



SARA



# Nepal Budget Highlights

FY 2018/19

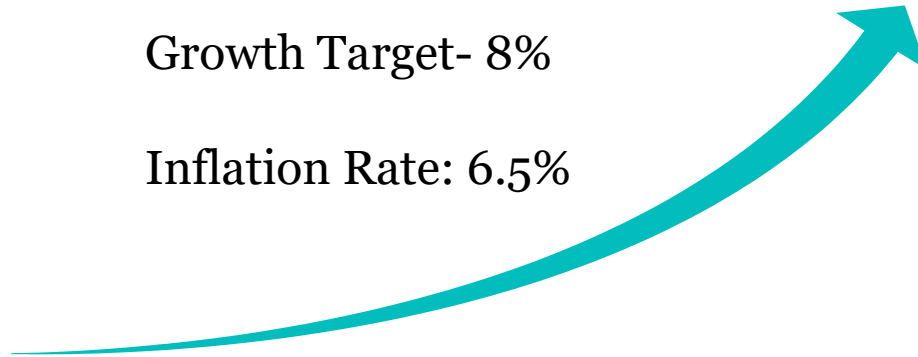
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# Objectives

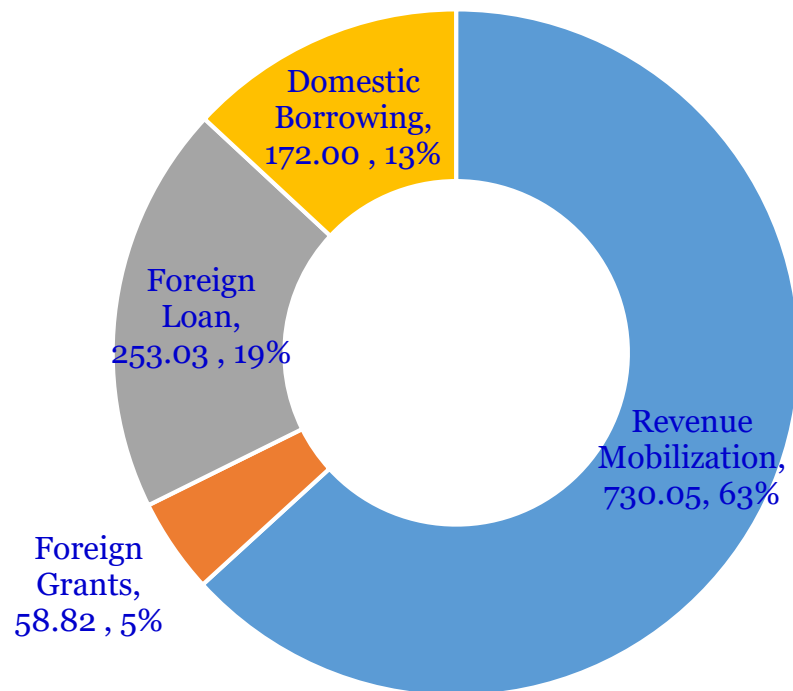
- 1. Ending the Extreme Poverty and Marginalization through fulfillment of Minimum Basic Needs for living*
- 2. Development and Optimum Utilization of Resources, Opportunities and Capacities for Rapid Economic and Human Development.*
- 3. Development of Economic, Physical and Social Infrastructure for creation of Prosperous, Strong, Independent and Socialism Oriented Economy.*

