INLAND REVENUE DEPARTMENT

<u>Tax Rates Applicable to Natural Persons under the Income Tax Act, 2058</u>

(For Fiscal Year 2083/084)

S.N.	Family Selection and Income Limit		Tax Rate	Tax Amount Applicable (for a person having taxable income of Rs. 6,000,000)	
	Single	Couple		Single	Couple
1.	Taxable income up to Rs. 1,000,000	Taxable income up to Rs. 1,000,000	1%	10,000/-	10,000/-
2.	Taxable income exceeding Rs. 1,000,000 up to Rs. 1,500,000	Taxable income exceeding Rs. 1,000,000 up to Rs. 1,500,000	10%	50,000/-	50,000/-
3.	Taxable income exceeding Rs. 1,500,000 up to Rs. 2,500,000	Taxable income exceeding Rs. 1,500,000 up to Rs. 2,500,000	20%	200,000/-	200,000/-
4.	Taxable income exceeding Rs. 2,500,000 up to Rs. 4,000,000	Taxable income exceeding Rs. 2,500,000 up to Rs. 4,000,000	27%	405,000/-	405,000/-
5.	For taxable income exceeding Rs. 4,000,000, irrespective of the amount of taxable income above, an additional tax at the rate of two percentage points shall be imposed on the tax rate applicable pursuant to S.N. 4.	For taxable income exceeding Rs. 4,000,000, irrespective of the amount of taxable income above, an additional tax at the rate of two percentage points shall be imposed on the tax rate applicable pursuant to S.N. 4.	29% (27%+2%)	580,000/-	580,000/-
Total tax amount payable by a person having taxable income of Rs. 6,000,000				1,245,000/-	1,245,000/-

In the case of taxpayers registered as sole proprietorship firms, in the case of income from pension, and in the case of income of a natural person contributing to a pension fund and a contributory-based Social Security Fund, the one percent tax according to S.N. 1 shall not be applicable. {Schedule-1, Section 1, Sub-sections (1) and (2)}

Amounts Not Included in the Income of a Natural Person or Amounts Deductible from Income:

1. Retirement Contribution Amount:

In any income year, a natural person who is a beneficiary of an approved retirement fund may, when making a retirement contribution to the retirement fund, deduct from his/her taxable income an amount up to five hundred thousand rupees or one-third of his/her assessable income, whichever is less.

2. Remote Area Allowance Facility:

The amount deductible from the taxable income of a natural person working in a remote area:-

Class “A” area: Rs. 50,000/- (fifty thousand)
Class “B” area: Rs. 40,000/- (forty thousand)
Class “C” area: Rs. 30,000/- (thirty thousand)
Class “D” area: Rs. 20,000/- (twenty thousand)
Class “E” area: Rs. 10,000/- (ten thousand)

3. Foreign Allowance Exemption Facility:

An amount equal to seventy-five percent of the foreign allowance received by an employee working at a diplomatic mission of Nepal abroad may be deducted from taxable income.

4. Exemption Facility Available to a Person Having Pension Income:

If a resident natural person has pension income, such person may deduct from taxable income an amount equal to twenty-five percent of the exemption limit available to such person.

5. Exemption Facility Available to a Person with Disability:

If a resident natural person has a disability, such person may deduct an additional amount equal to fifty percent of the exemption limit available to such person from taxable income.

6. Investment Insurance Exemption Facility:

If a resident natural person has taken investment insurance, the amount of the annual premium paid for such insurance or forty thousand rupees, whichever is less, may be deducted from taxable income.

7. Premium Paid for Health Insurance:

If a resident natural person has obtained health insurance from a resident insurance company, the amount of the annual premium paid for such insurance or twenty thousand rupees, whichever is less, may be deducted from taxable income.

8. Premium Paid for Insurance of a Private Building Owned by One-self:

If a resident natural person has insured a private building owned by him/her with a resident insurance company, the amount of the annual premium paid for such insurance or ten thousand rupees, whichever is less, may be deducted from taxable income.

9. Annual Amount Paid as Tuition Fee to a Resident Person for the Education of One's Child:

Notwithstanding anything contained elsewhere in this section, if a resident natural person has paid an annual amount to a resident person as tuition fee for the education of his/her child, an amount equal to twenty-five percent of such annual amount or twenty-five thousand rupees, whichever is less, may be deducted from taxable income.

10. Tax Exemption for Women Having Remuneration Income Only:

If a resident natural person is a woman earning only remuneration income, such natural person shall receive a ten percent exemption on the amount of tax payable by her.

11. For the Cost of Approved Medical Treatment:

An amount equal to 15 percent of the actual expenditure incurred as per the bill for approved medical treatment or seven hundred and fifty rupees, whichever is less, may be adjusted against tax.

Presumptive Tax (Presumptive Tax): For Those Filing D-01 Income Return:

In the case of a resident natural person whose taxable income received from business is up to three hundred thousand rupees and whose annual business turnover does not exceed thirty lakh rupees, tax shall be levied as follows. {Income Tax Act, 2058, Section 4, Sub-section (4)}

Tax rate for a natural person having turnover of Rs. 30 lakh and income up to Rs. 3 lakh in FY 2083/084 (D-01 Income Return)

Business Area	Tax Amount Applicable in Fiscal Year 2083/084 (Rs.)
Natural person conducting business in a Metropolitan City or Sub-Metropolitan City area	7,500/-
Natural person conducting business in a Municipality area	4,000/-
Natural person conducting business in areas other than those mentioned above	2,500/-

Tax Levied on the Basis of Turnover (Turnover Tax): For Those Filing D-02 Income Return:

In the case of a resident natural person whose income consists only of income sourced in Nepal from business, whose taxable income from business is up to ten lakh rupees and whose business turnover is more than thirty lakh rupees up to one crore rupees, and who does not have income from consultancy and expert services provided by professionals such as doctors and engineers, tax shall be deposited according to the sum of section (a) and (b), or (a), (b) and (c), as follows. {Income Tax Act, 2058, Section 4, Sub-section (4a)}

Section (a) - On turnover up to Rs. 30 lakh

Business Area	Tax Amount Applicable in Fiscal Year 2083/084 (Rs.)
Natural person conducting business in a Metropolitan City or Sub-Metropolitan City area	7,500/-
Natural person conducting business in a Municipality area	4,000/-
Natural person conducting business in areas other than those mentioned above	2,500/-

Section (b) - On turnover exceeding Rs. 30 lakh up to Rs. 50 lakh

Type of Business	Tax Rate
For a person conducting business in goods by adding commission or value up to three percent, including gas, cigarettes, etc., on the turnover amount exceeding thirty lakh rupees up to fifty lakh rupees,	0.25 percent
For a person conducting business other than the businesses mentioned above, on the turnover amount exceeding thirty lakh rupees up to fifty lakh rupees,	1 percent
For a person conducting a service business, on the turnover amount exceeding thirty lakh rupees up to fifty lakh rupees,	2 percent

Section (c) - On turnover exceeding Rs. 50 lakh up to Rs. 1 crore

Type of Business	Tax Rate
For a person conducting business in goods by adding commission or value up to three percent, including gas, cigarettes, etc., on the turnover amount exceeding fifty lakh rupees up to one crore rupees,	0.3 percent

For a person conducting business other than the businesses mentioned above, on the turnover amount exceeding fifty lakh rupees up to one crore rupees,	0.8 percent
For a person conducting a service business, on the turnover amount exceeding fifty lakh rupees up to one crore rupees,	2 percent

The provision that a person paying tax on the basis of turnover (Turnover Tax- TOT) shall deposit tax in two installments as follows is contained in Sub-section (1ka) of Section 94 of the Act.

Date for Deposit	Tax Amount to be Deposited
By the end of the month of Poush	Tax leviable at the prescribed rate on the turnover up to Poush 20.
By the end of the month of Ashadh	The tax amount resulting from estimating the turnover to be achieved by the end of the month of Ashadh on the basis of the actual turnover up to Ashadh 20, calculating the tax leviable at the prescribed rate, and deducting from that tax amount the tax deposited by the end of Poush.

Tax shall be levied at the rate of twenty-five percent on the taxable income of a non-resident natural person for any income year.

Capital gain of a resident natural person for any income year shall be taxed at the following rates.

(1) In the case of gain from the disposal of non-business taxable property (land and house/land and building) that has been owned for five years or more, tax shall be levied at the rate of seven point five percent.

(2) In the case of gain from the disposal of non-business taxable property (land and house/land and building) that has been owned for less than five years, tax shall be levied at the rate of ten percent.

(3) In the case of gain received from the disposal of an interest held for a period exceeding three hundred sixty-five days in an entity listed with the Nepal Securities Board, tax shall be levied at seven point five percent; and in the case of gain received from the disposal of an interest held for a period of three hundred sixty-five days or less, tax shall be levied at ten percent.

If a resident natural person not engaged in business operation receives payment in foreign currency for providing software or other electronic services of a similar nature outside Nepal as referred to in Sub-section (6kha) of Section 95A, the concerned bank, financial institution and money transfer (money transfer) institution shall, when making such payment, levy tax on the amount received; if any payment is received in foreign currency for providing consultancy services outside Nepal personally as referred to in Sub-section (6ga), the concerned bank, financial institution and money transfer (money transfer) institution shall, when making such payment, levy tax on the amount received;

As referred to in Sub-section (6 gha), if payment is received in foreign currency for uploading audio-visual material on social media, the concerned bank, financial institution and money transfer (money transfer) institution shall, when making such payment, levy tax at the rate of five percent on the amount received.

At the time of registration or renewal of a vehicle through the Transport Management Office by the owner of a hired vehicle, annual income tax shall be levied as follows.

Type of Vehicle	Annual Tax Payable per Vehicle
(1) Car, Jeep, Van, Micro Bus	
(a) Up to 1300 C.C.	Rs. 6,500/-
(b) Above 1300 C.C. up to 2000 C.C.	Rs. 7,000/-
(c) Above 2000 C.C. up to 2900 C.C.	Rs. 7,500/-
(d) Above 2900 C.C. up to 4000 C.C.	Rs. 9,500/-
(e) Above 4000 C.C., all	Rs. 11,000/-
(2) Mini Truck, Mini Bus, Water Tanker	Rs. 9,500/-
(3) Mini Tipper	Rs. 11,000/-
(4) Truck, Bus	Rs. 12,500/-
(5) Machinery equipment such as Dozer, Excavator, Loader, Roller, Crane	Rs. 17,500/-
(6) Oil Tanker, Gas Bullet, Tipper	Rs. 17,500/-
(7) Tractor	Rs. 3,500/-
(8) Power Tiller	Rs. 3,000/-
(9) Auto Rickshaw, Three Wheeler, Tempo	Rs. 3,500/-
(10) Electric Vehicle	
(a) Up to 50 kilowatts	Rs. 4,000/-
(b) Above 50 kilowatts up to 125 kilowatts	Rs. 5,000/-
(c) Above 125 kilowatts up to 200 kilowatts	Rs. 7,500/-
(d) Above 200 kilowatts, all	Rs. 9,500/-
Electric E-Rickshaw	Rs. 3,500/-
Two-wheeled vehicle	Rs. 3,000/-