

9841414845

BS 3rd Year

Taxation in Nepal

Gazzab Ko Tuition Center

Chapter-wise details:

1. Conceptual Foundation
2. Taxation of Income in Nepal
3. Tax auditing and timing
4. Quantification, Allocation, and Characterization of Amount
5. Capital and Revenue
6. Exempt Amounts, concessions, Tax Rates, and Withholding payments
7. Deductions Not Allowed
8. Income from Employment
9. Provision for Depreciation (Group c-8)
10. Income from Business (Group c-15) or ma...
11. Capital Gain Tax
12. Income from Investment
13. Residential Status
14. Set off and carry Forward Losses (Group c – 7)
15. Special provisions for Individuals, Entities, and Retirement savings
16. Revenue Administration *— 8 marks themy brr*
17. Official Documentation, Record-keeping, and Information Collection
18. Returns of Income and Assessment
19. Collection, Remission, and Refund of Tax
20. Administrative Review and Appeal
21. Penalty and offence
22. Value Added Tax(VAT)
23. Tax Auditing

Chapter – 1

Conceptual Foundation :

Theory: 2 Marks

1. Define Tax. And explain the Direct or Indirect tax?

Tax is a mandatory financial charge imposed by a government on individuals, businesses, or other entities to fund public services and government operations. It is collected at various levels, including local, state, and national governments.

(कर भनेको सरकारद्वारा व्यक्तिहरू, व्यवसायहरू वा अन्य निकायहरूबाट अनिवार्य रूपमा उठाइने वित्तीय शुल्क हो, जसले सार्वजनिक सेवा र सरकारी सञ्चालनहरूलाई वित्तीय सहायता पुऱ्याउँछ।)

Types of Taxes:

Direct Tax – Paid directly to the government by individuals or businesses (e.g., income tax, property tax).

प्रत्यक्ष कर (Direct Tax) – व्यक्तिहरू वा व्यवसायहरूले सरकारलाई प्रत्यक्ष रूपमा तिर्ने कर (जस्तै: आयकर, सम्पत्ति कर)।

Indirect Tax – Collected by an intermediary (e.g., sales tax, value-added tax (VAT), excise duty).

अप्रत्यक्ष कर (Indirect Tax) – कुनै बिचौलियामार्फत उठाइने कर (जस्तै: मूल्य अभिवृद्धि कर (VAT), बिक्री कर, अन्तःशुल्क)।

Common Types of Taxes:

- Income Tax – Levied on personal or business income.

आयकर (Income Tax) – व्यक्तिगत वा व्यवसायिक आमदानीमा लगाइने कर।

-
-
- **Corporate Tax – Charged on company profits.**

कर्पोरेट कर (Corporate Tax) – कम्पनीहरूको नाफामा लगाइने कर।

- **Sales Tax/VAT – Applied to goods and services at the point of sale.**

बिक्री कर / मूल्य अभिवृद्धि कर (Sales Tax/VAT) – सामान तथा सेवाहरूको खरिद-बिक्रीमा लगाइने कर।

- **Property Tax – Charged on real estate properties.**

सम्पत्ति कर (Property Tax) – घर-जग्गा जस्ता सम्पत्तिमा लाग्ने कर।

- **Excise Duty – Imposed on specific goods like alcohol, tobacco, and fuel.**

अन्तःशुल्क (Excise Duty) – रक्सी, चुरोट, पेट्रोल जस्ता वस्तुहरूमा लगाइने कर।

- **Customs Duty – Charged on imports and exports.**

भन्सार शुल्क (Customs Duty) – आयात तथा निर्यात गरिने सामानहरूमा लगाइने कर।

- **Payroll Tax – Deducted from employees' wages for social security and healthcare.**

पेरोल कर (Payroll Tax) – कर्मचारीहरूको तलबबाट सामाजिक सुरक्षा तथा स्वास्थ्य सेवाका लागि कटौती गरिने कर।

Taxes are essential for funding infrastructure, education, healthcare, defense, and other government programs. कर सरकारको मुख्य आय स्रोत हो, जसले सडक, शिक्षा, स्वास्थ्य, सुरक्षा लगायतका सार्वजनिक सेवाहरू सञ्चालन गर्न मद्दत गर्छ।

Tax System in Nepal (नेपालको कर प्रणाली)

The tax system in Nepal is governed by the Inland Revenue Department (IRD) under the Ministry of Finance. It is divided into direct taxes and indirect taxes and is regulated by different tax laws such as the Income Tax Act, 2058 (2002), Value Added Tax Act, 2052 (1996), and Customs Act, 2064 (2007).

नेपालको कर प्रणाली अन्तरिक राजस्व विभाग (IRD) द्वारा व्यवस्थापन गरिन्छ, जुन अर्थ मन्त्रालय अन्तर्गत रहेको छ। नेपालमा कर प्रणाली प्रत्यक्ष कर र अप्रत्यक्ष कर गरी दुई प्रकारमा विभाजन गरिएको छ। विभिन्न कर कानूनहरू जस्तै आयकर ऐन, २०५८, मूल्य अभिवृद्धि कर ऐन, २०५२, र भन्सार ऐन, २०६४ मार्फत कर संकलनको प्रक्रिया नियमन गरिन्छ।

Objectives of Taxation (करको उद्देश्य)

Taxation is an essential tool for any government to generate revenue and manage the economy. The primary objectives of taxation include funding public services, redistributing wealth, controlling inflation, and encouraging economic growth.

कर प्रणाली कुनै पनि देशको सरकारका लागि राजस्व संकलन गर्ने र अर्थतन्त्र व्यवस्थित गर्ने महत्वपूर्ण साधन हो। कर उठाउने मुख्य उद्देश्यहरूमा सार्वजनिक सेवा वित्त पोषण, धनको पुनर्वितरण, मुद्रास्फीति नियन्त्रण, र आर्थिक वृद्धिलाई प्रवर्द्धन गर्ने लक्ष्य हुन्छ।

There are few types of Objective of Tax Are:

- To, Revenue Generation (राजस्व संकलन)
- To, Redistribution of Wealth (धनको पुनर्वितरण)
- To, Inflation Control (मुद्रास्फीति नियन्त्रण)
- To, Employment Generation (रोजगारी सिर्जना)
- To, Foreign Trade Regulation (वैदेशिक व्यापार नियमन)
- To, Encouraging Social Welfare (सामाजिक कल्याण प्रवर्द्धन)

Canons of Taxation (करका सिद्धान्तहरू)

The Canons of Taxation refer to the fundamental principles or guidelines that a good tax system should follow. These principles were introduced by Adam Smith, the father of modern economics, in his book “*The Wealth of Nations*” (1776).

Or,

canons of taxation, simply mean the characteristics or qualities which a good tax system should possess. In fact, canons of taxation are related to the administrative part of a tax.

करका सिद्धान्तहरू (Canons of Taxation) भनेको कुनै पनि कर प्रणालीले पालना गर्नुपर्ने आधारभूत मार्गनिर्देशनहरू हुन्। यी सिद्धान्तहरू एडम स्मिथ ले आफ्नो पुस्तक “*The Wealth of Nations*” (१७७६) मा प्रस्तुत गरेका थिए।

Types of Canons of Taxation (करका प्रमुख सिद्धान्तहरू):

1. Canon of Equity (न्यायको सिद्धान्त)

- Tax should be fair and just.
- People should pay taxes according to their ability to pay. ”
- Rich people should pay higher taxes than poor people (progressive taxation).

