

## **Bill made to Impose and Collect Value Added Tax**

**Preamble:** Whereas, for increasing revenue mobilisation by making effective the process of collecting revenues required for the economic development of the country, it is expedient to impose a value added tax on all transactions including the sale, distribution, delivery, importation, exportation of goods or services and to collect revenues effectively by regulating the process of collection.

Now, therefore, parliament has made this act in the twenty fourth year of the rule of His Majesty King Birendra Bir Bikram Shah Dev.

1. **Short Title and Commencement:** (1) This Act may be called the "Value Added Tax Act, 2052 (1995)".

(2) This Act shall come into force on such date as His Majesty's Government may specify by notification published in the Nepal Gazette.

2. **Definitions:** Unless the subject or context otherwise requires, in this Act;

- (a) "Tax" means the Value Added Tax imposed by this Act;
- (b) "Transaction" means the act of supplying any goods or services;
- (c) "Taxable Transaction" means a transaction mentioned in sub-section (1) of Section 5;
- (d) "Taxable Value" means the Value of goods or services to be fixed pursuant to Section 12;
- (e) "Goods" means any kind of property whether movable or immovable;
- (f) "Services" means anything other than goods;
- (g) "Supply" means the act of selling , exchanging and delivering any goods or services, or the act of granting a permission thereto or of contract thereof for a consideration;
- (h) "Consideration" means anything to be received for money, goods, services or value;
- (i) "Import" means the act of importing any goods or services in the Kingdom of Nepal pursuant to prevailing laws;
- (j) "Export" means the act of exporting any goods or services outside the Kingdom of Nepal pursuant to prevailing laws;
- (k) "Market Value" means the price as determined pursuant to Section 13;
- (l) "Person" means any individual, firm, company, association, institution, partnership firm, cooperative, joint business, religious endowment, or fund; and the term also includes any government body, any religious organisation charitable trust or similar

other bodies and branches or sub-branches there engaged, with or without the objective of profit, in taxable Transactions;

- (m) "Registered Person" means any person who is registered for transactions pursuant to Section 10;
- (n) "Registration Number" means the number assigned pursuant to Section 10 to a Registered Person;
- (o) "Supplier" means a person who supplies any goods or services;
- (p) "Recipient" means a person who receives any goods or services.
- (q) "Taxpayer" means any person who is engaged in a Taxable Transaction;
- (r) "Department" means any department under the Ministry of Finance authorised by His Majesty's Government to be responsible for tax administration;
- (s) "Director General" means the Director General of the Department;
- (t) "Tax Officer" means any tax officer or chief tax officer appointed for the purpose of this act by His Majesty's Government or any other officer designated by His Majesty's Government empowering to use the power of a tax officer in accordance with the provisions of this Act; and
- (u) "Prescribed" or "As prescribed" means prescribed or as prescribed in the Rules made under this Act.

3. **Tax Officer may be Appointed or Designated:** His Majesty's Government for the purpose of this Act, may appoint tax officers in the required number and if deems it necessary, may designate any officer of His Majesty's Government to act as a tax officer.

4. **Jurisdiction of Tax Officer:** The jurisdiction of a tax officer shall be as specified by His Majesty's Government.

5. **Imposition of Value Added Tax:** (1) Except otherwise provided for in this Act, a Value Added Tax shall be imposed on the following transactions:

- (a) Goods or services supplied into the Kingdom of Nepal;
- (b) Goods or services imported into the Kingdom of Nepal;
- (c) Goods or services exported outside the Kingdom of Nepal;
- (2) Tax shall be levied on the taxable value of every transaction.

(3) Notwithstanding anything contained in sub-section (1) no tax shall be levied on the transactions of goods or services set forth in Schedule 1, provided that any tax applicable on such

goods or services at the time of purchase shall not be offset pursuant to section 17 and shall not be refunded pursuant to Section 24.

6. **Place and Time of Supply:** (1) For the purpose of assessment and collection of tax under this Act, the determination of the fact whether the supply of any goods or services has taken place within or outside of the Kingdom of Nepal shall be as prescribed.

