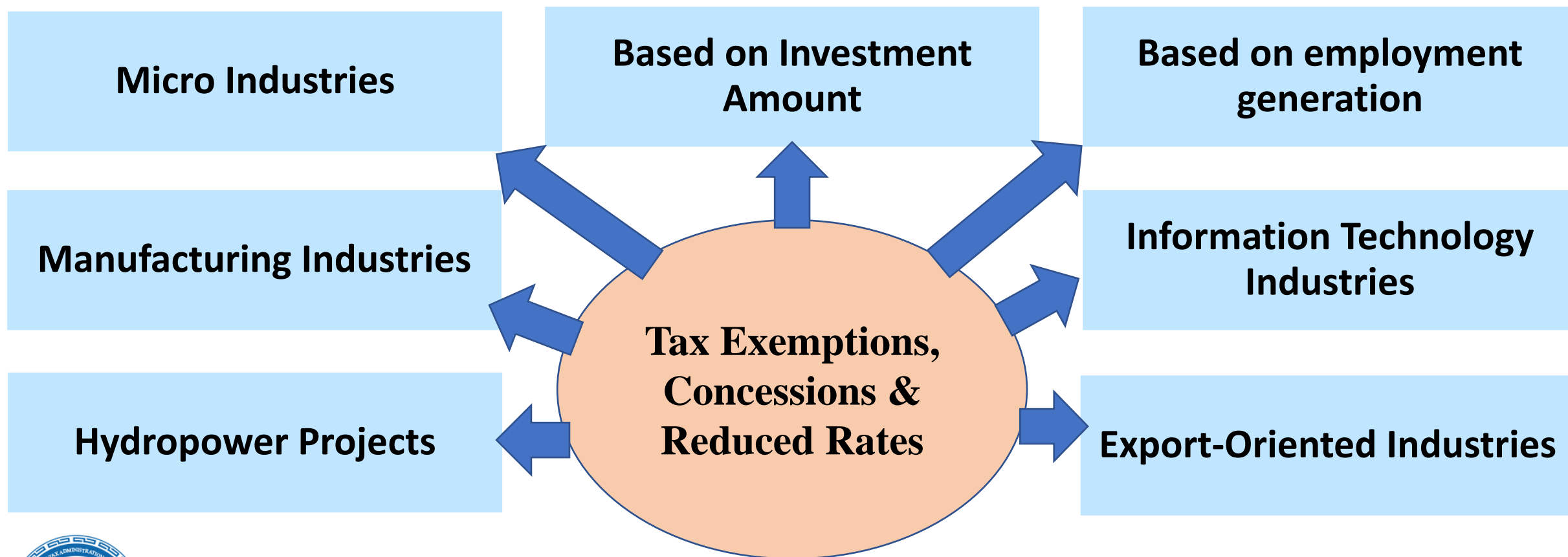
## Other Services:

- Tax Refund
- Advance Ruling



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# Taxpayer Service



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Continue.....

# Taxpayer Service

## ***Accelerated Depreciation Allowances***

Reduces taxable income in the initial years of operation. Beneficial for capital-intensive industries.

## ***Deductions for Specific Expenses***

Up to 50% of expenses incurred for R&D and pollution control.

## ***Incentives for SEZs***

100% tax exemption - 5 years, 50% for the remaining period. In hilly districts- 10 years and 50% thereafter.



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# THANKS

