

## Income Tax Rules, 2059

**Nepal Gazette Publication Date:** 2059.2.27<sup>1</sup>.

The Government of Nepal has made the following rules using the authority given by Section 138 of the Income Tax Act, 2058<sup>2</sup>.

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### Amendments

The following amendments have been made to the Income Tax Rules:

1. **Income Tax (First Amendment) Rules, 2059:** 2059.09.22<sup>3</sup>
2. **Income Tax (Second Amendment) Rules, 2064:** 2064.03.28<sup>4</sup>
3. **Income Tax (Third Amendment) Rules, 2067:** 2067.08.04<sup>5</sup>
4. **Income Tax (Fourth Amendment) Rules, 2071:** 2071.03.29<sup>6</sup>
5. **Income Tax (Fifth Amendment) Rules, 2072:** 2072.03.29<sup>7</sup>
6. **Income Tax (Sixth Amendment) Rules, 2073:** 2073.03.20<sup>8</sup>
7. **Income Tax (Seventh Amendment) Rules, 2074:** 2074.04.10<sup>9</sup>
8. **Income Tax (Eighth Amendment) Rules, 2075:** 2075.02.22<sup>10</sup>
9. **Income Tax (Ninth Amendment) Rules, 2076:** 2076.03.23<sup>11</sup>
10. **Income Tax (Tenth Amendment) Rules, 2076:** 2076.11.12<sup>12</sup>
11. **Income Tax (Eleventh Amendment) Rules, 2077:** 2077.03.01<sup>13</sup>
12. **Income Tax (Twelfth Amendment) Rules, 2078:** 2078.02.17<sup>14</sup>
13. **Income Tax (Thirteenth Amendment) Rules, 2079:** 2079.02.15<sup>15</sup>
14. **Income Tax (Fourteenth Amendment) Rules, 2080:** 2080.02.15<sup>16</sup>
15. **Income Tax (Fifteenth Amendment) Rules, 2081:** 2081.02.15<sup>17</sup>

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## Chapter 1: Preliminary

### 1. Short Title and Commencement:

- These rules will be called "Income Tax Rules, 2059"<sup>18</sup>.
- This regulation will come into effect immediately<sup>19</sup>.

## 2. Definitions:

Unless the subject or context implies otherwise, in these rules:

- "Act" means the Income Tax Act, 2058<sup>20</sup>.
- "Permanent Account Number" means the account number provided by the department to identify a person for tax purposes<sup>21</sup>.

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## Chapter 2: Tax Exemption

### 3. Application for Tax Exemption:

- An organization that is entitled to tax exemption according to Section 2, Sub-section (dha) of the Act must submit an application to the department with the following details<sup>22</sup>:
  - A copy of the registration certificate, in the case of an organization that must be registered according to prevailing law<sup>23</sup>.
  - A copy of the organization's constitution<sup>24</sup>.
  - A copy of the Permanent Account Number certificate, if obtained<sup>25</sup>.
  - A copy of the audit report, if available<sup>26</sup>.
- The department will investigate the application for tax exemption submitted as per sub-rule (1) and will register the organization as a tax-exempt organization and issue a certificate<sup>27</sup>.
- Notwithstanding anything written in sub-rules (1) and (2), the department may designate any body that falls under a tax-exempt organization as not needing to be registered<sup>28</sup>.

### 105a. Provisions related to Renewal:

- A tax-exempt organization that has been registered and has received a tax exemption certificate as per rule 3 must get the certificate renewed within one year from the date the income year ends<sup>29292929</sup>.
- To renew as per sub-rule (1), an application must be submitted to the department in the format specified by the department, along with the income statement of the previous income year and details and proof of advanced tax deduction and tax payment<sup>30303030</sup>.

