

BUDGET HIGHLIGHTS

FISCAL YEAR 2082/83 (2025/26)

TAX AMENDMENTS

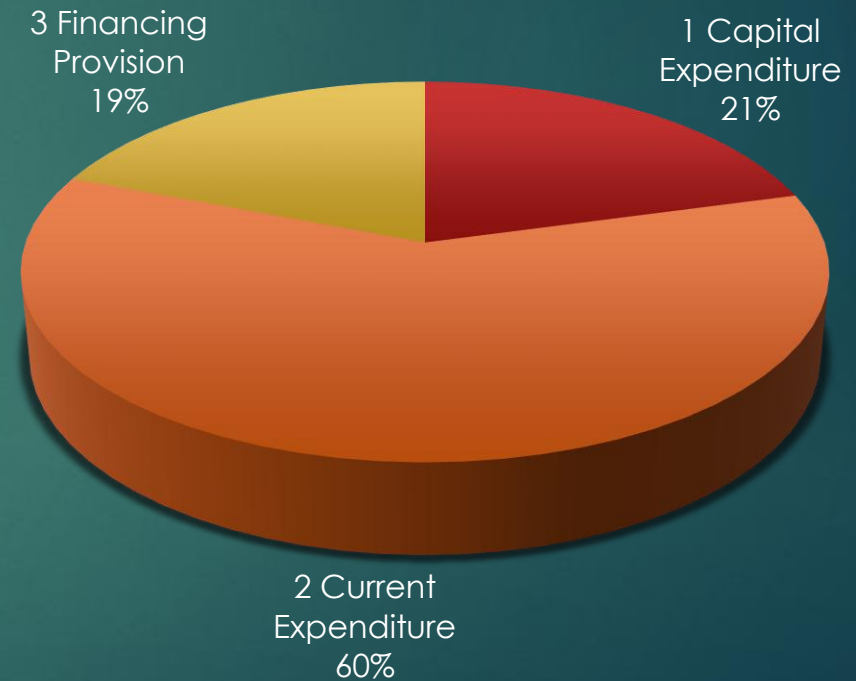
COMPILED BY:



Allocation of Budget

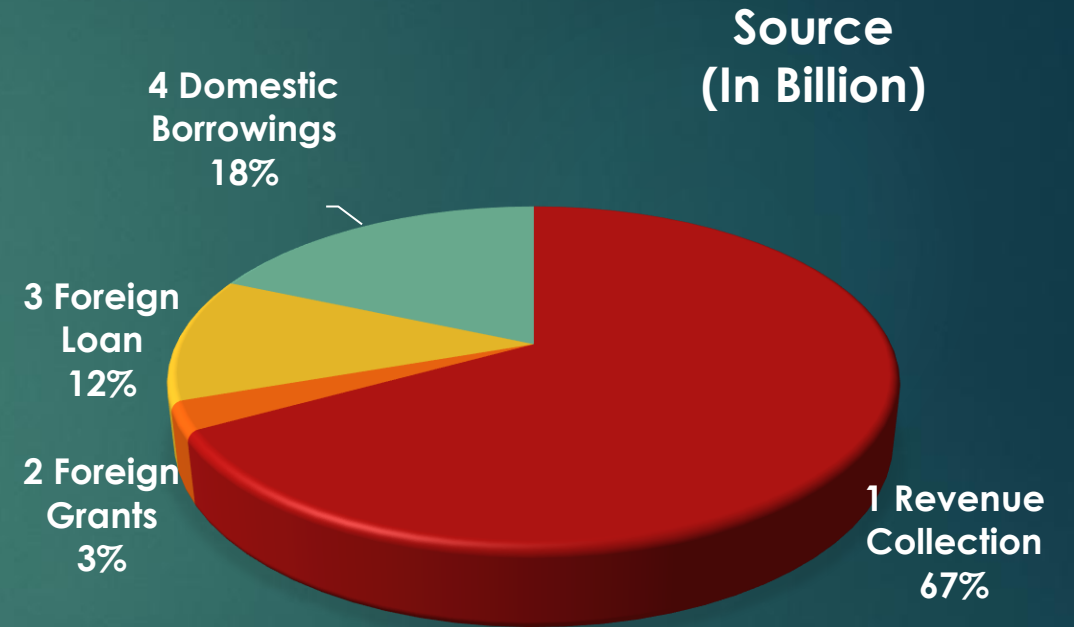
| S N | Budget Head | Allocated Budget (in billion) | % |
|--------------|---------------------|----------------------------------|----------------|
| 1 | Capital Expenditure | 407.89 | 20.77% |
| 2 | Current Expenditure | 1180.98 | 60.13% |
| 3 | Financing Provision | 375.24 | 19.10% |
| Total | | 1964.11 | 100.00% |

