

FINANCE ACT 2083 · NEPAL

Budget Highlights

A practitioner's summary of tax, VAT, excise & customs changes for Fiscal Year 2083/84.



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Five pillars of change

The Act reshapes obligations across every major head of taxation.

A

Individuals

Slabs, capital gains,
deductions & reliefs

B

Corporates

Entity rates, amnesty &
equity levies

C

VAT

Digital rebate, refunds &
thresholds

D

Excise

Sin-tax rise & 360-item
liberalisation

E

Customs

Tier reform, Green Levy &
EV duty

📅 Effective Shrawan 1, 2083 — 16 July 2026

SECTION A

Individuals

Income tax slabs, capital gains, deductions and the new reliefs for resident natural persons.



Income tax slabs 2083-84

ANNUAL TAXABLE INCOME	TAX RATE
Up to Rs. 10,00,000	1%
Rs. 10,00,001 – 15,00,000	10%
Rs. 15,00,001 – 25,00,000	20%
Rs. 25,00,001 – 40,00,000	27%
Above Rs. 40,00,000	29%

MAXIMUM TAX · INCOME NPR 40L

6,55,000 NPR

1% SST waived for SSF contributors

First-slab Social Security Tax is fully waived for SSF contributors — **effectively 0%**.

Relief for individual taxpayers



SST fully waived

1% Social Security Tax is fully waived for SSF contributors — **effective rate 0%** on the first slab.



10% rebate for women

Female employees receive an **additional 10% rebate** on total computed tax.



Couple / married filing

Slabs are set for resident natural persons.—
IRD will notify the exact figure by circular.

 Effective Shrawan 1, 2083 — 16 July 2026

Refer to the official IRD notification for the exact couple threshold before applying TDS.

Capital gains tax

LISTED SHARES & SECURITIES

LONG TERM

7.5%

Previously **5%**

SHORT TERM

10%

Previously **7.5%**

LAND & HOUSE · INDIVIDUAL

HELD < 5 YEARS

10%

Shorter holding period

HELD > 5 YEARS

5%

Longer holding period

Deductions & exemptions

Home insurance premium

Insurance premium for own, self-occupied house
— deductible **up to NPR 10,000**.

NEW

Sweat equity & ESOP

IT-sector only — **100% exempt** from taxable income at the time of grant or vesting.

Compulsory land acquisition

CGT exempt on the portion of gain **up to the government's assessed valuation** for infrastructure.

NEW

IT service export income

50% income tax exemption on IT service export earnings — effective rate ~7.5% on qualifying income.

Sec-57 · transfer on death

Involuntary transfer on an owner's natural death is **not** a deemed disposal; related controlled-entity changes are also excluded.

SECTION B

Corporates & entities

Entity tax rates, the non-filer amnesty, dispute settlement and new equity levies.

B

Corporate tax — what changed

Standard rates hold steady; four targeted incentives are new this year.

NEW

~10%

IT service export

50% exemption on qualifying export income received in FX (from ~15%).

NEW

0% · 10 yrs

Cinema halls

Full income-tax holiday for new halls outside metro / sub-metro areas.

NEW

0% · 10 yrs

Agri processing

10-year holiday plus VAT-exempt machinery imports for new units.

NEW

Exempt

MFI dev-loan interest

Interest income on development loans now exempt for qualifying MFIs.

Tax audit period fixed at 3 years

Measured from the end of the relevant income year.

Cash remuneration cap

Pay over NPR 25,000/month/person outside banking channels is a disallowable expense.

Corporate / entity tax rates

TYPE OF ENTITY / INCOME	FY 2083/84	FY 2082/83	REMARKS
Standard corporate rate (all entities)	25%	25%	No change
Banks (A, B, C) & financial institutions	30%	30%	No change
Insurance companies (all types)	30%	30%	No change
Cigarette, alcohol, telecom, ISP, money transfer	30%	30%	No change
Special industry (mfg, tourism, export)	20%	20%	No change
Hydropower generation (up to 2087 BS)	20%	20%	No change
IT industry (software, data processing, IT parks)	15%	15%	No change
IT service EXPORT income — effective	~7.5%	~15%	NEW · 50% exemption on FX export income
Newly listed company (1st year post-NEPSE)	20%	20%	No change
SEZ industries (first 5 years)	10%	10%	No change

Finance Act 2083 · B.1

Corporate / entity tax rates (cont.)