- If the department, upon investigation of the application received as per sub-rule (2), finds that the organization is entitled to tax exemption, it must renew the certificate<sup>31</sup>.
- If the tax exemption certificate received for renewal as per this rule is not in the format specified by the department, a new certificate will be issued in place of the old one<sup>32</sup>.
- Until the tax exemption certificate is renewed as per sub-rule (1), the organization that has received the tax exemption certificate will not be able to utilize the tax exemption facility<sup>33</sup>.

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## Chapter 3: Income Calculation

### 6. Payment of Petty Amounts:

- When paying petty amounts mentioned in Section 8, Sub-section (3), Clause (dha) or Section 21, Explanation, Clause (a), Sub-clause (2), (g) of the Act, the payer can pay up to five hundred rupees at a time for expenses such as tea, stationery, tips, prizes, emergency medical treatment, and similar payments specified by the department<sup>34</sup>.

### 7. Not to be Included in Depreciation Base:

- For the purpose of calculating the limit as per Section 16, Sub-section (2) of the Act, the excess expenses or part of it as per Section 16, Sub-section (3) of the Act will not be included in the calculation of the depreciation base of a group of assets at the end of an income year<sup>35</sup>.

### 8. Method of Accounting:

- For tax accounting as per Section 22 of the Act, if there is an accounting standard as per prevailing law, it must be followed<sup>36</sup>.
- In the absence of any accounting standard as per sub-rule (1), tax accounting must be done according to the accounting standard specified by the department based on any prevailing international principles or practices<sup>37</sup>.

### 9. Criteria for Bad or Converted to Bad Debt:

- For the purpose of Section 25, Sub-section (2), Clause (a) and Section 40, Sub-section (3), Clause (c), Sub-clause (1) of the Act, the loan of a bank or financial institution that becomes bad or is converted to bad debt will be according to the criteria determined by Nepal Rastra Bank<sup>38</sup>.

### 10. Contract with Deferred Return:

- If a party to a contract does not show the estimated profit and estimated loss to the department after the contract begins at every 6-month interval, such a contract will be considered a contract with deferred return<sup>39</sup>.

#### 11. Excluded Contract:

- The following will be an excluded contract<sup>40</sup>:
  - Any contract that arises due to a person's interest in a body or membership in a retirement fund<sup>41</sup>.
  - Any contract of investment insurance<sup>42</sup>.

#### 12. Other Provisions related to Long-Term Contracts:

- At any time, the income earned from a person's investment, employment, or business will not be calculated as a normal income year, and the amounts to be included in the income calculation at that time or an earlier time will be the sum of a sequential increase<sup>43</sup>.
- At any time, the amounts to be deducted in the income calculation from a person's business or investment will be the sum of a sequential increase<sup>44</sup>.
- At a specific time, the completion percentage of the contract mentioned in Section 26, Sub-section (2) of the Act will be determined as follows<sup>45</sup>:
  - In relation to contracts related to production, construction, or installation or services related to them, by comparing the amount to be deducted as per the sum of sequential increase at that time with the amount to be deducted as per the sum of sequential increase at the time the contract ends<sup>46464646</sup>.
  - In cases other than Clause (a), as specified by the department, subject to that clause<sup>47</sup>.
- The provision of long-term contracts in Section 26 of the Act will not apply to a person who does not have to file a statement of estimated tax in an income year as per Section 95 of the Act<sup>48</sup>.
- The provision of long-term contracts in Section 26 of the Act will apply to the following contracts<sup>49</sup>:
  - Contracts related to production, construction, or installation or services related to them at the time the Act comes into effect<sup>50</sup>.
  - In cases other than Clause (a), contracts as specified by the department according to the time and circumstances<sup>51</sup>.