(2) For the purpose of assessment and collection of tax under this Act, the supply of any goods or services shall be considered to have taken place at the earliest time of the following times:

- (a) When an invoice is issued by a supplier;
- (b) In the case of the supply of goods, when the recipient removes or takes possession of the goods from the supplier's transaction place;
- (c) In the case of the supply of services when the services are provided; and
- (d) When the supplier receives a consideration for goods or services.

(3) Notwithstanding anything contained in sub section (2) the following time shall be considered as the time of supply in the following cases :

- (a) In the case of services which are continuously provided, namely, telecommunication services or similar other public services, when the invoice is issued;
- (b) Where there is a contractual provision for paying partially the value of goods or services in more than one day on an installment basis, the supply time shall be the earliest day on which the payment is made or the day on which the payment is to be made according to the contract;
- (c) In the case of goods or service which are so used as not to be allowed an offset under this Act, the time when such Goods or Services are used;

(4) In the case of a transaction for which more than one provisions of sub-section (2) is applicable at once, the supply time shall be as prescribed by the Director General on an objective basis.

7. **Rate of Tax:** (1) The rate of a tax to be levied for a fiscal year shall have to be a single positive rate as specified in the Financial Act made for that year.

(2) Notwithstanding anything contained in sub-section (1) the tax on transaction of goods and services set forth in Schedule-2 shall be levied at the rate of zero percent (Zero rate).

8. **Assessment of Tax and Collection:** (1) A registered person shall assess and collect tax at the taxable value in accordance with the provisions of this act and rules thereunder.

(2) The recipient of services in Nepal from a person who is not registered and is outside the Kingdom of Nepal shall have to assess and collect tax at the taxable value in accordance with this Act and Rules thereunder.

9. **Exemption for Small Vendor:** Notwithstanding anything contained in other provisions of this Act, an exemption may be provided to a small vendor, having a prescribed annual taxable transaction threshold, from the requirements of registration and filing of tax returns and from such requirements as may be prescribed.

Provided that a small vendor may, if he desires to be registered, get his transaction registered after completing the process of Section 10.

10. **Registration:** (1) When this Act commences every person engaged in any transactions shall apply within 90 days from the commencement of this Act to a tax officer in the prescribed form for registration .

(2) Every person wishing to engage into a transaction after the commencement of this Act shall apply to a tax officer in the prescribed form for registration, before beginning to engage in such transactions.

(3) Notwithstanding anything contained in sub-section (1) and (2) a person who carries out the transactions of goods or services mentioned in Schedule 1, shall not be required to be registered.

(4) The tax officer shall register each person who has duly submitted an application under sub-section (1) or (2) and shall issue to such person a unique registration number, in the prescribed form and time, together with a certificate of registration.

(5) The registered person shall display the registration certificate in a conspicuous place at his principal place of transactions. If there is more than one place of transaction, he shall display in a conspicuous place at each place, other than the principal one, a copy of the registration certificate attested by a tax officer.

(6) A registered person shall have to use his registration number for all transactions related to value added tax, excise and customs and to other transactions as prescribed as well.

(7) Every registered person shall inform the tax officer within 15 days of any changes in the information pertaining to the application for registration as required under sub-section 1 and 2.

11. **Cancellation of Registration:** (1) The tax officer may cancel the registration of a registered person in any of the following cases:

- (a) In the case of an incorporated body, if the incorporated body is closed down, sold or transferred or if the incorporated body otherwise ceases to exist;
- (b) In the case of an individual ownership, if the owner dies;

- (c) In the case of a partnership firm, if it is dissolved; and
- (d) If a registered person ceases to be engaged in taxable transactions.
- (e) If a person is registered in error.

(2) The cancellation procedure of a registration shall be as prescribed.

(3) All the goods and services that remain available for use at the time of the cancellation of registration (capital goods as well) on which an offset had already been taken, tax shall be assessed and collected as prescribed.

12. **Taxable Value:** (1) Except otherwise provided in this Act, when only the money is consideration, the taxable value shall be the price the supplier charges for the recipient.

(2) The following amounts shall be included in a taxable value :

(a) The amount of all expenditures related to transportation and distribution which was borne by a supplier in connection with the transactions, and the amount of profit; and

(b) Excise taxes and all other taxes but excluding the tax imposed under this act.

(3) Taxable value does not include the amount of discount, commission or other similar commercial rebate granted on value in supplying goods or services.