TYPE OF ENTITY / INCOME	FY 2083/84	FY 2082/83	REMARKS
SEZ industries (after first 5 years)	20%	20%	No change
Cinema halls — non-metro (new establishment)	0% - 10 yrs	Standard	NEW · 10-year full holiday
Agricultural processing (new establishment)	0% - 10 yrs	Standard	NEW · 10-year full holiday
Cooperative — metro saving / credit	20%	20%	No change
Cooperative — sub-metro saving / credit	15%	15%	No change
Cooperative — municipality saving / credit	10%	10%	No change
MFI (dev. finance) — interest on dev. loans	Exempt	Taxable	NEW · interest now IT-exempt
Non-resident — general income	25% flat	25% flat	No change
Non-resident — PE repatriation tax	5%	5%	No change
Non-resident — shipping / air / telecom (Nepal)	2%	2%	No change

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Income tax amnesty for non-filers

BY POUISH 2083

Never-filed PAN holders

File ITR for **FY 2079/80 – 2082/83**, pay assessed tax + **1% surcharge**
→ all prior penalties, interest and arrears **waived**.

SEC-46 · BY POUISH 2083

Comprehensive dispute settlement

All pending disputes — VAT, income tax, excise — under administrative review, the Revenue Tribunal or Supreme Court. Pay determined tax + **1% surcharge**, file withdrawal → complete waiver of surcharges, interest, fees, penalties.

Education & health equity levies

Two new levies fund remote education and health infrastructure.

NEW · SCHEDULE-7

3% Education Equity Levy

Private educational institutions — **3% on tuition / fees** collected from students.

NEW · SCHEDULE-8

3% Health Equity Levy

Private health service providers — **3% on service charges** collected from patients.

SECTION C

Value Added Tax

A digital-payment rebate, automated refunds, electricity VAT and a signal toward multiple rates.

C

VAT — what changed

NEW

10% digital-payment rebate

Electronic invoice + digital payment at invoicing → buyer gets a **10% rebate on the VAT component** .

NEW

Automated exporter refund

VAT refunds for exporters & zero-rated suppliers **fully automated** through IRD's system.

Electricity above 50 units

Consumption over 50 units/month now VAT-able at a **concessional ~5%** ; ≤50 units remain exempt.

WORKED EXAMPLE · DIGITAL REBATE

Purchase	NPR 1,00,000
VAT @ 13%	NPR 13,000
Digital rebate	– NPR 1,300
Net VAT payable	NPR 11,700

Agri-processing machinery

Cold storage, packaging & testing-lab equipment — **VAT exempt on import**

VAT rates & thresholds

PARAMETER	FY 2083/84	FY 2082/83	REMARKS
Standard VAT rate	13%	13%	No change — single-rate system
Registration threshold (goods)	NPR 50 lakh	NPR 50 lakh	No change
Registration threshold (services)	NPR 30 lakh	NPR 30 lakh	No change
Digital payment VAT rebate	10% of VAT	Nil	NEW · rebate on digital payment at invoicing
VAT on electricity (>50 units/month)	Concessional	Exempt	NEW · ≤50 units remain exempt
Automated VAT refund	Automated	Manual	NEW · for exporters & zero-rated
Multi-rate VAT	Under study	Single only	HIGH SIGNAL · advisory committee
Education Equity Levy	Schedule-7	N/A	NEW · private education providers
Health Equity Levy	Schedule-8	N/A	NEW · private health providers

Amnesty & the multi-rate signal

SEC-46 · BY POUISH 2083

Comprehensive dispute settlement

All pending VAT, income-tax and excise disputes — under administrative review, the Revenue Tribunal or Supreme Court. Pay determined tax + **1% surcharge**, file withdrawal → **complete waiver** of surcharges, interest, fees and penalties.

HIGH SIGNAL

Toward multiple VAT rates

An advisory committee will study a move away from the single 13% rate — a change that could **fundamentally reshape VAT architecture**.

SECTION D

Excise duty

A 10% sin-tax rise alongside a landmark liberalisation of 360 goods — Excise Act 2058.



Excise — what changed

INCREASE

+10% Sin tax

All tobacco (cigarettes, bidi), all alcohol (spirits, liquor, wine) and all beer categories — excise up **~10%**.

LANDMARK

360 Categories abolished

Excise duty **abolished entirely** on 360 categories of goods — a major liberalisation.

Micro-breweries

Now formally classified within the excise regime — **must register** ; rate in the updated schedule.

NEW

Digital ticket & track-trace

Digital excise tickets replace physical stamps — traces goods from production to final sale.

Anti-counterfeiting

Track-and-trace enables detection of **counterfeiting and diversion** across the supply chain.