👉 न्यायको सिद्धान्त (Canon of Equity): कर प्रणाली न्यायपूर्ण हुनुपर्छ। जसको आम्दानी धेरै छ, उसले अधिक कर तिर्नुपर्छ, र जसको आम्दानी कम छ, उसले कम कर तिर्नुपर्छ।

Example (उदाहरण):

A millionaire should pay higher income tax than a low-income worker.

धनी व्यक्तिले धेरै कर तिर्नुपर्छ, गरिब व्यक्तिले कम कर तिर्नुपर्छ। www.reallygreatsite.com

2. Canon of Certainty (निश्चितताको सिद्धान्त)

- Taxpayers should know in advance how much tax they need to pay, when, and how.
- The government should have clear and transparent tax laws.

👉 निश्चितताको सिद्धान्त (Canon of Certainty): करदातालाई आफ्नो कर तिर्ने राशि, समय र प्रक्रिया स्पष्ट हुनुपर्छ। सरकारको कर प्रणाली पारदर्शी हुनुपर्छ।

Example (उदाहरण):

If income tax is 20%, everyone should know it clearly.

सरकारले कर अनिश्चित रूपमा परिवर्तन गरेमा नागरिकलाई समस्या हुन्छ।

3. Canon of Convenience (सुविधाको सिद्धान्त)

- Tax payment should be easy and convenient for taxpayers.
- Tax collection should happen at a time and method that is not burdensome.

☛ सुविधाको सिद्धान्त (Canon of Convenience): कर भुक्तानी सजिलो हुनुपर्छ। नागरिकहरूले सहज रूपमा कर तिर्न सक्ने व्यवस्था गर्नुपर्छ।

Example (उदाहरण):

Salary earners can pay tax directly through salary deduction.

अनलाइन कर भुक्तानी प्रणाली सुविधाजनक हुन्छ।

4. Canon of Economy (आर्थिक सिद्धान्त)

- The cost of tax collection should be low and efficient.
- The government should not spend too much money on collecting taxes.

☛ आर्थिक सिद्धान्त (Canon of Economy): कर संकलनको लागत कम हुनुपर्छ। सरकारले कर उठाउन अत्यधिक खर्च गर्नु हुँदैन।

Example (उदाहरण):

If the government collects Rs.1 million in tax but spends Rs.500,000 to collect it, it is inefficient.

नेपाल सरकारले अनलाइन कर प्रणाली ल्याएर कर संकलनलाई सस्तो र छरितो बनाएको छ।

5. Canon of Productivity (उत्पादकत्वको सिद्धान्त)

Taxes should generate sufficient revenue for the government without discouraging businesses.

☛ उत्पादकत्वको सिद्धान्त: करले राजस्व राम्रोसँग संकलन गर्न सक्नुपर्छ तर उद्योग-व्यवसायलाई नकारात्मक प्रभाव पार्न हुँदैन।

5. Canon of Simplicity (साधारणताको सिद्धान्त)

The tax system should be simple, understandable, and easy to follow.

☛ साधारणताको सिद्धान्त: कर प्रणाली स्पष्ट, बुझ्न सजिलो र सरल हुनुपर्छ।

Example (उदाहरण):

Complicated tax rules create corruption and tax evasion.

नेपाल सरकारले सिधा अनलाइन कर तिर्ने प्रणाली लागू गरेको छ।

6. Canon of Flexibility (लचिलोपनको सिद्धान्त)

Tax laws should be adjustable according to economic conditions.

☞ लचिलोपनको सिद्धान्त: कर नीति देशको अर्थतन्त्रको अवस्था अनुसार परिवर्तन गर्न मिल्नुपर्छ।

Example (उदाहरण):

During a recession, the government can reduce tax rates to support businesses.

महामारी (COVID-19) को समयमा सरकारले केही कर छुट दिएको थियो।

A good tax system must follow the canons of taxation to be fair, efficient, and productive. Nepal's tax system is improving with digitalization and reforms, but it still needs to focus on equity, simplicity, and convenience for taxpayers.

☞ कुनै पनि राम्रो कर प्रणाली यी सिद्धान्तहरूलाई पालना गर्नुपर्छ। नेपालमा कर प्रणाली सुधार हुँदैछ, तर अझ न्याय, पारदर्शिता र सरलता आवश्यक छ।

Chapter - 2
Taxation of Income in Nepal

In Nepal, income tax is governed by the Income Tax Act, 2058 (2002). The government imposes taxes on individuals, businesses, and other entities based on their income. The tax system follows a progressive structure, meaning higher income earners pay a higher percentage of tax.

नेपालमा आयकर आयकर ऐन, २०५८ अन्तर्गत व्यवस्थित छ। सरकारले व्यक्तिहरू, व्यवसायहरू, र अन्य संस्थाहरूको आमदानीमा कर लगाउने गर्छ। नेपालमा कर प्रणाली प्रगतिशील संरचना (Progressive Tax) अनुरूप छ, जसमा बढी आमदानी भएकाहरूले बढी कर तिर्नुपर्छ।

Types of Income Tax in Nepal:

1. **Personal Income Tax – Levied on salaries, wages, business profits, rent, dividends, and other earnings.**
2. **Corporate Tax – Applied to businesses based on their profits.**
3. **Capital Gains Tax – Tax on profits from the sale of assets like property and shares.**
4. **Withholding Tax – Tax deducted at source from payments like salary, interest, and dividends.**
5. **VAT and Excise Duties – Indirect taxes on goods and services.**

नेपालमा लाग्ने प्रमुख करहरू:

- व्यक्तिगत आयकर – तलब, ज्याला, व्यवसाय नाफा, घरभाडा, लाभांश, अन्य स्रोतहरूबाट कमाइमा लाग्ने कर।
- कर्पोरेट कर – व्यवसायको नाफामा लाग्ने कर।

0

- पूँजीगत लाभकर –सम्पत्ति वा सेयर बेच्दा हुने नाफामा लाग्ने कर।
- बचतकर्ताबाट अग्रिम कटौती कर (Withholding Tax) – तलब, ब्याज, लाभांशबाट सोझै कटाइने कर।
- मूल्य अभिवृद्धि कर (VAT) र उत्पादन शुल्क – वस्तु तथा सेवामा लाग्ने अप्रत्यक्ष कर।

नेपालमा व्यक्तिगत आयकर दर (आर्थिक वर्ष २०८०/८१)

नेपालमा व्यक्तिगत आयकर दर अविवाहित (Single) र विवाहित (Married) करदाताका लागि फरक हुन्छ। नेपालमा प्रगतिशील कर प्रणाली लागू गरिएको छ, जसअनुसार बढी आम्दानी भएकाहरूलाई बढी कर लाग्छ।

अविवाहित व्यक्तिका लागि (Single Taxpayer)

वार्षिक आम्दानी (रु.)	कर दर
रु. ५,००,००० सम्म	१% (सामाजिक सुरक्षा कर)
रु. ५,००,००१ – ७,००,०००	१०%
रु. ७,००,००१ – १०,००,०००	२०%
रु. १०,००,००१ – २०,००,०००	३०%
रु. २०,००,००० भन्दा बढी	३६%

For Unmarried Individuals (Single Taxpayer)

Annual Income (NPR)	Tax Rate
Up to 500,000	1% (Social Security Tax)
500,001 – 700,000	10%
700,001 – 1,000,000	20%
1,000,001 – 2,000,000	30%
Above 2,000,000	36%

For businesses:

- General corporate tax: 25%
- Banks, telecom, and insurance: 30%
- Special industries and IT: 20% (with incentives)

विवाहित दम्पतीका लागि (Married/Joint Taxpayer)

वार्षिक आमदानी (रु.)	कर दर
रु. ६,००,००० सम्म	१% (सामाजिक सुरक्षा कर)
रु. ६,००,००१ – ८,००,०००	१०%
रु. ८,००,००१ – ११,००,०००	२०%
रु. ११,००,००१ – २०,००,०००	३०%
रु. २०,००,००० भन्दा बढी	३६%

For Married Couples (Combined Income Taxpayer)

Annual Income (NPR)	Tax Rate
Up to 600,000	1% (Social Security Tax)
600,001 – 800,000	10%
800,001 – 1,100,000	20%
1,100,001 – 2,000,000	30%
Above 2,000,000	36%

- If a couple opts to file separately, they will be taxed as single taxpayers.
- An additional 1% of **Social Security Tax** applies to all taxable incomes.
- Some tax exemptions and rebates are available for pensioners, senior citizens, and specific employment sectors.