**Allocated Budget
(in billion)**

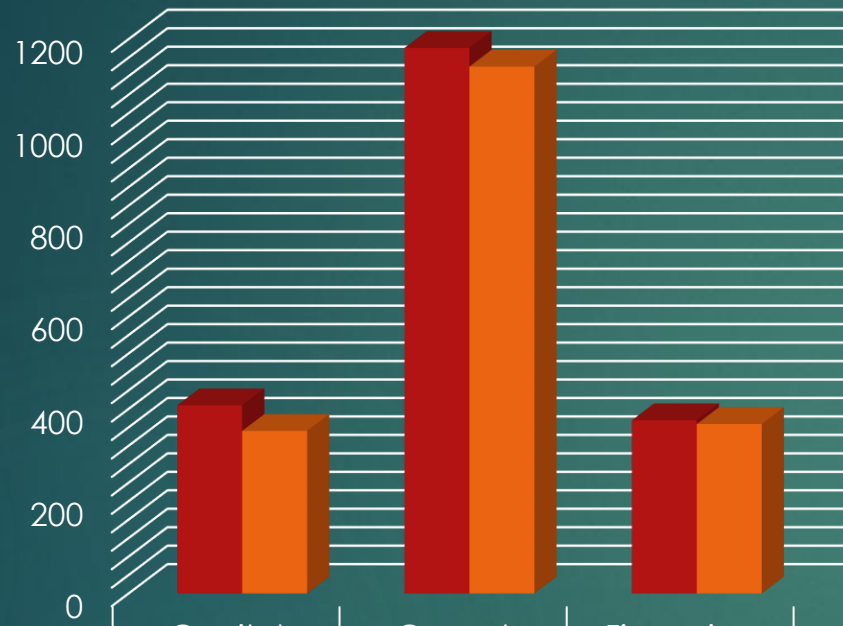


Sources of Budget

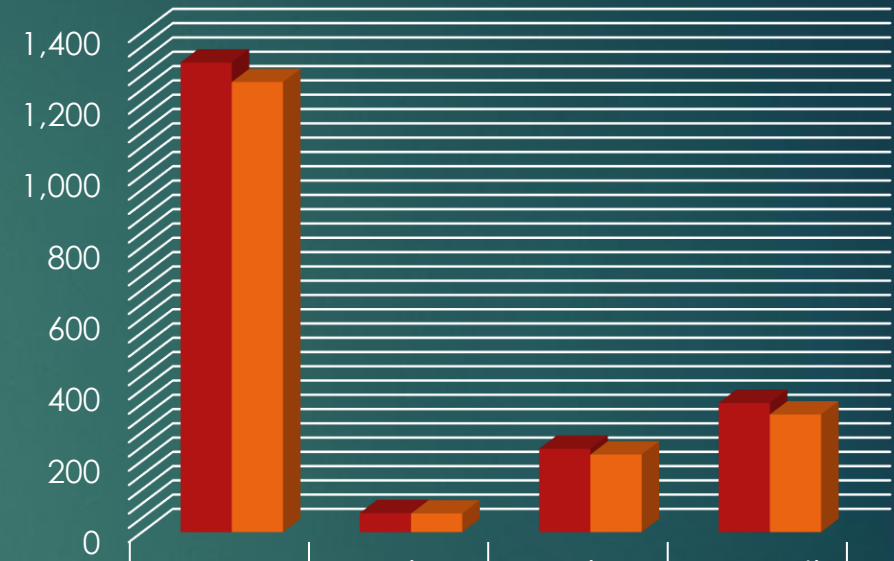
| S N | Source | Amount (In Billion) | % |
|--------------|---------------------|------------------------|----------------|
| 1 | Revenue Collection | 1315 | 66.95% |
| 2 | Foreign Grants | 53.45 | 2.72% |
| 3 | Foreign Loan | 233.66 | 11.90% |
| 4 | Domestic Borrowings | 362 | 18.43% |
| Total | | 1964.11 | 100.00% |



Comparison With Previous Year



| | Capital Expenditure | Current Expenditure | Financing Provision |
|---------------------------------|---------------------|---------------------|---------------------|
| ■ Allocated Budget (in billion) | 407.89 | 1,180.98 | 375.24 |
| ■ Previous Year (in billion) | 352.36 | 1,140.66 | 367.28 |