Excise schedule at a glance

ITEM / CATEGORY	FY 2082/83	FY 2083/84	IMPACT
Cigarettes (all categories)	Prior rates	~10% increase	Sin tax; public health + revenue
Alcohol — spirits, liquor, wine	Prior rates	~10% increase	Sin tax; premium segment
Beer (all categories)	Prior rates	~10% increase	Sin tax; revenue enhancement
360 goods — general excise items	Excise applicable	ABOLISHED · zero excise	LANDMARK liberalisation
Micro-breweries	Outside regime	Now in excise net	Must register with Excise Dept.
Excise licence renewal arrears	Outstanding penalties	File + 1% surcharge → waived	One-time clean-up
Expired / unusable excise goods	Assessed, recoverable	Write-off via committee	Relief for damaged inventory
GenZ-movement excise tickets	Assessment outstanding	Write-off per Sec. 33	Post-protest practical relief
Excise post-audit disputes	Open with high interest	1% surcharge + full waiver	Clears legacy disputes
Digital excise tickets	Not available	Introduced · track-and-trace	NEW · anti-counterfeiting

Amnesty & write-offs

BY POUISH 2083

Unlicensed operators

Operators who ran excise-liable activities without a licence: file returns + pay **1% surcharge** → all late penalties and interest waived.

Expired / unusable goods

Write-off via a committee — Inland Revenue Regional Head, District Admin, Audit Office and Trade Chamber representative.

GenZ-destroyed tickets

Excise tickets destroyed in the GenZ movement: **write-off per Sec. 33** — practical post-protest relief.

SECTION E

Customs

Tier reform, a unified Green Levy and value-based EV duty — Customs Act 2064 & Tariff 2081.



Customs — what changed

11 → **7**

Duty tiers compressed

Eleven tiers reduced to seven; raw materials must sit at least one tier below finished goods for 273 categories.

NEW

Unified Green Levy

PADS and all road levies merged into a single Green Levy (हरित कर) per Schedule-1.

NEW

EV duty · ad valorem

EV customs now on import value, not peak kW — aligned with the WTO Customs Valuation Agreement.

Agri & fertiliser machinery

Zero / reduced customs on fertiliser, timber, sports and aquaculture machinery imports.

50% customs exemption on petrol & diesel

Green Levy still applies on top.

AEO / Blue Lane established

Authorized Economic Operator fast lane, newly formalised.

Customs: before vs after

ASPECT	BEFORE · FY 2082/83	AFTER · FY 2083/84
Customs duty tiers	11 tiers	7 tiers — compressed by 4
Raw material vs. finished goods	Could be same tier	Raw ≥ 1 tier lower for 273 categories
Border levies	4+ separate (PADS, road levies)	Merged into single Green Levy
EV customs basis	Peak power (kW) capacity	Value-based (ad valorem)
Petrol / diesel customs	Standard full duty	50% exemption (Green Levy applies)
Post-clearance disputes	Open-ended, accruing interest	1% surcharge + full waiver
Empty container returns	Surcharges & detention outstanding	File by Mangsir 2083 → full waiver
Agri-processing machinery VAT	13% VAT on import	Exempt from VAT on import
Fertiliser machinery	Standard duties	Zero customs & all duties removed
AEO / Blue Lane	Not formalised	Authorized Economic Operator lane

Green Levy & sector duties

GREEN LEVY · SCHEDULE-1 (हरित कर)

PRODUCT (HS CODE)	RATE
Petrol · 2710.12.10	NPR 1 / litre
HSD (diesel) · 2710.19.30	NPR 1 / litre
Coal · 27.01	NPR 0.50 / kg
Coke · 27.04	NPR 0.50 / kg
Lubricating oils · 2710.19.80	1%
Other oil products (various)	0.5%

Replaces all fragmented border levies — PADS, road maintenance, construction and improvement fees.

AGRICULTURAL & SECTOR MACHINERY

Organic / natural fertiliser machinery

Zero

Timber processing mill machinery

1%

Sports infrastructure machinery

1%

Fishing & aquaculture equipment

Reduced

Tourist & honeymooner provisions



Tourist vehicles by road

Foreign tourists entering by road: **online temporary import declaration** and customs duty at all major land customs — a simplified process.



Marriage & honeymoon

Goods for wedding purposes: **simplified declaration + deposit**, with automated deposit return on exit.



Foreign currency import

Tourists may bring foreign currency **up to the legal limit** with a simple declaration — no separate permits.

SECTION F : Company Act .

Provision relating to waiver of tax, fee, charges, interest and penalties applicable under the Companies Act, 2063 (2006):

For companies registered under the Companies Act, 2063, if they have failed to submit required reports within the time prescribed by law, failed to renew their registration, or failed to pay taxes, fees, charges, interest, or penalties that are required to be paid, such companies may continue their business or cancel their registration by submitting the legally applicable taxes, fees, charges, and reports for the fiscal year 2082/83.

If such taxes, fees, charges, and reports are submitted on or before the end of Ashoj 2083, all interest and penalties that have been imposed or are payable before that date shall be waived



THANK YOU

Let's plan for 2083/84 together.

Several reliefs and amnesty windows close by Poush 2083 . We can help you assess eligibility, file, and settle pending disputes before the deadline.



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Prepared exclusively for clients of P.K.K & Associates, Chartered Accountants. This summary is a practitioner's highlight of the Finance Act 2083 and is not a substitute for the official IRD notifications and circulars. Verify thresholds and effective dates before acting.