(4) The taxable value of any goods or service exchanged or bartered shall be equal to the market value of the goods or services so exchanged or bartered.

(5) Except otherwise provided in this Act, the taxable value for any imported goods shall be its customs' value including transportation, insurance, freight, commissions of agents and other persons, plus customs duties, countervailing duties plus any other taxes if levied on imports, but it shall not include VAT.

(6) Where the value of any goods or services is found to be much lower than the prevailing market value, the taxable value of such goods or services shall be equal to the market value.

(7) The taxable value of goods or services supplied for partial consideration shall be equal to the market value.

(8) A deposit, given in respect of goods or services, shall not be held to be taxable value until the supplier applies the deposit as consideration for the supply.

13. **Market Value:** (1) The market value of goods or services shall be determined as the consideration in money which the supply of these goods or services would generally be agreed on if the transaction were made under similar circumstances at that date in Nepal taking into consideration the characteristics, quality, quantity, materials, and any other relevant factor, being a supply freely offered and made between persons who are unrelated.

(2) For the purpose of this section the method for the determination of market value shall be as prescribed.

(3) Where the market value of goods or services could not be determined under sub-section (1) and (2), it shall be determined in accordance with a process determined by the Director General.

14. **Invoices to be Issued Except Otherwise Prescribed:** (1) Every registered person is required to issue an invoice to the recipient, in supplying any goods and services.

(2) The specimen of an invoice shall be as prescribed.

(3) It shall be the duty of the recipient to obtain an invoice.

15. **Unregistered Person not to Collect Tax:** (1) A person who is not registered shall not issue an invoice or other document showing the collection of tax and shall not collect tax.

(2) If a person who is not registered collects tax, the tax so collected shall be assessed and collected from him.

16. **Accounts of Transactions to be Kept:** (1) A taxpayer shall keep an up-to-date account of his transactions of the tax period under Section 18 and such accounts wherever placed shall be made available for inspection to a tax officer upon his request .

(2) The accounts kept by a taxpayer shall also include:

(a) The date of transactions;

(b) The value of each transaction;

(c) If the other party of the transaction is registered, his registration number; and

(d) Other prescribed matters related to transactions.

(3) A registered person shall use, for the purpose of keeping accounts, the purchase book and sales book certified by the concerned tax officer.

(4) Every taxpayer shall preserve the accounts of transactions for a period as prescribed.

17. **Tax Offset:** (1) A registered person can offset the amount of tax he has collected against the tax he had paid or due in importing or receiving goods or services related to his own taxable transactions.

(2) Notwithstanding anything contained in sub-section (1), it may be provided that no offset or only a partial offset shall be granted in the case of the following goods that can be used for personal purposes as well as for business purposes:

(a) aeroplanes;

(b) automobiles;

(c) Computers ; and

(d) other high priced items, as prescribed.

(3) If the entire portions of goods or services transacted in a month were not used for taxable transactions the tax previously paid on the goods or services shall be offset as prescribed for the portion that was solely used for taxable transaction of the goods or services.

(4) If goods or services for which offset privileges pursuant to this section have been allowed cease to be used for taxable taxation before the end of its useful life, as may be prescribed, such goods or services shall be treated as sold at the immediate market value and tax shall be collected.

(5) Notwithstanding anything contained in sub-section (1), offset privileges to be provided for a registered person who deals with the used goods shall be as prescribed.

(6) The offset privileges under this Act shall be provided only when a claim is substantiated by documents as prescribed.

(7) The provision of offset on tax paid or payable on goods, which has remained unused at the time of the registration and is for use in making taxable transactions, shall be as prescribed.

18. **Returns to be Submitted:** (1) Every taxpayer shall self assess the amount of tax he is required to pay every month and shall submit, as prescribed, a tax return to a tax officer within twenty five days after the close of that month. Such return shall have to be submitted whether or not a taxable transaction was carried out in that month.

(2) Notwithstanding anything contained in sub-section (1), taxpayers, as prescribed, may submit a return of a period that is longer or shorter than one month.

19. **Tax Payment:** (1) A taxpayer shall have to pay the tax for each month within twenty five days of the close of the month.

(2) If a taxpayer does not pay the tax within the time limit specified under sub-section (1), an extra charge of ten percent shall be imposed on the tax due until the end of the close of the first full month from the date the tax first becomes due.