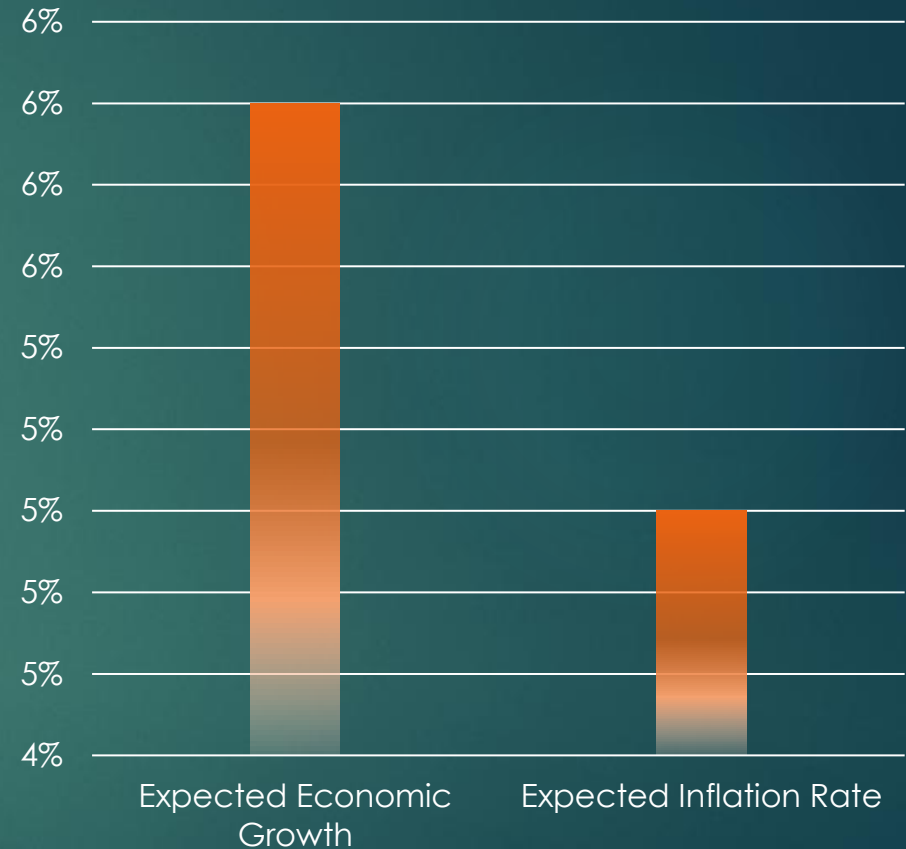
| | Tax Collection | Foreign Grants | Foreign Loan | Domestic Borrowings |
|---------------------------------|----------------|----------------|--------------|---------------------|
| ■ Estimated Amount (in billion) | 1,315 | 53.45 | 233.66 | 362 |
| ■ Previous Year (in billion) | 1,260.30 | 52.33 | 217.67 | 330 |

OBJECTIVES OF BUDGET 2082.083

- ✓ To achieve high, sustainable, and inclusive economic growth to alleviate poverty.
- ✓ To promote entrepreneurship and expand public and private investment to create employment.
- ✓ To enhance economic efficiency by increasing the effective use of modern technology.
- ✓ To establish social justice through social security and development.
- ✓ To promote quality public service and good governance.

TARGETED ECONOMIC GROWTH RATE & INFLATION

- Expected Economic Growth Rate for FY 2082/83 is 6% .
- Expected Inflation rate for FY 2082/83 is 5.5%



TAX AMENDMENTS IN DIRECT TAX

- ✓ **Income tax exemptions** shall be provided to producers of green hydrogen **for up to five years.**
- ✓ If a transport service provider pays rent to a natural person for the use of a transportation vehicle and **withholds the applicable tax at source**, the rental amount may be claimed as a deductible expense when calculating taxable income.
- ✓ Provision of 75% tax exemption on income earned through IT-related service exports. For individuals **residing in Nepal who provide IT-related services to foreign countries**, a **5% tax** will be levied on their income, which shall be treated as the final tax.
- ✓ The provision requiring taxpayers to pay a minimum tax despite having no taxable transactions has been removed.
- ✓ Hotels and resorts to be **provided with concessions relating to income tax and electricity tariffs like manufacturing industries.**
- ✓ **Startup businesses with annual transactions up to NPR 10 Crore will be made exempt** from income tax for five years.
- ✓ Exemption on income tax shall be granted to industries producing and assembling EV charging machines for up to 5 years.

TAX AMENDMENTS IN INDIRECT TAX

- ✓ Value Added Tax (VAT) shall not be levied on clearing **house services** to encourage digital payments.
- ✓ **Customs duty reduced to 1% and other taxes waived** for industries importing equipment for wood processing, batteries and other equipment required to store electricity from solar and wind energy, tunnel boring machines, sports infrastructure, EVs, and charging stations.
- ✓ Taxpayers who have not paid VAT and excise duty and have not even filed VAT and excise duty returns shall be **granted waivers on applicable interest, penalties and late fees.**
- ✓ **Value Added Tax (VAT) shall not be levied on hearing aids** required for people with hearing impairment.
- ✓ The requirement for entities involved in export/import-oriented businesses to submit a bank guarantee of **NPR 300,000 to obtain an EXIM Code has been removed.**
- ✓ **The expansion of the base of the Digital Service Tax** has been made to bring all types of digital transactions under the tax ambit.
- ✓ **Scope of the centralized electronic billing monitoring system** will be expanded to increase taxpayer participation in the electronic billing system.
- ✓ **Custom duty and other taxes shall not be levied** on the import of mill machinery and equipment for production of organic and natural fertilizer.
- ✓ **Interest, additional charges, and penalties under VAT shall be exempted to** International airline service providers and those involved in the ticketing business **if they pay the outstanding principal tax dues** and submit tax returns