Growth Target- 8%

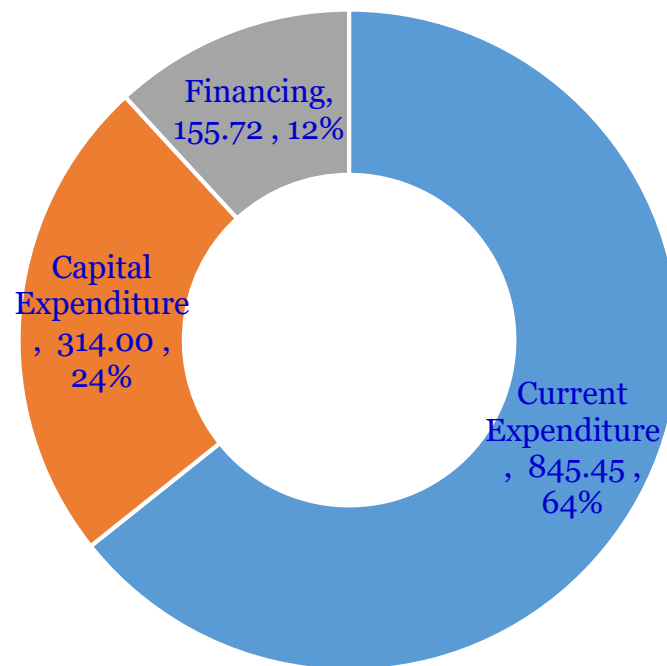
Inflation Rate: 6.5%



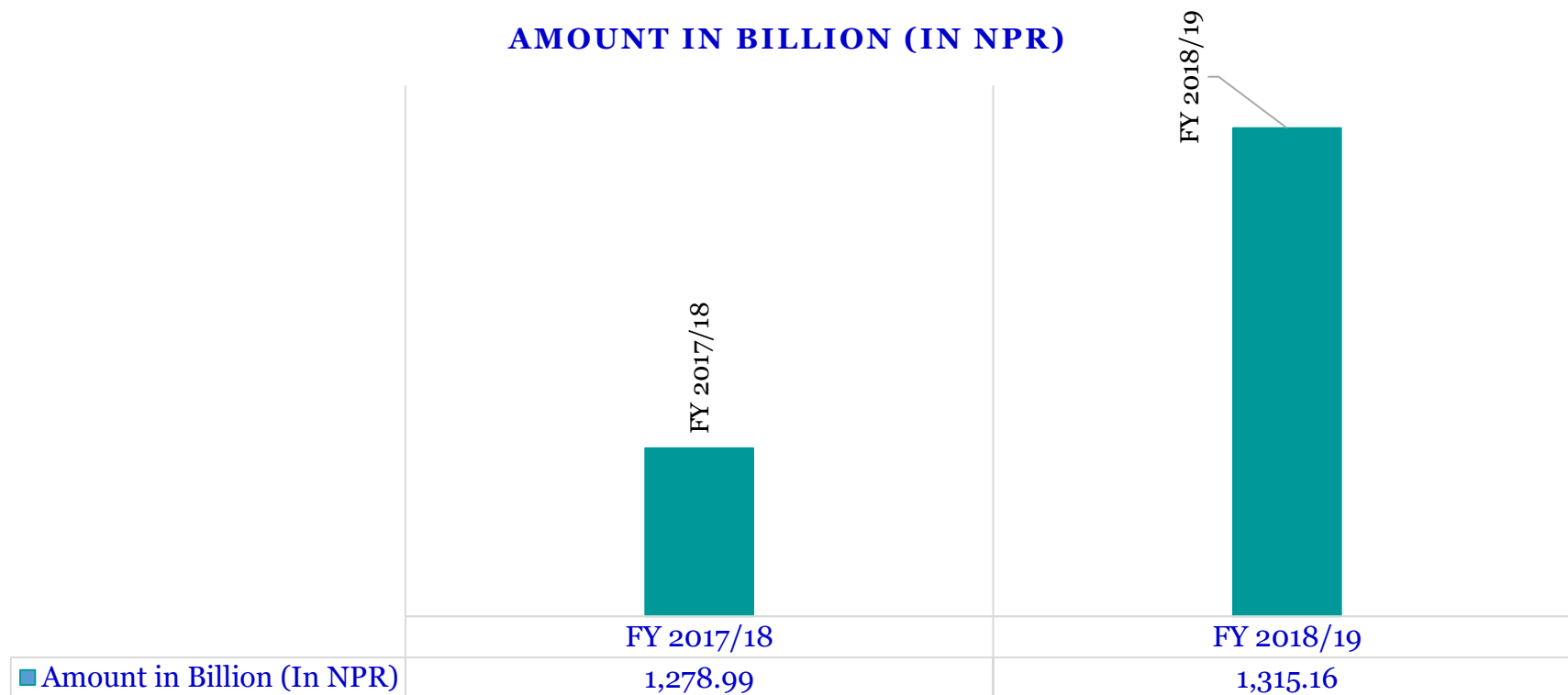
## Source of Finance *(NPR in billion)*



## Allocation of Budget *(NPR in billion)*