- यदि विवाहित व्यक्तिले छुट्टै कर विवरण पेश गरेमा, तिनीहरूलाई अविवाहित करदाताको दर लागू हुनेछ।
- १% सामाजिक सुरक्षा कर सबै करयोग्य आमदानीमा लागू हुन्छ।
- पेन्सन, जेष्ठ नागरिक, तथा केही पेशागत क्षेत्रमा विशेष कर छुट व्यवस्था छ।

Definition of Income Year

2079/80

Income Year refers to the **financial year** during which an individual or business earns income. In Nepal, the income year starts on **Shrawan 1** (mid-July) and ends on **Ashad 31** (mid-July of the next year). This period is also known as the **fiscal year**.

Example:

For the **fiscal year 2080/81 (2023/24)** in Nepal:

The income year starts on **Shrawan 1, 2080 (mid-July 2023)**

The income year ends on **Ashad 31, 2081 (mid-July 2024)**

All earnings made during this period must be reported for taxation purposes in the **assessment year** that follows.

आय वर्ष (Income Year) भनेको कुनै व्यक्ति वा व्यवसायले आमदानी गर्ने **आर्थिक वर्ष** हो। नेपालमा आय वर्ष **श्रावण १** (मध्य जुलाई) बाट सुरु भएर **असार ३१** (अर्को वर्षको मध्य जुलाई) मा समाप्त हुन्छ। यसलाई **आर्थिक वर्ष (Fiscal Year)** पनि भनिन्छ।

उदाहरण:

नेपालको **आर्थिक वर्ष २०८०/८१ (2023/24)** को लागि:

आय वर्षको सुरुआत - **श्रावण १, २०८० (जुलाई २०२३)**

आय वर्षको समाप्ति - **असार ३१, २०८१ (जुलाई २०२४)**

यस अवधिमा आर्जित सम्पूर्ण आमदानीलाई कर प्रयोजनका लागि **मूल्यांकन वर्ष (Assessment Year)** मा रिपोर्ट गर्नुपर्छ।

ch. 101
Report

Features of Income Tax Act, 2058 (2002) – Nepal

- Unified Tax Law – Combines personal, corporate, and other income taxes.
- Global Income Taxation – Tax applies to worldwide income of residents.
- Progressive Tax System – Higher income, higher tax rate.
- Self-Assessment System – Taxpayers calculate and pay their own taxes.
- Tax Deduction at Source (TDS) – Tax is deducted at payment sources.
- Provision for Fines & Penalties – Penalties for tax evasion and late payment.
- Exemptions & Concessions – Special provisions for pensions, investments, and industries.
- Anti-Tax Avoidance Measures – Prevents tax evasion through strict rules.
- Tax Return Filing Requirement – Mandatory filing for taxable income earners.
- Power of Inland Revenue Department (IRD) – Authority to audit and enforce compliance.

आयकर ऐन, २०५८ का विशेषताहरू

- एकीकृत कर व्यवस्था – व्यक्तिगत, व्यवसायिक, र अन्य आयकरलाई समेट्छ।
- विश्वव्यापी आयकर प्रणाली – बासिन्दाहरूको सम्पूर्ण विश्वव्यापी आमदानीमा कर।
- प्रगतिशील कर प्रणाली – बढी आमदानी, बढी कर दर।
- आत्ममूल्यांकन प्रणाली – करदाताले स्वयं कर गणना र तिर्ने।
- स्रोतमै कर कट्टी (TDS) – तलब, ब्याज, लाभांशमा अग्रिम कर कट्टी।
- जरिवाना तथा दण्ड व्यवस्था – कर छली र ढिलो तिर्दा जरिवाना।
- कर छुट तथा सहूलियत – पेन्सन, लगानी, उद्योगहरूका लागि विशेष सुविधा।

- h. कर छलि नियन्त्रण उपायहरू – अवैध कर बचाउने उपायलाई रोकथाम।
- i. कर विवरण अनिवार्य पेश गर्नुपर्ने – करयोग्य व्यक्तिले विवरण बुझाउनुपर्ने।
- j. आन्तरिक राजस्व विभाग (IRD) को अधिकार – लेखापरीक्षण र कर संकलनको कडाइ।

Previous Year & Assessment Year (Income Year)

Previous Year (Income Year):

- The financial year in which income is earned.
- In Nepal, it runs from Shrawan 1 to Ashad 31 (Mid-July to Mid-July).
- Example: FY 2080/81 (2023/24) is the previous year for income earned during this period.

Assessment Year:

- The financial year in which the income of the previous year is assessed and taxed.
- It follows the income year.
- Example: Income earned in FY 2080/81 is assessed in FY 2081/82 (2024/25).

अघिल्लो वर्ष र मूल्यांकन वर्ष (आय वर्ष)

अघिल्लो वर्ष (Previous Year / आय वर्ष):

- जुन आर्थिक वर्षमा आमदानी हुन्छ।
- नेपालमा श्रावण १ देखि असार ३१ (मध्य जुलाई - मध्य जुलाई) सम्म हुन्छ।
- उदाहरण: आ.व. २०८०/८१ (२०२३/२४) अघिल्लो वर्ष हो।

मूल्यांकन वर्ष (Assessment Year):

- अघिल्लो वर्षमा आर्जित आमदानी कर गणना र समीक्षा गरिने वर्ष।
- यो आय वर्षपछि आउँछ।
- उदाहरण: आ.व. २०८०/८१ मा आर्जित आमदानी आ.व. २०८१/८२ (२०२४/२५) मा मूल्यांकन गरिन्छ।

Objectives of Income Tax Act, 2058 (2002) – Nepal

- **Ensure Fair Taxation** – Establish a systematic and fair taxation system.
- **Increase Government Revenue** – Generate funds for national development.
- **Prevent Tax Evasion** – Reduce illegal tax avoidance and evasion.
- **Promote Voluntary Compliance** – Encourage self-assessment and timely tax payment.
- **Simplify Tax Laws** – Make tax procedures clear and transparent.
- **Encourage Investment** – Provide tax benefits for businesses and industries.
- **Expand Tax Base** – Bring more individuals and businesses under the tax net.
- **Ensure Social & Economic Development** – Use tax revenue for public welfare and infrastructure.