#### 13. Provisions related to Personal Use of Vehicles and Buildings:

- For any income year, the amount will be determined as follows for a vehicle that has been used or made available for personal use by an individual or employee, fully or partially, as per Section 27, Sub-section (1), Clause (b), Sub-clause (1) of the Act<sup>52</sup>:
  - If it is made available to an employee or worker or any other person who receives monthly salary, it will be 0.5% of the salary received by them<sup>53</sup>.
  - Except for the situation mentioned in Clause (a), it will be 1% annually of the current market value of the vehicle<sup>54</sup>.
- For the purpose of this rule, "vehicle" means motor, car, jeep, and other similar vehicles<sup>55</sup>.
- For any income year, the amount will be determined as follows for a building that has been used or made available for personal use by an employee, fully or partially, as per Section 27, Sub-section (1), Clause (b), Sub-clause (2) of the Act<sup>56</sup>:
  - If the person providing the building has made it available to an employee or worker or any other person who receives a monthly salary, it will be 2% of the salary received by them<sup>57</sup>.
  - If the person providing the building has rented a house and made it available to a person other than those mentioned in Clause (a), it will be 25% of the amount paid for the rent<sup>58</sup>.
  - If the person providing the building does not have to pay rent for the house and has made it available to a person other than those mentioned in Clause (a), it will be 25% of the prevailing house rent<sup>59</sup>.

#### 14. Calculation of Fractions Not Included:

- When quantifying any payment as per Section 27 of the Act or converting it into Nepali rupees as per Section 28 of the Act, the fraction of a rupee will not be calculated<sup>60</sup>.

#### 15. Advance Pricing Arrangement:

- If one or more persons request in writing to the department for clarification regarding the distribution, allocation, or apportionment of amounts to be included or deducted when calculating a person's income based on the normal market value (arm's length) as per Section 33, Sub-section (1) of the Act, the department may issue a written notice as follows<sup>61</sup>:
  - The period of the written notice will not exceed five income years at a time<sup>62</sup>.

- Notwithstanding anything written in Clause (a), the written notice can be renewed<sup>63</sup>.
- The written notice as per sub-rule (1) will be binding on the department and the requesting party<sup>64</sup>. However, if the department agrees with the request made by the concerned applicant, the written notice will be nullified<sup>65</sup>.

#### **16. Conditions for Involuntary Disposal with Replacement:**

- When a body is merged or restructured and the interest of a person in that body is replaced by another interest of the same body or by an interest of another body, it will be considered as an involuntary disposal<sup>66</sup>.
- If an involuntary disposal is created as per sub-rule (1), that body or person must submit an application to the department for approval<sup>67</sup>.
- The department may give its approval to the application submitted as per sub-rule (2)<sup>68</sup>.

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### **Chapter 4: Special Provisions for Natural Persons and Bodies**

#### **17. Approved Medical Expenses and Limit:**

- For the purpose of calculating tax credit for medical expenses as per Section 51 of the Act, the following medical expenses will be considered approved medical expenses<sup>69</sup>:
  - The amount as per the bill for medicine and other expenses incurred when a natural person is treated by a recognized hospital, nursing home, health center, or doctor<sup>70707070</sup>.
- Notwithstanding anything written in sub-rule (1), the following expenses will not be considered approved medical expenses<sup>71</sup>:
  - Expenses incurred in cosmetic surgery<sup>72</sup>.
  - Expenses mentioned in sub-rule (1), Clause (b) for which compensation has been received from insurance mentioned in Section 1, Sub-section (16) of Schedule-1 of the Act<sup>73</sup>.
- The limit for the amount that can be credited as per Section 51, Sub-section (3) of the Act will be one thousand five hundred rupees<sup>747474</sup>.

#### **18. Dividend Amount Not to be Included in Body's Income Calculation:**

- For the purpose of the proviso of Section 56, Sub-section (3) of the Act, if a body distributes a dividend other than profit to an interested party for the following activities, not in the course of operating the body's business, it will not be included in the income calculation<sup>75</sup>:
  - Services provided by the body to the interested party<sup>76</sup>.
  - The property owned by the body that has been made available for the interested party's use<sup>77</sup>.
- In the situation as per sub-rule (1), no expenses, including depreciation deduction, will be allowed for such services or property<sup>78</sup>.