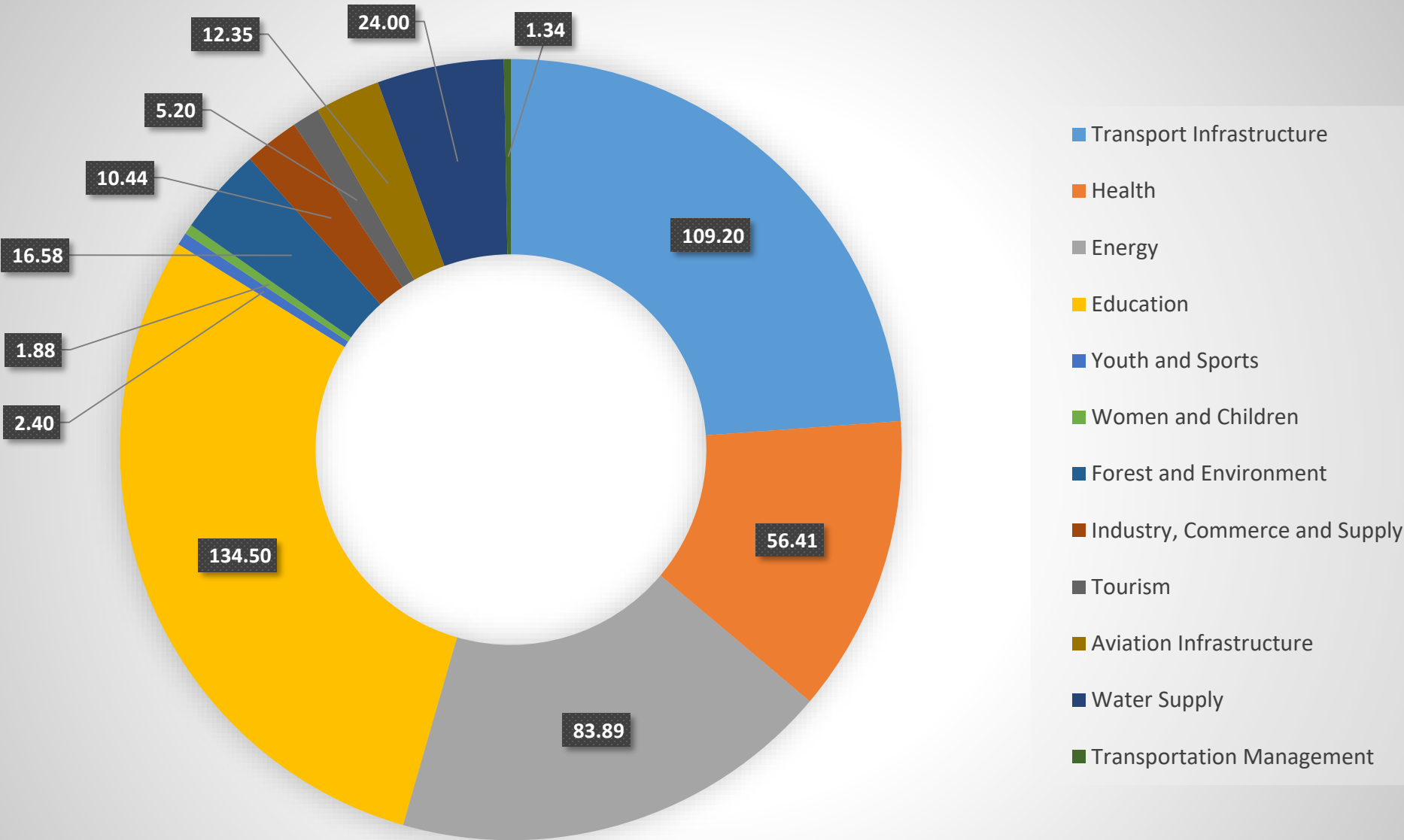


## Budget Amount Compared to Previous Year *(NPR in billion)*



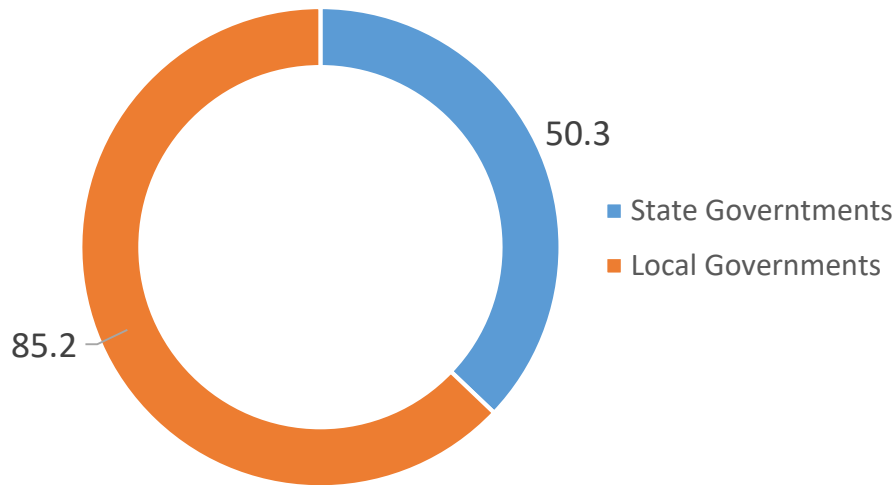
Increment of 3% in Budget Amount as compared to Previous Year.