(3) If the tax is not paid even within the time specified in sub-section (2) another charge of ten percent shall be imposed on the tax due at that time.

(4) If a taxpayer applies to the Director General for the exemption of the additional charges provided by sub sections (2) and (3) stating the reason that the failure to make a timely payment was caused by extraordinary circumstances beyond the taxpayer's control, the Director General may, if he finds the reason reasonable, exempt such charges.

(5) The charges pursuant to sub-section (2) and (3), and the interest pursuant to Section 26, shall be charged from the date on which the tax first became due.

20. **Tax Officers may Assess Tax:** (1) A tax officer may make an assessment in any of the following cases:

- (a) If a return is not submitted within the time limit;
- (b) If an incomplete or erroneous return is filed;
- (c) If a fraudulent return is filed; and
- (d) If the tax officer has a reason to believe that the amount of tax was understated or otherwise incorrect.

(2) The assessment of tax pursuant to sub-section (1) may be made on one or more of the following bases :

- (a) Proof of transaction;
- (b) A tax audit report on transactions submitted by a concerned tax officer; and
- (c) Tax paid on a similar transaction by another person.

(3) Notwithstanding anything contained in sub-section (2), the burden of proof shall lie with the concerned tax officer while assessing tax in accordance with the above provisions.

(4) The assessment of tax under sub-section (1) shall have to be made within four years from the earliest date that a tax return was filed or was due. If the stipulated time expires the return so filed shall be considered to be true and valid.

(5) While assessing the tax pursuant to this Section, the tax officer shall provide a period of seven days to the concerned person to submit his clarification.

21. **Tax Collection:** (1) If the tax due by any taxpayer is not paid within a specified period, the tax officer, with the pre-approval of the Director General, may collect the tax by using any or all of the following methods:

- (a) By offsetting the amount, if any, to be refunded to the taxpayer;
- (b) By seizing movable and immovable property (fixed assets) of the taxpayer;
- (c) By selling through auctioning all or some part of the taxpayer's assets at one time or in a series of auctions as prescribed ;
- (d) By causing to deduct amounts from the tax payer's bank account or other financial institutions;
- (e) By causing to deduct amounts due the taxpayer by His Majesty's Government, or a corporate body owned by the His Majesty's Government , or local bodies;
- (f) By deducting ,with the pre-approval of the taxpayer, the amounts a third party owes to the taxpayer; and



(g) By withholding imports, exports, and other transactions of the taxpayer.

(2) Notwithstanding anything contained in other places of this Act, tax under this Act shall not be collected past six years from the date the tax was assessed.

22. **Jeopardy Assessment:** Notwithstanding anything contained in other places of this Act, whenever there is a reason to believe that the collection of tax is in jeopardy because any person is about to leave the Kingdom of Nepal or to transfer his property to anybody or to remove or conceal assets, a tax officer, with the approval of the Director General, may immediately assess and collect the tax due, or about to become due.

23. **Powers of Inspection and Audit:** (1) A tax officer may examine, if there is a reasonable ground to believe that a taxpayer required to be registered under this Act has been involved in a taxable transaction without being registered.

(2) In order to examine as per sub-section (1), verify the tax return submitted by a registered person under section 18 and assess the tax under section 20 a tax officer shall have the following powers;

(a) To inspect all goods, premises, documents, records books and accounts relating to the liability for tax;

(b) To search a taxpayer's place of transaction and other places, if he has grounds for suspecting to possess evidence related to any offence under this Act;

(c) To require, in pursuance of discharging his own duties, information from a person who prepares any records, books, accounts or other documents or makes entry therein;

(d) To take possession of , remove and transfer any documents, books and records from the taxpayer's transaction place and other transaction places related thereto; and

(e) To perform audits at the taxpayer's place of transaction, at a tax office, or at any other appropriate place.

(3) If a tax officer requests any person, including a bank or financial institution for access to any information about taxpayer's transactions, it shall be the duty of such person to furnish such information to the tax officer.

24. **Treatment of Offsets Exceeding Tax Liability:** (1) If a registered person's offsets fixed under section 16 for a month exceed tax liability for such month, this excess may be offset against any outstanding amount under this Act.

(2) The remainder of the excess offset under sub-section (1) may be available as an offset for the next month.