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## Chapter 5: Special Provisions for Retirement Savings

### 20. Approval of Retirement Fund:

- If an application for the approval of a retirement fund is received as per Section 63 of the Act, the department may give its approval subject to sub-rule (2)<sup>79</sup>.
- When the department gives its approval as per sub-rule (1), it may grant the approval on the condition that the retirement fund must fulfill the following conditions<sup>80</sup>:
  - The amount deposited in the retirement fund or received by the retirement fund must only be invested in approved investments<sup>81</sup>.
  - The paid-up capital must be at least one crore rupees<sup>82</sup>.
  - The number of interested employees or workers of the body operating the retirement fund must be at least one thousand<sup>83</sup>.
  - If the retirement fund accepts retirement contributions from employers on behalf of employees or workers, the management of that fund must be independent of the employer<sup>84848484</sup>. However, this clause will not apply to the employees or workers of the same fund<sup>85</sup>.
  - The retirement contribution amount, if expensed in the month of Ashadh, must be deposited in the retirement fund within one month of being expensed, and for other months, it must be deposited within fifteen days of being expensed<sup>86</sup>.
  - Retirement payment can be made to the interested party of the retirement fund only in the following situations<sup>87</sup>:
    - When an employee or worker retires from service<sup>88888888</sup>.
    - When the interested party reaches the age of fifty-eight<sup>89</sup>.

- When the interested party dies or becomes permanently disabled<sup>90</sup>.
  - The retirement fund must be audited annually by an auditor approved by the Office of the Auditor General<sup>91</sup>.
- For the purpose of this rule, "approved investment" means the investment made as follows<sup>92</sup>:
  - Investment made in the Citizens' Investment Trust established as per prevailing law<sup>93</sup>.
  - Investment made in government bonds issued by the Government of Nepal<sup>94</sup>.
  - Investment made in banks operating under the prevailing law related to banks<sup>95</sup>.
  - Investment made on the basis of co-financing with a bank<sup>96</sup>.
  - Investment made to interested parties other than its shareholders<sup>97</sup>.
- If an approved retirement fund that has received approval from the department does not fulfill the conditions of sub-rule (2), the department may revoke the approval given to that fund<sup>98</sup>.
- Notwithstanding anything written elsewhere in this rule, the following will apply to the following amounts<sup>99</sup>:
  - The principal and interest amounts deposited in the Provident Fund or Citizens' Investment Trust of an employee or worker in the income years before the Act came into effect, and the gratuity and accumulated leave amount matured up to that period, will be tax-exempt<sup>100</sup>.
  - The amount of up to one hundred and eighty thousand rupees for medical expenses that is to be paid to an employee or worker who was in service when the Act came into effect, upon their retirement from service, according to the rules related to their terms of service, will not be included in the income of that employee or worker<sup>101</sup>.

## 21. Limit of Retirement Contribution:

- In an income year, a natural person who is an interested party of an approved retirement fund can deduct up to five hundred thousand rupees or one-third of their assessable income, whichever is less, from their taxable income when making a retirement contribution to the retirement fund<sup>102102102</sup>.



## **22. Procedure for Advance Ruling:**

- A person who wants to request an advance ruling as per Section 76 of the Act must submit an application to the department in the format specified by the department<sup>103</sup>.
- The department must make a decision on the matter within forty-five days after receiving the application as per sub-rule (1)<sup>104</sup>.
- If an advance ruling is not received from the department within the period as per sub-rule (2), the applicant may submit an application for administrative review to the department as per Section 115 of the Act or file an appeal to the Revenue Tribunal as per Section 116, Sub-section (4)<sup>105</sup>.
- Before making a decision as per sub-rule (2), if the department deems it necessary, it may have an investigation conducted by an authorized and other expert<sup>106</sup>.