# Sector-wise Budget Allocation *(NPR in billion)*

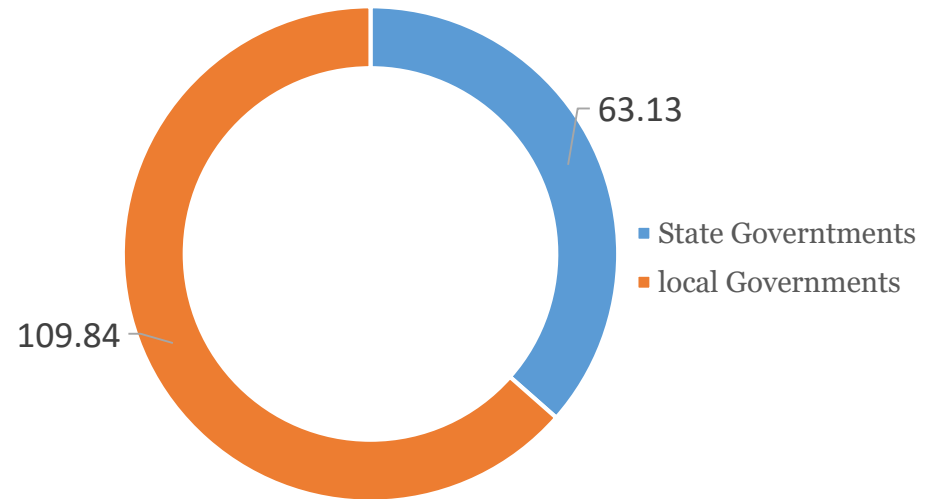


# Fiscal Transfer *(NPR in billion)*

## Direct Grant *(NPR in billion)*



## Conditional Grant *(NPR in billion)*



*NPR in billion*

Heading	State Governments	Local Governments
Direct Grant	50.3	85.2
Conditional Grant	63.13	109.84
Special Grant	20.00	
Distribution of Revenue	114.24	
<b>Total</b>	<b>442.71</b>	

# Budget Highlights

## Priority Areas

- ❑ Promote the Sectors that create Employment Opportunities for all Citizens
- ❑ Speedy Human Development through development of Health, Education and Social Sectors
- ❑ Achieve Sustainable, Extensive, Equitable and High Economic Growth Rate by developing Capitalization, Technology and Exploration in the sectors of Agriculture, Water Resources and Tourism,
- ❑ Development of Basic and Modern Physical Structures to speed up the Development of Modern Nepal through Construction of Roadways, Railways, Irrigation, Electricity and Urban Infrastructures
- ❑ Reconstruction of Structures damaged by Earthquakes and Floods
- ❑ Enhance the Quality of Public Service Delivery and Good Governance that can be perceived by citizens



# Budget Highlights

1. Provision of granting Loan of NPR 7 Lakhs to educated youth at subsidized interest rate of 5% to invest in Business against academic certificates.
2. Provision of granting loan of NPR 10 Lakhs to people returning from foreign countries after certification of their skills to operate related business.
3. Provision of contribution based pension plan is mandatory from Shrawan 01, 2075 to all government employees.
4. Manufacturing Companies established with a capital of Rs. 1 billion or more shall be converted into public limited companies and listed in the capital market

# Budget Highlights

## Indirect Tax

1. Provision of Mandatory Registration under Value Added Tax (VAT) for carrying out transactions of goods like Liquors, Cigarettes, Sanitary, Electronics, Construction Equipment within Metropolitan and Sub-Metropolitan Cities.
2. Withdrawal of existing system of self-refund of VAT Collected from consumers.
3. Withdrawal of existing Provision of VAT Refund paid on Import of Mobile Sets for sale of such mobile sets to VAT Registered Person
4. Withdrawal of Education Service Fee and Health Service Tax levied on Education and Health Service Consumption

# Budget Highlights

## Indirect Tax

5. Withdrawal of VAT levied on Health Services provided by Private Hospitals
6. Fine on Non-Filing of VAT Return Waived off for those VAT Registered Person who wishes to regularize in timely submission of tax and returns.
7. Increment of Import Duty on Liquors, Cigarettes and Tobacco substances which are hazardous to health.
8. Applicability of Excise Duty in Import and Domestic Production of Cocoa mixed Chocolates, Perfumes, Toys and Refrigerators
9. Increment in Excise duty on Four Wheeler Vehicles above 1000 cc and Two Wheeler Vehicles above 150 cc.