(3) A registered person may file a claim to a tax officer for a lump sum refund, as prescribed, of the amount of the remaining excess after offsetting for a continuous period of six months under this section.

(4) Notwithstanding anything contained in sub-section (2) and (3) any registered person whose export sales for a month are 50 percent or more of his total sales for that month, and files a claim following the procedures underlined in this section for the refund of the amount pertaining to Section 17 shall be entitled to a refund of the remaining excess after offsetting any outstanding amount.

(5) On submission of a claim pursuant to sub-section (3) or (4), the amount eligible for refund shall be paid promptly and if it is not refunded within sixty days of the submission of application, His Majesty's Government shall have to provide interest on that amount as prescribed.

(6) Where a registered person who has filed a claim for a refund under sub-sections (3) and (4) the amount claimed shall not be available for offset against tax liability for the next month.

25. **Other Refunds:** (1) The following amounts collected as tax shall be refunded immediately, if the application for refund is submitted within 3 years from the date of the transaction on which the claim for refund is based:

(a) Tax amount paid in the Kingdom of Nepal by a diplomat to Nepal of a foreign country if the foreign country grants, on reciprocal basis, the tax exemption privileges to Nepalese diplomats to that country;

(b) Tax amount paid by an international institution for which His Majesty's Government, Ministry of Finance, has granted the privileges of tax exemption;

(c) Tax paid in carrying out a project in the Kingdom of Nepal conducted under a bilateral or multilateral agreement for which His Majesty's Government, Ministry of Finance, has approved to grant a tax exemption; and

(d) Any tax amount collected by mistake.

(2) Refund under clause (d) of sub-section (1) shall be made only to or for the person who bore the real burden of the amount collected as tax.

26. **Interest:** (1) If any amount of tax under this Act is not paid when due, the tax payer shall be charged interest for the period during which such tax remains unpaid. Such interest shall be charged even where an application is filed for appeal under section 32.

(2) For the purpose of sub-section (1) His Majesty's Government, Ministry of Finance, shall specify the rate of interest from time to time. The rate of such interest shall not be less than 120% of the average prevailing rate the commercial bank charges.

27. **To be Treated as Tax:** Any penalty, charge or interest to be levied under this Act shall be treated as a tax payable under this Act.

28. **Provision Relating to Imports:** (1) Except otherwise specified by the Ministry of Finance, the customs officer shall collect tax under this Act from goods which are imported.

(2) A customs officer may use the power under this Act or other prevailing custom act to collect tax with respect to goods which are imported.

29. **Penalties:** (1) A tax officer may impose the following fines if a person commits the following offences:

- (a) On infringement of sub-section (1), (2),(5),(6) or (7) of Section 10, tax payable for each month plus twice its amount as a fine;
- (b) On Infringement of Section (14) or (15), double the amount of payable tax;
- (c) On failure to keep an up-to-date account of transaction, pursuant to sub-section (1) of Section 16, the amount twice the payable tax; and, on denial of inspection of the books and accounts Rupees five thousand for each time;
- (d) On infringement of sub-section (2),(3), or (4) of Section 16 up to Rupees ten thousand;
- (e) On infringement of the provisions of Section 18, payable tax and one hundred percent of the amount thereof;
- (f) On obstruction to the Act pursuant to Section 23, Rupees five thousand for each time; and
- (g) On infringement of this Act and Rules thereunder Rupees ten thousand for each time.

(2) If a person commits any of the following offences a tax officer may impose a fine not exceeding twice the amount of tax or an imprisonment up to six months, or penalise with both the fine and the imprisonment :

- (a) On preparing false accounts, invoices or other documents;
- (b) On committing a fraud or an evasion of tax;
- (c) If an unregistered person acts as if he were a registered person; and
- (d) Carrying out a transaction by infringing Section 30.

30. **Suspension of Transactions:** (1) If a registered person commits twice or more of any of the offences mentioned in Section 29, the Director General may order a tax officer to suspend such person's place of transactions up to seven days so that transactions are not carried out.

31. **Power Equal to a Court:** For the purpose of this Act, a tax officer may issue a summons, record the statements of persons, receive evidence and cause to submit documents in the same manner as a court is empowered.