## **23. Permanent Account Number:**

- Any person who has obtained a Permanent Account Number when these rules come into effect and wants to earn assessable income<sup>107107</sup>, or a person who has been specified by the department to obtain a Permanent Account Number, or any person who has to deduct tax under Chapter-17 of the Act must submit an application to the department for a Permanent Account Number before earning such income or deducting tax<sup>108</sup>.
- Other persons who are not required to obtain a Permanent Account Number as per sub-rule (1) but have obtained one may also submit an application to the department for a Permanent Account Number<sup>109</sup>.
- After receiving an application as per sub-rule (1) or (2), the department will provide the applicant with a Permanent Account Number certificate<sup>110</sup>.
- A person who has not taken a Permanent Account Number must issue a serially numbered invoice with their name, address, and Permanent Account Number mentioned<sup>111</sup>.

## **23A. Procedure for Suspension of Permanent Account Number:**

- A person or body who wants to suspend their Permanent Account Number as per Section 78A, Sub-section (1) of the Act must submit an application to the department with the reason within thirty days from the date the condition for suspending the Permanent Account Number they have taken has arisen<sup>112</sup>.
- When submitting the application as per sub-rule (1), the income statement and tax payment up to that period must be included<sup>113</sup>.

- After investigating the application received as per sub-rule (1), if the matter is found to be reasonable, the department must inform the applicant whether the suspension has occurred or will occur within thirty days of the date the application was submitted<sup>114</sup>.

### **23B. Providing a Copy:**

- If a person who has obtained a Permanent Account Number certificate as per rule 23 loses it or it is destroyed for any other reason, they must submit an application to the department for a copy of the certificate<sup>115</sup>.
- The department must provide the applicant with a copy of the Permanent Account Number registration certificate within three days from the date the application is received as per sub-rule (1)<sup>116</sup>.

### **24. Amendment in Permanent Account Number Details:**

- If there is a change in the details mentioned in the Permanent Account Number certificate obtained by a person, that person must inform the department about the change within fifteen days from the date of the change<sup>117</sup>.

### **26. Tax Clearance Certificate:**

- A person may submit an application to the department, along with the documents mentioned in Section 96, Sub-section (2) of the Act, to request a certificate stating that all taxes required to be paid as per the Act up to a certain date have been paid<sup>118</sup>.
- Upon receiving an application as per sub-rule (1), the department must check if the applicant's tax calculation is mathematically correct, and based on the proof of tax payment, including tax, fees, interest, and the amount of advance tax deduction and interest that is required to be paid as per the tax statement, and after having the remaining amount deposited, the department must provide that person with a tax clearance certificate<sup>119</sup>.

### **27. Tax Exemption Certificate:**

- A tax-exempt person may submit an application to the department to request a tax exemption certificate<sup>120</sup>.
- Upon receiving an application as per sub-rule (1), if the person is found to be entitled to tax exemption, the department must provide that person with a tax exemption certificate<sup>121</sup>.

### **28. Authorized Person's Identity Card:**

- The format of the authorized person's identity card will be as per Schedule-1<sup>122</sup>.

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## Chapter 7: Payment of Tax

### 29. Method and Place of Tax Payment:

- A person must pay the tax required to be paid as per the Act at the following place and in the following manner<sup>123</sup>:
  - If the department has notified a specific place for a person to pay tax, it must be at that place<sup>124</sup>.
  - In situations other than Clause (a), at a bank authorized for government transactions or at the department<sup>125</sup>.
- If a person has paid tax at a bank authorized for government transactions as per sub-rule (1), they must inform the department about it<sup>126</sup>.
- Tax can be paid as follows when paying as per sub-rule (1)<sup>127</sup>:
  - When paying at the department, up to the limit specified by the department in cash, and more than that limit by check or draft<sup>128</sup>.
  - When paying at a bank authorized for government transactions, in cash, check, draft, or through an electronic medium<sup>129</sup>.
- However, when paying through a bank authorized for government transactions, an amount of more than ten lakh rupees must be paid by check, draft, or through an electronic medium<sup>130</sup>.
- If for any reason a check for tax payment as per sub-rule (3) is not cleared, the person who submitted the check must pay the amount specified by the department for all expenses incurred by the department to get the payment cleared up to the payment date<sup>131</sup>. In this way, when the department specifies the amount of expenses, it must also include the amount of interest, fees, and penalties for the tax up to the payment date<sup>132</sup>.