आयकर ऐन, २०५८ का उद्देश्यहरू

- न्यायसंगत कर प्रणाली लागू गर्ने – व्यवस्थित र निष्पक्ष कर प्रणाली स्थापना।
- सरकारी राजस्व वृद्धि गर्ने – विकास कार्यका लागि स्रोत संकलन।
- कर छलि रोकने – अवैध कर बचत तथा छलि नियन्त्रण।
- स्वेच्छिक कर भुक्तानी प्रवर्द्धन गर्ने – आत्ममूल्यांकन प्रणालीलाई प्रोत्साहन।

- कर कानूनलाई सरल बनाउने – कर प्रक्रिया पारदर्शी र सहज बनाउने।
- लगानी प्रोत्साहन गर्ने – व्यवसाय र उद्योगलाई कर छुट उपलब्ध गराउने।
- कर आधार विस्तार गर्ने – थप व्यक्ति र व्यवसायलाई कर दायरामा ल्याउने।
- सामाजिक तथा आर्थिक विकास सुनिश्चित गर्ने – कर राजस्वलाई सार्वजनिक कल्याण र पूर्वाधारमा लगानी।

Here are the **Value Added Tax (VAT) rates** for 10 different countries:

Country	Standard VAT Rate (%)	Notes
Nepal	13%	Standard VAT on goods & services
India	18%	GST system with multiple rates (5%, 12%, 18%, 28%)
United Kingdom	20%	Reduced rates of 5% for some goods/services
United States	No federal VAT	Sales tax varies by state (0% to 10%)
Germany	19%	Reduced rate of 7% for essential goods
France	20%	Reduced rates of 5.5% and 10% for specific items
China	13%	VAT applies mainly to businesses
Japan	10%	Reduced rate of 8% for food and newspapers
United Arab Emirates (UAE)	5%	Standard VAT applies to most transactions

Who is the No 1 taxpayer in Nepal?

Nepal Telecommunication Company Limited has been honored for being the highest taxpayer in the fiscal year 2022/23 under the institutions category. Similarly, Raj Bahadur Shah was recognized as highest income taxpayer under the individuals category.

TDS update 2080/2081 In Nepal Link:

<https://bizsewa.com/tax-deducted-source-tds-rates-nepal/>

Chapter – 3

Tax Accounting and Timing

Tax Accounting refers to the method of accounting that focuses on tax-related matters. It involves the preparation, analysis, and presentation of tax returns and payments, ensuring compliance with tax laws and regulations. It differs from financial accounting as it is based on tax laws rather than general accounting principles.

कर लेखा प्रणाली (Tax Accounting) भन्नाले कर सम्बन्धी लेखा प्रणालीलाई जनाउँछ। यसले कर विवरण तयार पार्ने, विश्लेषण गर्ने, कर तिर्ने, र कर कानून तथा नियमहरूको पालना सुनिश्चित गर्ने कार्य समावेश गर्छ। वित्तीय लेखा प्रणाली भन्दा फरक, कर लेखा प्रणाली मुख्य रूपमा कर कानूनमा आधारित हुन्छ।

Types of Tax Accounting:

1. **Individual Tax Accounting** – Deals with the tax obligations of individuals.
2. **Business Tax Accounting** – Focuses on tax reporting for businesses, ensuring compliance with corporate tax laws.
3. **Nonprofit Tax Accounting** – Involves tax reporting for nonprofit organizations, which may have tax-exempt status.
4. **International Tax Accounting** – Manages taxation for companies operating in multiple countries, considering international tax laws.
5. **Tax Planning and Compliance** – Helps businesses and individuals plan tax strategies to minimize liabilities while staying within legal limits.

कर लेखा प्रणालीका प्रकारहरू:

1. **व्यक्तिगत कर लेखा (Individual Tax Accounting)** – व्यक्तिहरूको कर सम्बन्धी लेखा प्रक्रिया समेट्छ।
2. **व्यवसाय कर लेखा (Business Tax Accounting)** – व्यवसायहरूको कर विवरण तयार पार्ने र कर कानूनको पालना गर्ने कार्य समावेश गर्छ।
3. **गैर-नाफामुखी कर लेखा (Nonprofit Tax Accounting)** – कर छुट प्राप्त गरेका गैर-नाफामुखी संस्थाहरूको कर सम्बन्धी लेखा व्यवस्थापन गर्छ।
4. **अन्तर्राष्ट्रिय कर लेखा (International Tax Accounting)** – बहुराष्ट्रिय कम्पनीहरूको कर व्यवस्थापन, अन्तर्राष्ट्रिय कर कानून अनुसार गरिन्छ।
5. **कर योजना र अनुपालन (Tax Planning and Compliance)** – कर सम्बन्धी रणनीति बनाउने र कानूनी दायराभित्र रहेर कर घटाउने उपायहरू खोज्ने कार्य गरिन्छ।

Cash Basis Accounting and Accrual Basis Accounting in Tax Accounting

1. Cash Basis Accounting

Cash-based accounting is a method where revenues and expenses are recorded only when cash is received or paid. It is a simple approach often used by small businesses and individuals for tax purposes. नगद आधार लेखा प्रणाली एक यस्तो विधि हो जसमा आम्दानी र खर्चहरू केवल नगद प्राप्त वा भुक्तान गरिएका बेलामा मात्र रेकर्ड गरिन्छ। यो विधि प्रायः साना व्यवसायहरू र व्यक्तिहरूले कर प्रयोजनको लागि प्रयोग गर्छन्।

Key Features:

- Revenue is recorded when cash is received.
- Expenses are recorded when cash is paid.
- Does not recognize accounts receivable or payable.
- Commonly used for tax reporting by small businesses.

मुख्य विशेषताहरू:

- आम्दानी (Revenue) नगद प्राप्त भएपछि मात्र रेकर्ड गरिन्छ।
- खर्च (Expenses) नगद भुक्तान गरेपछि मात्र रेकर्ड गरिन्छ।
- खाता प्राप्ती (Accounts Receivable) वा खाता भुक्तानी (Accounts Payable) लाई मान्यता दिइँदैन।
- साना व्यवसायहरूका लागि कर प्रतिवेदनमा प्रायः प्रयोग गरिन्छ।

Example:

If a business completes a service in December but receives payment in January, the revenue is recorded in January (when cash is received).

2. Accrual Basis Accounting

Accrual basis accounting records revenues and expenses when they are earned or incurred, regardless of when cash is received or paid. This method follows the matching principle and is commonly used by larger businesses.

दाखिला आधार लेखा प्रणालीमा आम्दानी र खर्चहरू नगद प्राप्त वा भुक्तान नभएको भए पनि ती कमाइएका वा व्यय गरिएका समयमै रेकर्ड गरिन्छ। यो विधि ठूला व्यवसायहरूले बढी प्रयोग गर्छन्।

Key Features:

- Revenue is recorded when it is earned, not when cash is received.
- Expenses are recorded when incurred, not when paid.
- Recognizes accounts receivable and payable.
- Required for businesses following Generally Accepted Accounting Principles (GAAP).

आम्दानी कमाइएपछि नै रेकर्ड गरिन्छ, नगद प्राप्तिको पर्खाइ गरिँदैन।

खर्चहरू तिनका लागि दायित्व उत्पन्न भएलगत्तै रेकर्ड गरिन्छ, भुक्तान भएपछि मात्र होइन।

खाता प्राप्ती (Accounts Receivable) र खाता भुक्तानी (Accounts Payable) लाई मान्यता दिइन्छ।

सामान्य रूपमा मान्यता प्राप्त लेखा सिद्धान्त (GAAP) पालना गर्ने व्यवसायहरूले प्रयोग गर्छन्।

Example:

If a business provides a service in December but receives payment in January, the revenue is still recorded in December (when the service was performed).

The accounting methods to be applied by different taxpayers are summarized below:

Persons	Income Head	Accounting Method
Individual	Employment, Investment	Cash basis
Sole trader/proprietor Partnership firm	Business	Cash or accrual basis
Company	Business, Investment	Cash or accrual basis Accrual basis
	Business, Investment	



A contract has been classified into two broad categories:

1. Long-term contract
2. Excluded contract

A long-term contract means a contract of the following conditions:

- The term of which exceeds 12 months and that is either a contract for manufacture, installation or construction or the contract with a deferred return.
- For the purpose of calculating a person's income for an income year, the estimated cumulative inclusions and deductions are treated as derived or incurred according to the percentage of the contract completed during the year.