32. **Appeal:** An appeal may be filed at the Revenue Tribunal within thirty-five days against a tax assessment or a penalty order by a tax office or an order made by the Director General under Section 30 .

33. **To be Deposited:** While filing an appeal under this Act, the disputed amount of the assessed tax due shall have to be deposited and the rest of the amount of the tax due plus the whole amount of the fine shall have to be deposited or a bank guarantee for the same has to be ensured.
34. **Delegation of power:** (1) Except for the authority of tax assessment and penalties, a tax officer may delegate all or any of the authority conferred on him by this Act to his subordinate staff.
- (2) No authority specified in this Act as to be used only by the Director General shall be delegated.
35. **Identity Card of Tax Officers:** Every tax officer shall keep with him an identity card as prescribed and if asked, in pursuance of his duty, shall produce it.
36. **The Serving of Notice:** Any notice, order or document issued by the Director General or a tax officer shall be considered to have been served upon a taxpayer as prescribed.
37. **Confidentiality:** Documents or other information related to tax received from any person can not be disclosed or published except in the following cases:
- (a) To inform a revenue collecting officer in connection with the protection of the revenue of His Majesty's Government;
- (b) As evidence in a court of law dealing with the taxpayer's liability under His Majesty's revenue laws; and
- (c) To keep as a part of public record in the proceedings of a revenue tribunal or a court of law.
38. **Tax Officers to be Punished:** If the Director General decides that a tax assessment was so made maliciously or negligently so that the tax amount was reduced or increased, he shall initiate a departmental action against the assessing officer in accordance with the prevailing civil service rules provided that a reasonable time shall be allowed to the tax officer to submit his clarification.
39. **No Responsibility for the Act Carried out with Good Faith:** Notwithstanding anything contained in other places of this Act, a tax officer shall not be individually responsible for the act he had carried out in pursuance of discharging his duties with good faith.
40. **Reward:** (1) A person who provides information with evidence showing that a taxpayer has evaded or attempted to evade all or some portions of tax shall be awarded as reward the amount equal to 20% of the amount of tax collected on the basis of that information.
- (2) If there is more than one informant under sub-section (1), the allotment of reward between or among them shall be as determined by the Director General.
41. **Power to Make Rules:** His Majesty's Government may frame rules to implement the purpose of this Act.

42. **Changes in the Schedules:** His Majesty's Government may make required changes in the schedules by publishing a notification in the Gazette.
43. **Other Prevailing Laws to Prevail:** This Act and Rules thereunder shall prevail to the extent of the provisions, and in other cases other prevailing laws shall prevail.
44. **Repeal and Safeguard:** (1) The following Acts are hereby repealed:
- (a) Sales Tax Act, 2033;
  - (b) Hotel Tax Act, 2018;
  - (c) Contract Tax Act, 2023; and
  - (d) Entertainment Act, 2016
- (2) The acts and proceedings carried out under the repealed acts pursuant to sub-section (1) shall be deemed to have been carried out under this Act.

## Schedule-1

### List of VAT exempt goods and services

1. **Basic Agricultural Products**

- (a) paddy, rice, wheat, maize, barley, millet, pulses, flour, and similar unprocessed food materials.
- (b) green and fresh vegetable, fresh fruits, fresh eggs and similar products (except used in hotels, restaurants, bars, guest houses, cafeteria and other similar organizations)
- (c) unprocessed cereals, (such as sugarcane, tea leaf, tobacco, cotton, cardamom, jute, oil seeds, soybean)
- (d) herbs

2. **Goods of Basic Needs:**

- (a) Unprocessed edible oil
- (b) Piped water, including water supplied by tankers
- (c) Fuel wood and coal
- (d) Kerosene
- (e) Salt

3. **Live Animals and animal products**

- (a) the goat, sheep, yak, the buffalo, boar, pigs, rabbit, and similar other animals; their fresh milk, and uncooked/unprocessed varieties
- (b) cows, the buffalo and the goat
- (c) ducks, hens, cocks, turkey and similar other birds, and their fresh meat, eggs, and similar uncooked varieties.
- (d) fresh or dried fish (other than packed)

4. **Agricultural inputs**

- (a) seeds of any plants listed in Group 1
- (b) manure, fertilizer and soil conditioners
- (c) agriculture hand implements,
- (d) pesticides, made mainly for use of crops
- (e) agriculture equipment, including tractors,
- (f) Birds and Animal feed