### 30. Order of Payment:

- If a person has remaining tax, interest, and fees to pay for various income years or from various sources, and does not pay the entire amount, the department will decide which income year or which source the paid amount will be considered for<sup>133</sup>.

### 31. Method for Employer to Deduct Tax:

- An employer must deduct advance tax from employment as per Section 87, Sub-section (1) of the Act as follows<sup>134</sup>:
  - If a tax credit is to be claimed for medical expenses as per Section 51 of the Act, it can be credited<sup>135</sup>.
  - Advance tax must be deducted on a monthly basis based on the proportional calculation of the annual salary of the employee or worker<sup>136</sup>.

### **32. Advance Tax Payment:**

- For the purpose of Section 94 of the Act, when calculating the installment amount and paying the tax, the amount can be reduced by the following and deposited<sup>137</sup>:
  - In the case of advance tax deduction as per Chapter-17 of the Act, the tax deduction certificate issued as per Section 91, Sub-section (1)<sup>138</sup>.
  - When claiming tax credit for medical expenses, the bill and receipt for the approved medical expenses incurred for medical treatment<sup>139</sup>.

### **33. Estimated Tax Statement Not Required:**

- For the purpose of Section 95, Sub-section (6) of the Act, the department may specify that the following persons are not required to submit an estimated tax statement as per Section 95, Sub-section (1) of the Act<sup>140</sup>:
  - A person who is not required to file a statement as per Section 96 of the Act<sup>141</sup>.
  - A person as per Section 4, Sub-section (3) of the Act<sup>142</sup>.
  - A person mentioned in Section 4, Sub-section (4) of the Act<sup>143</sup>.

### **34. Estimated Tax Statement:**

- A person who has to pay installments in an income year must submit an estimated tax statement to the department in the format as per Schedule-2, as per Section 95 of the Act<sup>144</sup>.

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## **Chapter 8: Auction Sale and Refund**

### **35. Procedure to be Adopted when Conducting an Auction Sale:**

- The department will determine the place for the auction sale of the property seized as per Section 105, Sub-section (3) of the Act, considering the nature of the property and a suitable place for the sale<sup>145</sup>.

- The department must auction the property seized as per Section 105, Sub-section (4) of the Act as follows<sup>146</sup>:
  - If possible, publish a notice about the auction sale in at least one local newspaper of the place mentioned in sub-rule (1) for fifteen days<sup>147</sup>.  
However, this provision will not apply to perishable property<sup>148</sup>.
  - Determine the market price of the property to be auctioned in the presence of a representative of the nearest local administration of the place mentioned in sub-rule (1) and a representative of any other nearby government office<sup>149</sup>.
- When bidding in the auction, the bidding must be done in the presence of a representative of the nearest local administration of the place mentioned in sub-rule (1)<sup>150</sup>. The property will not be sold in the auction if the bid does not reach the market price determined as per sub-rule (2), Clause (b)<sup>151</sup>.
- If the price of the property in the auction as per sub-rule (3) is less than the market price determined as per sub-rule (2), Clause (b), a notice of seven days must be published as per sub-rule (2), Clause (a) and a second auction must be conducted<sup>152</sup>.
- If the bid in the auction as per sub-rule (4) is also less than the market price determined as per sub-rule (2), Clause (b), a notice of three days must be published as per sub-rule (2), Clause (a) and a third auction can be conducted and the property can be sold at any price that is bid<sup>153</sup>.
- The department must provide a certificate to the person who acquires the property in the auction sale<sup>154</sup>.

### **36. Procedure for Requesting a Refund:**

- To request a refund as per Section 113, Sub-section (3) of the Act, an application must be submitted to the department in the format specified by the department, along with documents to prove that the refunded amount is in excess, and other documents specified by the department<sup>155</sup>.