# Budget Highlights

## Indirect Tax

10. Applicability of Health Risk Tax @ Rs. 0.25 per unit on both Production and Import of Cigarettes.
11. 75% Waiver in Import Duty; 100% Waiver in Excise Duty and VAT in Import of a bus by community schools with seating capacity of 30 or above for use of such community schools.
12. Import of Raw Gold up to 100 gms of Gold by Nepalese Citizens returning from abroad allowed after paying applicable taxes.

# Budget Highlights

## Direct Tax

1. Non-Taxable Limit for Capital Gain Tax on sale of land and building decreased from NPR 30 Lakhs to NPR 10 Lakhs
2. Waiver of capital gains tax of all production oriented and tourism industries if the retained earnings are reinvested for capital formation in own industries.
3. Income Tax Rebate of 50% at applicable tax rate to Tea, Textiles and Dairy Industries
4. Income Tax Exemption for 5 Years to Micro Entrepreneurial Industries. Further, tax exemption for additional 2 Years if such industries are being operated by women.

# Budget Highlights

## Direct Tax

5. Rebate of 10% at applicable tax rate to Private Companies having paid up capital of 50 Crores or more intending to convert into Public Companies for 3 Years from the date of such conversion.
6. Rebate of 20% at applicable tax rate to Community Based Hospitals
7. Income Tax, Penalty, Additional Fees and Interest for earlier financial years waived off to Social Enterprises registered as per Enterprise Registration Act, 2034 if they pay the applicable income tax liability if any and submit Income Tax Return of FY 2074/75 within Poush 2075
8. Non-Applicability of Social Security Tax to those participating in the Contribution based Pension
9. Deduction limit of Life Insurance Premium for computing Taxable Employment Income increased from NPR 20,000 to NPR 25,000.
10. Applicable Tax Rate for Merchant Banks, Telecommunication and Internet Services Industry, Money Transfer, Capital Market, Commodity Future Market, Securities Brokers and companies involved in securities business revised to 30%.

# Budget Highlights

## Direct Tax – Employment Tax - Income Tax Rates- Schedule 1

### Clause 1: Taxable Income of a Natural Person *If Assessed as Single*

Fiscal Year 2074/75	
Income Slab	Rate of Tax
First Rs. 350,000	1%
Next Rs. 100,000	15%
Above 450,000	25%
If the taxable income is above Rs 2,500,000	40% additional tax on the tax amount calculated under 25% slab above (applicable only in the income above 2,500,000)
Provision of 10% exemption is made to female employees.	

Fiscal Year 2075/76	
Income Slab	Rate of Tax
First Rs. 350,000	1%
Next Rs. 100,000	10%
Next 200,000	20%
Above 650,000	30%
If the taxable income is above Rs 2,000,000	20% additional tax on the tax amount calculated under 30% slab above (applicable only in the income above 2,000,000)
Provision of 10% exemption is made to female employees.	

# Budget Highlights

## Direct Tax – Employment Tax - Income Tax Rates- Schedule 1

### Clause 1: Taxable Income of a Natural Person *If Assessed as Couple*

Fiscal Year 2074/75		Fiscal Year 2075/76	
Income Slab	Rate of Tax	Income Slab	Rate of Tax
First Rs. 400,000	1%	First Rs. 400,000	1%
Next Rs. 100,000	15%	Next Rs. 100,000	10%
Above 500,000	25%	Next 200,000	20%
If the taxable income is above Rs 2,500,000	40% additional tax on the tax amount calculated under 25% slab above (applicable only in the income above 2,500,000)	Above 700,000	30%
Provision of 10% exemption is not made to female employees.		If the taxable income is above Rs 2,000,000	20% additional tax on the tax amount calculated under 30% slab above (applicable only in the income above 2,000,000)
		Provision of 10% exemption is not made to female employees.	



## For Further Consultation, Please Contact:

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