Chapter – 4

Quantification, Allocation, and Characterization of Amounts

Quantification (परिमाणीकरण)

- Quantification refers to the process of measuring or expressing something in numerical terms. It helps in assessing the amount, size, or extent of an entity.

परिमाणीकरण भन्नाले कुनै वस्तु, प्रक्रिया, वा परिघटनालाई सङ्ख्यात्मक रूपमा व्यक्त गर्ने वा मापन गर्ने प्रक्रिया हो। यसले मात्रा, आकार वा परिमाण निर्धारण गर्न मद्दत गर्छ।

Allocation (वितरण/निकासा/विनियोजन)

- Allocation is the process of distributing resources, responsibilities, or amounts to specific areas, people, or tasks.

वितरण वा विनियोजन भन्नाले स्रोत, जिम्मेवारी, वा रकमलाई विशेष क्षेत्रमा, व्यक्तिहरूलाई, वा कार्यहरूमा बाँडफाँट गर्ने प्रक्रिया हो।

Characterization of Amount (मात्राको विशेषण/वर्णन)

Characterization of amount refers to describing or analyzing the nature, composition, or quality of a given quantity. It helps in understanding its significance and properties.

मात्राको विशेषण वा वर्णन भन्नाले कुनै निश्चित परिमाणको प्रकृति, संरचना वा गुणलाई व्याख्या गर्ने वा विश्लेषण गर्ने कार्यलाई जनाउँछ। यसले उक्त मात्राको महत्व र विशेषता बुझ्न मद्दत गर्छ।

Facilities

. Car facilities 0.5% of Annual Salary

. Accommodation facilities 2% of Annual salary

1. 2074 Q.No.4

[2 marks]

Mr. Pradhan is an employee of Nepal Bank Limited borrowed loan of Rs. 1,000,000 from the bank to construct his residential house in 1st Shrawan of previous year at an interest rate of 8 percent. The prevailing interest rate is 10 percent.

Required: Amount of interest to be included in employment income.

solⁿ
Amount of interest to be included in employment income =
 $10,00,000 \times (10\% - 8\%)$

$$= 10,00,000 \times 2\%$$

$$= \boxed{Rs. 20,000}$$

2. Mr. Sparsh works as an officer in Nepal Oil Corporation (NOC). Besides the monetary compensation, NOC provides him 25 litre petrol a month for free of cost. The market price of petrol per litre is Rs. 109. Determine the quantified benefit that should be included in his income.

Now,
Quantified benefit that should be included in his income =

$$25 \text{ lit} \times Rs. 109$$

$$= Rs. 2725$$

9802831152

www.reallygreatsite.com

TAXATION IN NEPAL 75
Mr. Rahul is an employee of a private company. His annual salary and other allowances are Rs. 5,00,000 and Rs. 1,00,000 respectively. He is enjoying a car and accommodation facility given by his office. Calculate his assessable income.
Ruchma is an employee in a bank. The bank has

solⁿ
Annual salary = Rs. 5,00,000
Allowances = Rs. 1,00,000

17 Car facilities (0.5% of 5,00,000) = Rs. 2,500
Accommodation facilities (2% of 5,00,000) = Rs. 10,000

∴ Net total Assessable income = Rs. 6,12,500

- given
4. Ms. Sushma is an employee in a bank. The bank has provided her a housing loan facility of Rs. 1,000,000 at a subsidized interest rate of 2% p.a. Compute the characterized interest benefits assuming 10% as prevailing market interest rate.
5. Mr. Anish is a manager in a private company. He is enjoying services of a housekeeper at a monthly salary of Rs. 6,000. The company deducts Rs. 2,000 from his monthly salary. Calculate the characterized amount of benefit.

④ Solⁿ Amount of loan = Rs. 10,00,000

Interest rate = 2%

Market interest rate = 10%

Now,
characterized interest benefit = $10,00,000 \times (10\% - 2\%)$
= Rs. 80,000 Ans

⑤ Solⁿ

Characterized Amount of benefit = $6,000 - 2,000$

= 4,000 p.m

= $4,000 \times 12$

= Rs. 48,000 Ans

6. Mr. X and Mr. Y made a joint investment of Rs. 500,000 in 1:4 ratio to undertake a job. They earned Rs. 400,000 by incurring Rs. 120,000 as expenses. Calculate the income and expenses that should be apportioned between them.
7. Mr. Kabir is a manager of a reputed bank getting a car facility for official as well as private use. His monthly salary is Rs. 45,000. Calculate the amount that is needed to be included in his employment income for such facility.

⑥ Solⁿ given,

Total income = 4,00,000

Total Expenses = $\frac{120,000}{2,80,000}$

Profit = 2,80,000

Mr. X

$X = 2,80,000 \times \frac{1}{5}$

= Rs. 56,000

Mr. Y

$Y = 2,80,000 \times \frac{4}{5}$

= Rs. 224,000

⑦ Solⁿ

total salary = 45,000 p.m

= $45,000 \times 12$

= Rs. 5,40,000

Amount of car facility = $5,40,000 \times 0.5 = 1$
= Rs. 2,70,000 Ans

employment
 8. Dr. Dhakal was appointed as senior tax consultant for 3-month period in a reputed firm. The firm provided him a car for his use. The market value of car is Rs. 1,800,000. What is the amount that needs to be included in his income? 1%

Solⁿ Given,

Contract period = 3 month =

Market price of car = Rs. 18,00,000

$$\text{Amount of car facility to be included} = \left[18,00,000 \times \frac{3}{12} \times \frac{1}{100} \right]$$

$$= \text{Rs. } 4500 \text{ Ans.}$$

9. Mr. Krishna provided the following information:

- Total salary Rs. 325,000 (including Dashain Kharcha)

- He has been provided vehicle facility and accommodation facility by the office. Driver's salary Rs. 8,000 p.m. is paid by the office.

Required: Amount of vehicle and accommodation facility to be included in his income.

Solⁿ

Total salary = 3,25,000 (including Dashain Kharcha)

* vehicle facility = 0.5% of Annual salary

$$= \frac{0.5}{100} \times 3,00,000$$

$$= \text{Rs. } 1500$$

monthly salary = $\frac{3,25,000}{12}$

$$= \text{Rs. } 25,000 \times 12$$

$$= \text{Rs. } 3,00,000$$

* Accommodation facility = 2% of Annual salary

$$= \frac{2}{100} \times 3,00,000$$

$$= \text{Rs. } 6,000$$

Chapter – 5

Capital And Revenue

Capital (पूँजी)

Capital refers to assets or investments that generate income over time but are not part of regular business transactions. It includes money used to start or expand a business, land, buildings, machinery, and other long-term investments. Capital gains tax applies to profits from selling such assets.

पूँजी भन्नाले दीर्घकालीन सम्पत्ति वा लगानीलाई जनाउँछ, जुन नियमित कारोबारको हिस्सा हुँदैन तर समयसँगै आम्दानी सिर्जना गर्न मद्दत गर्छ। यसमा व्यवसाय सुरु गर्न वा विस्तार गर्न प्रयोग गरिने पैसा, जग्गा, भवन, मेसिनरी तथा अन्य दीर्घकालीन लगानीहरू पर्छन्। यस्तो सम्पत्ति बिक्री गर्दा प्राप्त हुने नाफामा पूँजीगत लाभ कर लाग्न सक्छ।

Revenue (राजस्व)

Revenue refers to the regular income earned from business activities, such as sales, rent, wages, or services. It includes taxable earnings that contribute to a company's profit. Revenue is subject to income tax, VAT, and other business-related taxes.