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## **Chapter 9: Miscellaneous**

### **37. Authorized Person for Investigation of Cases:**

- The investigation of cases related to offenses punishable under Chapter-23 of the Act will be conducted by an authorized person assigned by the department<sup>156</sup>.

### **38. Limit of Remote Area:**

- For the purpose of Section 1, Sub-section (5) of Schedule-1 of the Act, the additional amount for remote areas that will be added to the non-taxable limit of a person will be as follows<sup>157</sup>:

- Fifty thousand rupees in "A" class areas<sup>158</sup>.
- Forty thousand rupees in "B" class areas<sup>159</sup>.
- Thirty thousand rupees in "C" class areas<sup>160</sup>.
- Twenty thousand rupees in "D" class areas<sup>161</sup>.
- Ten thousand rupees in "E" class areas<sup>162</sup>.

### 39. Retirement Income:

- The amount to be deducted as per Section 1, Sub-section (9A) of Schedule-1 of the Act will not be more than the retirement income<sup>163163163</sup>.

### 40. Repeal and Consequence:

- The Income Tax Rules, 2039 have been repealed<sup>164</sup>.
- The actions taken under the Income Tax Rules, 2039 will be considered as if they were done under these rules<sup>165</sup>.

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## Schedule-1

*(Related to Rule 28)*

Format of Authorized Person's Identity Card

Government of Nepal

Ministry of Finance

Inland Revenue Department

Officer's Identity Card

Name: .....

Identity Card No.: .....

Certified by: .....

Designation: .....

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## Schedule-2

(Related to Rule 34)

Estimated Tax Statement

Taxpayer's Name: .....

Permanent Account Number: .....

Type of Business: .....

Income Year: .....

Taxpayer's Status: Proprietorship/Partnership/Pvt. Ltd./Ltd. Co.

Method to Calculate Estimated Tax for Current Income Year

(a) Estimated profit or gain to be received from business or investment in the current income year: Rs. ....

(b) Amount to be deducted: Rs. ....

Income: Rs. ....

(c) Amount to be tax-exempt as per Section 11 and 64 of the Income Tax Act, 2058 (to be reduced): Rs. ....

(d) Income from other business or investment (to be added): Rs. ....

Assessable Income: Rs. ....

(e) Contribution (to be reduced): Rs. ....

(f) Retirement contribution (to be reduced): Rs. ....

Taxable Income: Rs. ....

Tax to be paid on the above taxable income as per Schedule-1 of the Income Tax Act, 2058: Rs. ....

Estimated income tax amount paid and to be paid abroad if there is foreign source income in the current income year: Rs. ....

Income to be sent abroad by a non-resident person's permanent establishment in Nepal in the current income year: Rs. ....

Tax to be paid on income to be sent abroad: Rs. ....

Details of the person providing the statement:

Signature:

Designation:

Date:

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## Notes

- **Sixth Amendment Rules, 2073:** Came into effect from Shrawan 1, 2073 BS<sup>166</sup>.
- **Seventh Amendment Rules, 2074:** Came into effect from Shrawan 1, 2074 BS<sup>167</sup>.
- **Ninth Amendment Rules, 2076:** Came into effect from Shrawan 1, 2076 BS<sup>168</sup>.
- **Twelfth Amendment Rules, 2078:** Came into effect from Shrawan 1, 2078 BS<sup>169</sup>.
- **Thirteenth Amendment Rules, 2079:** Came into effect from Shrawan 1, 2079 BS<sup>170</sup>.
- **Fourteenth Amendment Rules, 2080:** Came into effect from Shrawan 1, 2080 BS<sup>171</sup>.
- **Fifteenth Amendment Rules, 2081:** Came into effect from Shrawan 1, 2081 BS<sup>172</sup>.
- Rule 4, which stated "An organization, other than an organization established for the purpose of making profit, mentioned in Section 2, Sub-section (dha), Sub-clause (1) of the Act, can be designated by the department as an organization that can enjoy tax exemption through an advance ruling as per Section 76 of the Act," was repealed by the Sixth Amendment<sup>173</sup>.
- Rule 5, which stated "The organization registered as per Rule 3, Sub-rule (2) and enjoying tax exemption as per Rule 4 must compulsorily submit its audited annual financial statement to the department within three months from the date the financial year ends. An organization that does not submit such a statement will not get tax exemption until it submits such a statement," was repealed by the Eighth Amendment<sup>174</sup>.
- The Sixth Amendment added the following provision to Rule 5: "(1) The body registered as per Rule 3, Sub-rule (2) must compulsorily submit its audited annual financial statement to the department within three months from the date the financial year ends. (2) A tax-exempt organization that has received any taxable income other than the amount mentioned in Section 10, Clause (e) and the payment for which tax is finally deducted as per Section 92 of the Act must submit an income statement as per Section 96 of the Act."<sup>175</sup>
- The word "three months" was added in the rule added by the Sixth Amendment and was amended by the Eighth Amendment<sup>176</sup>.