5. **Medicine, Medical and Similar Health services**

- (a) medical or surgical services provided by Government Institutions
- (b) human blood and products derived from human blood
- (c) human or animal organs or tissue for medical research
- (d) the supply of services by persons on the register of veterinary surgeons and veterinary doctors
- (e) the supply of goods made for, and suitable only for the use of, disabled persons.
- (f) X-ray film and oxygen gas to be used for treatment
- (g) Raw materials purchased or imported by the drug industries to the extent approved by the Department of Drug Management.

6. **Education**

- (a) The provision of research in a school or university
- (b) The provision, otherwise than for profit, of professional or vocational training or refresher training
- (c) The provision of education in a school or university and supply of goods made in connection with such services

7. **Books, Newspapers etc.:**

- (a) Books, newspapers, newsletters and periodicals
- (b) Newsprint

8. **Artistic and cultural goods and services, carving services**

- (a) Painting, handicrafts, carving and related services.
- (b) cultural programme
- (c) Admission to libraries, archaeology, museums, zoos and botanical gardens.

**9. Passengers and goods transportation services**

Air transport, non-tourist passenger transportation (except cabal car) and goods carrier (except transportation related to supply)

**10. Personal or Professional service :**

Personal services rendered by artists, sportsmen, authors, writers, designers, translators and interpreters institutionally or individually.

**11. Other goods or services:**

1. Postal services (provided by HMG only)
  - (a) The service of conveyance of letters, money and postal packets by the Post office
  - (b) The supply by the post officie of any sercvicce in connection with the conveyance of letters, money and postals packets
  - (c) Postage stamps,
2. Financial and insurance services.
3. Bank notes, and cheque books.
  - (a) The printing and issue of bank notes
  - (b) The supply of bank notes from outside the Kingdom of Nepal to the Kingdom of Nepal.
  - (c) Cheque book
4. Gold and silver
  - (a) Gold, gold coins and gold ornaments
  - (b) Silver and silver coins (other than ornaments and goods made of silver)
5. Electricity,
6. Aluminium, copper, scrape, circle, plate and utensils
7. Raw wool,
8. Battery operated tempo, their chassis and battery
9. Bio-gas, solar power and wind power operated power generation plant and their main parts on the recommendation of the Alternative Energy Centre.
10. Aeroplane, Helicopter, Fire Brigade and Ambulance
11. Jute goods
12. Industrial machinary included in section 84 of customs tariff and subject to 5% tariff
13. Woollen carpet & woollen carpet weaving, dying, washing, knitting
14. Cotton and other synthetic sadi, Lungi, Dhoti, Gamcha
15. Cotton yarn
16. Woollen yarn to be used in hand knitting sweater (except artificial & acrylic) domestically
17. Donated goods received for calamaties or philan thropic purpose approved by Ministry of Finance.

**12. Land and Building**

Purchase and rent of land and buildings (except the rental service provided by hotels, guest houses or similar organization)

**13. Betting, casinos, lotteries.**

- (a) The provision of any facilities for the placing of bets or the playing of games of chance
- (b) Lottery

## **Schedule-2**

(Relating to sub-section (2) of Section 7)

### **Zero Rate**

#### **Goods or Services payable at zero rate**

1. Goods or services purchased or imported by His Majesty King, Her Majesty Queen, His Majesty Crown Prince, and other members of the Royal Family.
  
2. Export of goods
  - (a) goods exported outside the Kingdom of Nepal; or,
  - (b) goods shipped for use as stores on a flight to an eventual destination outside the Kingdom of Nepal; or,
  - (c) goods loaded for use as stores on aircraft to a destination outside the Kingdom of Nepal or as merchandise for sale by retail or supplied to persons in the course of such a flight.
  
3. Export of services
  - (a) A supply of services by a person resident in the Kingdom of Nepal to a person outside the Kingdom of Nepal and having no business establishment, agent, or legal representative acting on his behalf in the Kingdom of Nepal
  - (b) Where goods are supplied on a hire or loan basis by a registered person resident in Nepal to a person resident outside the Kingdom of Nepal
  
4. Imports of goods and services by accredited diplomats