राजस्व भन्नाले व्यवसायिक क्रियाकलापबाट नियमित रूपमा प्राप्त हुने आम्दानीलाई जनाउँछ, जस्तै सामान वा सेवाको बिक्री, भाडा, तलब, र अन्य सेवा शुल्क। यसमा पर्ने आम्दानीमा आयकर, मूल्य अभिवृद्धि कर (VAT), र अन्य व्यवसायसम्बन्धी करहरू लाग्न सक्छन्।

Capital Loss (पूँजीगत हानी)

- Definition: Loss incurred from the sale of capital assets like land, buildings, machinery, or shares at a lower price than their purchase cost.
- Nature: Non-recurring (happens occasionally).
- Example: If a business buys land for NPR 50 lakh and sells it for NPR 40 lakh, the NPR 10 lakh loss is a capital loss.
- Tax Treatment: In Nepal, capital losses can sometimes be carried forward to offset future capital gains but cannot be deducted from regular business income.

Basis of Difference	Capital Receipt (पूँजी प्राप्ति)	Revenue Receipt (राजस्व प्राप्ति)
1. Meaning (अर्थ)	Receipts that create liabilities or reduce assets.	Receipts that arise from normal business operations.
2. Nature (स्वरूप)	Non-recurring (one-time or infrequent in nature).	Recurring (happens regularly in business).
3. Impact on Financial Position (वित्तीय स्थितिमा असर)	Affects capital structure, increasing liabilities or reducing assets.	Affects income and expenses, determining profit or loss.
4. Source (स्रोत)	Obtained from capital-related transactions like loans, asset sales, or investments.	Earned from business operations like sales, rent, interest, and fees.
5. Examples (उदाहरण)	Bank loan, government grants, sale of fixed assets, issue of shares.	Revenue from sales, rent received, commission earned, interest on deposits.
6. Effect on Profit & Loss (नाफा/घाटामा प्रभाव)	Does not directly affect business profits.	Directly affects business profits.
7. Taxability (करयोग्यता)	Usually not taxable under normal business income tax.	Considered as taxable income under normal tax rules.
8. Shown in (कहाँ देखिन्छ)	Reflected in the Balance Sheet.	Reflected in the Profit & Loss Account.

Revenue Loss (राजस्व हानी)

- Definition: Loss arising from day-to-day business operations, such as low sales, bad debts, or operational expenses exceeding revenue.
- Nature: Recurring (happens frequently in business operations).
- Example: A business incurs an NPR 5 lakh loss due to unpaid customer invoices or increased operational costs.
- Tax Treatment: Revenue losses are deductible from taxable income in the same financial year or carried forward as per tax laws.

Chapter – 6

Exempt Amounts, concessions, Tax Rates and Withholding payments

In taxation, **Exempt Amounts** refer to portions of income, transactions, or assets that are not subject to tax. These exemptions can apply to individuals, businesses, or specific types of income. Common examples include:

- Personal tax exemption: A certain amount of income that individuals do not have to pay tax on.
- Business exemptions: Certain expenses or revenues that are excluded from taxation.
- Social and charitable exemptions: Donations to registered charities or social organizations that may be tax-free.

Governments set these exemptions to support taxpayers, encourage investments, or provide financial relief.

कर प्रणालीमा, Exempt Amounts (कर छुट रकम) भन्नाले कुनै व्यक्ति, व्यवसाय, वा निश्चित प्रकारको आयमा लाग्ने करबाट छुट दिइने रकमलाई जनाउँछ। यी निम्न प्रकारका हुन सक्छन्:

- व्यक्तिगत कर छुट: व्यक्तिगत करदातालाई निश्चित सीमा भित्रको आयमा कर लाग्दैन।
- व्यावसायिक छुट: व्यवसायहरूले कर गणनामा समावेश गर्न नपर्ने केही आम्दानी वा खर्चहरू।
- सामाजिक र परोपकारी छुट: सामाजिक वा परोपकारी संस्थामा गरिने दान वा सहयोग कर-मुक्त हुन सक्छ।

सरकारले कर छुटको व्यवस्था करदातालाई राहत दिन, लगानी बढाउन, वा आर्थिक प्रवर्द्धन गर्नका लागि गर्छ।

In taxation, **Concession Amounts** refer to reductions in tax liability granted by the government to individuals, businesses, or specific sectors. These concessions are provided to encourage economic activities, support certain groups, or promote investments. Concessions can take various forms, such as:

- Tax rate reductions: Lower tax rates for specific groups, such as senior citizens or small businesses.
- Deductions & rebates: Specific expenses, such as medical expenses or home loans, that reduce taxable income.
- Sectoral concessions: Tax benefits for industries like agriculture, education, or renewable energy.

Tax concessions help reduce the financial burden on taxpayers and stimulate economic growth.

कर प्रणालीमा, **Concession Amounts** (कर सहूलियत रकम) भन्नाले सरकारद्वारा व्यक्तिगत, व्यावसायिक, वा निश्चित क्षेत्रहरूलाई दिइने कर कटौती वा छुटलाई जनाउँछ। यस्ता सहूलियतहरू आर्थिक गतिविधिलाई प्रवर्द्धन गर्न, विशेष समूहलाई सहयोग गर्न, वा लगानी बढाउनका लागि प्रदान गरिन्छ। यसको विभिन्न रूपहरू हुन सक्छन्, जस्तै:

कर दरमा कटौती: जेष्ठ नागरिक वा साना व्यवसायहरूका लागि कम कर दर।

कटौती र छुट: चिकित्सा खर्च, घर कर्जा, वा अन्य विशेष खर्चहरूमा कर कटौती।

विशेष क्षेत्रीय छुट: कृषि, शिक्षा, वा नवीकरणीय उर्जा जस्ता क्षेत्रहरूका लागि कर लाभ।

कर सहूलियतहरूले करदाताको आर्थिक बोझ घटाउन मद्दत गर्छ र समग्र आर्थिक वृद्धिलाई उत्प्रेरित गर्छ।

Withholding payments refer to deducting tax at the source before income or payments are given to the recipient. Employers, businesses, or financial institutions collect these taxes and submit them to the government. Examples include:

- **Salary Withholding Tax:** Employers deduct tax from employees' salaries before paying them.
- **Contractor & Service Payments:** Tax deducted before paying contractors or service providers.
- **Interest & Dividend Withholding:** Banks deduct tax from interest earned on deposits or dividends from investments.

Withholding tax ensures timely tax collection and reduces tax evasion.

अग्रिम कर कटौती भुक्तानी भन्नाले कुनै व्यक्ति वा संस्थाले प्राप्त गर्ने आमदानीबाट पहिल्यै कर कटौती गरी सरकारले उठाउने प्रक्रियालाई जनाउँछ। यसलाई *source deduction* पनि भनिन्छ। उदाहरणहरू:

- **तलब कटौती कर:** रोजगारदाताले कर्मचारीको तलबबाट पहिल्यै कर कटौती गर्छ।
- **ठेक्का तथा सेवा भुक्तानी कर:** सेवा प्रदायक वा ठेकेदारलाई भुक्तानी गर्नु अघि कर कटौती गरिन्छ।
- **ब्याज तथा लाभांश कटौती कर:** बैंक वा वित्तीय संस्थाले बचत खाताबाट प्राप्त ब्याज वा शेयर लाभांशमा कर कटौती गर्छ।

यसले समयमै कर संकलन गर्न र कर छलिबाट बच्न मद्दत गर्छ।

“GAZZAB KO TUITION CENTER”

ANY HOW PASS

SUBSCRIBE

9802831152

f GAZZAB KO INSTITUTE

Gazzab ko tuition and language center

www.reallygreatsite.com

The tax rate under the Financial Act 2079/80 or 80/81

monthly salary =
 ₨. 250,000
 Yearly = 2,50,000 × 12
 = ₨. 3,000,000
 tax?