- In the rule added by the Sixth Amendment, the words "to the tax officer" were used and were amended by the Eleventh Amendment<sup>177</sup>.
- In the rule added by the Sixth Amendment, the words "to the tax officer" were used and were amended by the Eleventh Amendment<sup>178</sup>.
- Rule 17, Clause (a), which stated "the insurance premium paid by a natural person for health," was removed by the Fifth Amendment<sup>179</sup>.
- In the original rule, the words "in Sub-rule (1), Clause (a)" were used and were amended by the Fifth Amendment<sup>180</sup>.
- In the original rule, the words "seven hundred and fifty rupees" were used and were amended by the Fifteenth Amendment<sup>181</sup>.
- Rule 19, which concerned the deduction of losses of banking or general insurance business from the income of past income years, was repealed by the Second Amendment<sup>182</sup>.
- The Second Amendment added the provision: "The bank or financial institution must obtain approval from the department for a provident fund and gratuity fund as per Sub-rule (2), Clause (a), within one year from the date the Act comes into effect<sup>183</sup>. If approval is not obtained within that period, such a provident fund will be converted to a non-approved provident fund after that period"<sup>184</sup>.
- In the original rule, the words "three hundred thousand rupees" were used and were amended by the Fifteenth Amendment<sup>185</sup>.
- The original proviso, which stated "However, an interested natural person of a social security fund established as per the Contribution-based Social Security Fund Act, 2074, can deduct up to five hundred thousand rupees or one-third of their assessable income, whichever is less, from their taxable income when making a contribution to that fund," was removed by the Fifteenth Amendment<sup>186</sup>.
- In the original rule, the words "want to earn" were used and were amended by the Fourth Amendment<sup>187</sup>.
- In the original rule, the words "can submit an application" were used and were amended by the Second Amendment<sup>188</sup>.
- In the original rule, the words "permanent number" were used and were amended by the Fourteenth Amendment<sup>189</sup>.
- The original rule for tax clearance certificate was amended by the Second Amendment<sup>190</sup>.
- In the original rule, the words "by check or draft" were used and were amended by the Sixth Amendment<sup>191</sup>.

- The provision which stated "(b) a person whose assessable income from employment is only from a source in Nepal" was amended by the Sixth Amendment<sup>192</sup>.
- In the original rule, the words "(g) thirty-six thousand rupees in "C" class areas" were used and were amended by the Third Amendment<sup>193</sup>.
- In the original rule, the words "(d) twelve thousand rupees in "D" class areas" were used and were amended by the Third Amendment<sup>194</sup>.
- In the original rule, the words "(e) six thousand rupees in "E" class areas" were used and were amended by the Third Amendment<sup>195</sup>.
- In the original rule, the words "Sub-section (9)" were used and were amended by the Thirteenth Amendment<sup>196</sup>.
- Note: If there is any confusion regarding the amendments mentioned in this document, it is requested to refer to the Nepal Gazette where the related annual amendment rules were published<sup>197</sup>.