

FAR WESTERN UNIVERSITY

Faculty of Management

Course Title: **Taxation in Nepal**

Total Marks: 100

Course Code: **MGT 371**

Pass Marks: 45

Nature of course: Theory

Time per period: 1 hr.

Semester: Seventh

Total periods: 45

Level: BBA

Credit hours: 3

Course objective

The objective this course is to provide students with the knowledge of general principle and practices of tax law in Nepal and develop in them basic skill required to work as tax officers or tax consultants in the private sector.

Specific objective	Contents	LH
To understand: <ul style="list-style-type: none"> • Meaning and definition of tax • Classification of tax • Major canons of tax • Historical development of tax law in Nepal • Sources of income 	Unit 1: Introduction and conceptual foundation Meaning and objective of tax. Canons of Taxation. Classification of tax. Historical development of income tax law in Nepal. Sources of income.	3
To understand: <ul style="list-style-type: none"> • Key terms used in income tax act • Income year and assessable year • Accounting system • Excess and outstanding tax • PEN and E-PAN • Capital and Revenue concept • DTAA and foreign tax credit 	Unit 2: Definition of Basic Terms Income year and assessment year. Cash and accrual basis of tax accounting system. Tax deduction at source (TDS). Advance tax. Excess tax and outstanding tax. Permanent account number (PAN). E-PAN. Assessable income, Adjusted taxable income and net assessable income. Double tax avoidable agreement (DTAA). Foreign tax credit. Capital and revenue (Receipts, expenditure, profit and loss). Other basic terms.	4
To understand: <ul style="list-style-type: none"> • Classification and status of tax payer 	Unit 3: Classification and status of Tax payer Natural person and entity. Residential and non-residential. single and couple	2
To understand: <ul style="list-style-type: none"> • List if income exempted from income tax • Business exemption, concession and other incentive provide to promote business or entity in Nepal • Exemption and tax rate applicable to 	Unit 4: Tax exemption, Concession, Deduction, Tax rates, Tax credit and Set off loss Exemption for individual and couple and tax rate. Residential and non-residential person. Information and technology (IT) based industry. Manufacturing industry. Infrastructure industry. Industry established in Special Economic Zone (SEZ).	4

<p>natural person and corporate sector</p> <ul style="list-style-type: none"> • Tax withholding of payment of different incomes • Advance and final withholding payment • Medical tax credit • Provision of set off of losses 	<p>Rebate and concession as per industrial enterprises act 2049. Remote area allowance. Withholding payment. Final withholding payment. Deferred tax. Medical tax credit. Provision of set of losses and carry forward of losses.</p>	
<p>To understand:</p> <ul style="list-style-type: none"> • Concept and meaning of employment and employment income • Distinction between profession and employment • List of incomes included in employment income for tax purpose • List of exempted income s under employment heading • Reduction allowed from employment income • Exemption and tax rates applicable to employment income • Tax credit available for medical expenses and foreign tax • Calculation of taxable income and tax payable from employment income 	<p>Unit 5: Income from employment Concept of income from employment. Income included in the head of employment. Non taxable income. Valuation of perquisites. Allowable deduction. Computation of taxable income. Computation of tax liabilities.</p>	7
<p>To understand:</p> <ul style="list-style-type: none"> • Meaning of business and profession • Distinction between business and profession • Concept of business income • List of incomes included and excluded in business income • List of deductible expenses from business income • Allowable depreciation and repair cost • List of expenses not allowed for deduction • Tax credit available for business income • Calculation of taxable income and tax liabilities from business, for sole traders, profession, company, industry and international business 	<p>Unit 6: Income from business Concept of income from business. Amount included in business income. Allowable deduction. Computation of allowable depreciation and repair cost of different block of assets. Computation of taxable income of company, sole proprietorship, professionals and other income. Computation of tax liabilities.</p>	16
<p>To understand:</p> <ul style="list-style-type: none"> • Concept of VAT 	<p>Unit 7: Value added tax (VAT), Custom duty and Excise duty</p>	6

<ul style="list-style-type: none"> • Evolution of VAT and origin • Method of computing VAT and Refund • Concept and purpose of custom duty and excise duty • Excisable and non excisable product • Import and export procedure • Fine and penalties and apple procedure 	<p>Concept of VAT, Origin and Evolution of VAT, Role of VAT. Refund of VAT. Method of computation of VAT. Concept of custom and excise duty. Purpose of Excise duty. Excisable products. Exemption from excise duty. Import and export procedure. Penalties and appeal.</p>	
<p>To understand:</p> <ul style="list-style-type: none"> • Concept of tax administration • Rights and duties of tax officer and tax payer • Penalties and fine for failure to pay and false statement 	<p>Unit 8: Tax administration</p> <p>Concept of tax administration. Rights, duties and power of tax authorities. Rights and duties of tax payer. Penalty for failure to pay tax and false statement.</p>	2

Books for Taxation

GON, *Income tax act, 2058 with amendment*, Kathmandu: Ministry of Finance, Government of Nepal.

GON, *Income tax Rules, 2059 with amendment*, Kathmandu: Ministry of Finance, Government Of Nepal.

GON, *value added tax act, 2052 with amendment*, Kathmandu: Ministry of Finance, Government Of Nepal.

GON, *value added tax Rules, 2053 with amendment*, Kathmandu: Ministry of Finance, Government of Nepal.

MOF. (various year). *Budget speeches*, Kathmandu: Ministry of finance, Government of Nepal.

MOF. (various year). *Economic survey*, Kathmandu: Ministry of finance, Government of Nepal.

References

Aryal, K.P & Poudel, S.P. *Taxation in Nepal*. Kathmandu: (updated) Bhundipuram Prakashan Pvt.Ltd.

Dhakal, K .D. Pandey, B and Bhattatai, R. *Fundamentals of Taxation*. Kathmandu: (Updated) MK Publisher and Distributers,

Dhakal, K. D.,Bhattarai, I. P.,& et all (updated) *Corporate Taxation in Nepal*, Kathmandu: (updated) Asmita Publication.

KC, J .B. *Tax law and Tax planning: Theory and practice*.Kathmandu: (ipdated) Khanal booke and stationery Pvt.Ltd.

Lekhi, R. K *Public Finance*. New dehli, Kalyani Publisher, india.