1. For Single (Unmarried) Taxpayers:

Annual Income (NPR)	Tax Rate
Up to 500,000 ✓	1% ✓ = 5,000
500,001 - 700,000 ✓	10% ✓ = 20,000
700,001 - 1,000,000 ✓	20% = 60,000
1,000,001 - 2,000,000 ✓	30% = 3,00,000
Above 2,000,000 ✓	36% = 3,60,000

5,00,000 ✓
 2,00,000 ✓
 3,00,000 ✓
 10,00,000 ✓
 10,00,000 ✓

14,74,500

2. For Married (Couple) Taxpayers (Filing Jointly):

Annual Income (NPR)	Tax Rate
Up to 600,000	1%
600,001 - 800,000	10%
800,001 - 1,100,000	20%
1,100,001 - 2,000,000	30%
Above 2,000,000	36%

These tax rates follow a **progressive tax system**, meaning the tax rate increases as income increases.

SUBSCRIBE

9802831152

f GAZZAB KO INSTITUTE

Gazzab ko tuition and language center

www.reallygreatsite.com

1. 2080 Q.No. 8 [2 marks]
 Mr. Nepal is retired government employee and received pension income Rs. 652,000 including one month equal Dashain allowance.
Required: Tax liability of Mr. Nepal.

2. 2080 Q.No. 10
 Rajan is presumptive taxpayer located in Kathmandu Metropolitan City and his total turnover is Rs. 19 lacs and total operating expenses Rs. 17 lacs during the previous income year.
Required: Rajan elected presumptive taxpayer status and compute tax liability with explanation.

3. 2079 Q.No. 8
 Mr. Nepal is retired government employee and received pension income Rs. 650,000 including one month equal Dashain allowance.
Required: Tax liability of Mr. Nepal he selected family status.

4. 2079 Q.No. 10
 Smrity is presumptive taxpayer located in Walling Municipality and her total turnover Rs. 2 million and total operating expenses Rs. 1.8 million during the previous income year.
Required: Smrity opted presumptive taxpayer status and compute tax liability with explanation.

5. 2078 Q.No. 4
 Mr. Sachin has disclosed total income from a sole proprietorship business Rs. 800,000 before deducting donation paid to a tax-exempt social organization Rs. 60,000 and his life insurance premium of Rs. 40,000. Compute tax liability for the current income year.

6. 2074 Q.No. 5
 A special industry providing direct employment to 320 Nepalese citizens throughout the income year and earned Rs. 800,000 as taxable income in previous year.
Required: Rate of income tax for the industry.

class work 3, 4, 5, 6 → 20, 25, 30, 35

1. 2080 Q.No. 8 [2 marks]
 Mr. Nepal is retired government employee and received pension income Rs. 652,000 including one month equal Dashain allowance.
Required: Tax liability of Mr. Nepal.

2. 2080 Q.No. 10

Soln Given.

$$\text{Mr. Nepal without Dashain khuzehar} = \frac{652,000}{13} = \text{Rs.}$$

∴ Since, Mr. Nepal's pension income is Rs. 652,000, he has to pay no income tax as he get basic exemption (couple) of Rs. 6,00,000 (no 1% tax paid on pension income) and 25% additional exemption for pension income (not exceeding pension income) i.e. Rs. 1,50,000

2080 Q.No. 10
 Rajan is presumptive taxpayer located in Kathmandu Metropolitan City and his total turnover is Rs. 19 lacs and total operating expenses Rs. 17 lacs during the previous income year.
 Required: Rajan elected presumptive taxpayer status and compute tax liability with explanation.
 2079 Q.No. 8

Solⁿ

$$\begin{aligned} \text{Total turnover} &= \text{Rs. } 19,00,000 \\ \text{Total operating Exp} &= \text{Rs. } 17,00,000 \\ \text{Profit} &= \text{Rs. } 2,00,000 \end{aligned}$$

Hence, Rajan is presumptive taxpayer located in Kathmandu metropolitan city, so, He have to pay of Rs. 7500 Cause profit not more than 3,00,000.

2078 Q.No. 4
 Mr. Sachin has disclosed total income from a sole proprietorship business Rs. 800,000 before deducting donation paid to a tax-exempt social organization Rs. 60,000 and his life insurance premium of Rs. 40,000. Compute tax liability for the current income year.
 2074 Q.No. 5

Solⁿ Call of tax liabilities

Assessable income business	8,00,000
" Employment	0
Total Assessable income	<u>8,00,000</u>

less: Allowable Deduction

(a) Donations

5% of 8,00,000 = Rs. 40,000

or, Actual = Rs. 60,000

∴ maximum limit = Rs. 40,000 (W/L)

(40,000)

⑥ life insurance premium:

Actual = Rs. 40,000

∴ maximum limit = B. 40,000 (WIL)

WIL → पूरा सीमा तै छटाके

(40,000)

7,20,000

Total taxable income

Now, cap of tax liabilities (sole property)

First Rs. 5,00,000 → 1%

Next Rs. 2,00,000 → 10%

Balance Rs. 20,000 → 20%

Nil (0)

20,000

4,000

24,000

Total Tax liabilities

MANISH SHRESTHA

6. 2074 Q.No.5

A special industry providing direct employment to 320 Nepalese citizens throughout the income year and earned Rs. 800,000 as taxable income in previous year.

Required: Rate of income tax for the industry.

100-299 हजार तर्फे → 10% छरे

300-499 हजार तर्फे → 20% छरे

500-999 हजार तर्फे → 25% छरे

1000- Above हजार तर्फे → 30% छरे

Special industry
20%

IT industry
25%

Now, 20% → 20% of 20% = 4%

→ 4%

∴ Actual rate of income tax is 20% - 4% = 16%

Ans

Unit - 8

Income from Employment = 10+2

Step 1: Assessable income from Employment

Step 2: Calculation of Taxable Income

Step 3: Tax liability / Tax payable

Step 1: Calculation of Assessable income from Employment for the 2079/080

Particular	Amount
Salary and wages	Xxx
Advance salary / Accrued salary received	Xxx
Leave pay	Xxx
Dashain allowances for 1 month	Xxx
Provident fund 10% of Annual salary	Xxx
Transportation allowance	Xxx
All allowances instead of TADA allowances	Xxx
Vehicle facilities (0.5% of Annual salary)	xxx
Accommodation facilities / Quarter facilities (2% of A.S)	xxx
Award, price, gift, related to employment	xxx
Fees and commissions	xxx
Assessable income from Employment	xxx
<u>Income from Investment</u>	
Natural resources payment received	xxx
Interest received from sathi (Friend)	xxx
Interest received from Private money lending activities	xxx
Gain on sales of land and building	xxx
Gain on sales of non-business chargeable assets	xxx
Gain on sales of listed or non-listed share	xxx
Assessable income from Investment	xxx
<u>Income from Business / Profession</u>	
Gain on disposed of business assets	xxx
Gift received related to business	xxx
Assessable income from Business	xxx

ID : 84591810900

Passcode : 9kNm5t

Step (ii) Computation of taxable income.		
particulars	RS.	RS.
- Assessable income from employment	XXX	
- Assessable income from bussiness/prof.	XXX	
- Assessable income from investment	XXX	
Total Assessable income		XXX
in Less: Allowable Reduction =		
(i) Retirement fund contribution		
2/3 of total Assessable income	XXX	
or, Actual contribution (20% of Annual salary)	XXX	
or, maximum limit (wL) + CIT	300000	(XXX)
(ii) Donation to tax exempt organization		
5% of (TAI - Retirement fund)	XXX	

MANISH SHRESTHA
 "GAZZAB KO TUITION CENTER"
ANY HOW PASS
SUBSCRIBE
 9802831152
 GAZZAB KO INSTITUTE
 Gazzab ko tuition and language center
www.reallygreatsite.com

or, Actual Donation (₹ns hi (₹2021))	xxx	
or, Maximum limit (₹L)	10000	(xxx)
• Donation to <u>prime minister relief fund</u> and National Reconstruction fund (fully allowable)		(xxx) ✓
Tax able income before exemption		xxx
Less: Exemption <i>Loss: Allowable reduction</i>		
(i) ✓ Life insurance premium (LIP) <i>₹ 4000</i>	40000	
Actual LIP (₹ns hi (₹2021))	xxx	
or, maximum limit (₹L)	40000	✓
(ii) Health insurance premium (HIP)		
Actual HIP (₹ns hi (₹2021))	xxx	
or, Maximum limit (₹L)	20000	✓
(iii) Remote area exemption		
A = 50000, B = 40000, C = 30000, D = 20000 E = 10000		(xxx)
(iv) private building insurance premium		
Actual premium (₹ns hi (₹2021))	xxx	
or, maximum limit (₹L)	5000	(xxx)
v) pension exemption		
25% of ₹s. 500000 (For single)	xxx	
25% of ₹s. 600000 (For couple)	xxx	
or, Actual pension income (₹L)	xxx	(xxx)

A 50,000
 B 40,000
 C 30,000
 D 20,000
 E 10,000

vi) Disable allowance 50% of RS. 500000 (For single) and 50% of RS. 600000 (For couple)	xxx xxx	(xxx)
(vii) Foreign allowance exemption 75% of foreign allowance	xxx	(xxx)
Taxable income including Capital gain		xxx
less :- Capital gain		
- Gain on sales of listed or not listed share		(xxx)
- Gain on sales of non business chargeable Assets		(xxx)
- Gain on sales of Land & Building		(xxx)
Taxable income excluding capital gain		xxx



MANISH SHRESTHA

Step (iii) Computation of tax liability / tax payable

particulars	RS.
1st RS. 500000 @ 1%	
Next RS. 200000 @ 10%	
Next RS. 300000 @ 20%	
Next RS. 1000000 @ 30%	
Balance above RS. 2000000 @ 36%	
Tax liability	xxx
Less :- (i) Advance tax paid	(xxx)
(ii) Women tax Rebate 10% of tax liability	(xxx)
(iii) Medical tax credit (self) 15% of approved medical bill xxx OR, maximum limit (wL) 750	(xxx)
(iv) Foreign tax credit - FTC (wv)	(xxx)
Tax payable	xxx

आज हमी salary कसरी calculation
गददा हुन र सिक्का दौ।

Salary भनेको Different
Company वाटे आफ्ना मिष्टि र



MANISH SHRESTHA

law 6:30pm → 7:00pm
Finance 7:00pm → 8:00pm
Tax 8:00pm → 9:00pm

"GAZZAB KO TUITION CENTER"

ANY HOW PASS

SUBSCRIBE

2079 / 2080



GAZZAB KO INSTITUTE



Gazzab ko tuition and language center

9802831152

www.gazzabko.com

Shrawn ^{1 2 3 4} grade system

BIAK / ~~M~~ / ~~P~~ / ~~M~~ / ETC 8

B I J I A = .

appointed year 2073 / Shrawn

Barsoch, jasthe vande tala join vako
+ year ghatanne

2073 Ashoj

31,000 - 2000 - 11,000 - 4,000 - 56,000

2073/74 → 31,000 × 9

2074/75 → 31,000 × 3 + 33,000 × 9

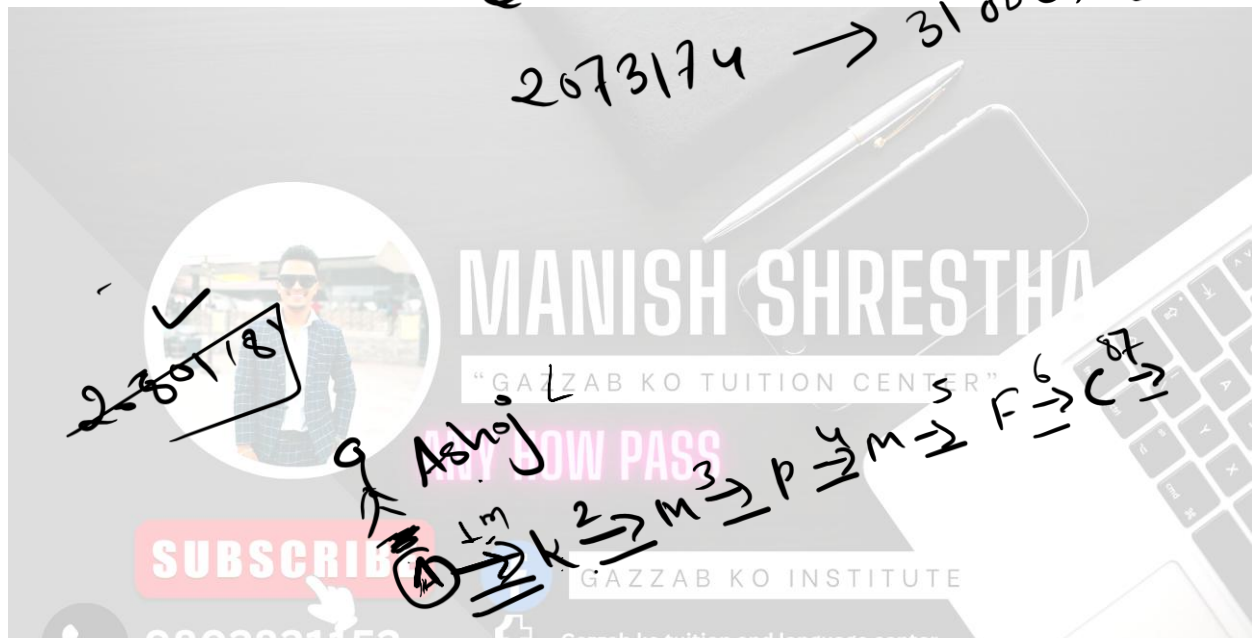
2075/76 → 33,000 × 3 + 35,000 × 9

2076/77 → 34,600 × 4 +

2072/73 → 31,000 × 7

2073/74 → 31,000 × 5 + 33,000 × 7

Mangsir 2072



1. 2075 Q.No. 4

Mrs Gita Panthi an employee of Nepal government earned Rs. 850,000 from emp the previous year. Calculate tax payable by Mrs. Panthi assuming she has electe status.

Soln

Given,

Tax liabilities of Mrs. Gita Panthi couple

Listen carefully---

सर्वे सज्जते सुन ए। / अंग्रे सिर की Theory
 Reality करी एर अउड ए।

Particulars	Amount
First 6,00,000 @ 1%	6,00,000
Next 2,00,000 @ 10%	2,00,000
Balance @ 50% (10,00,000 - 8,00,000)	3,20,000
Total	36,00,000

2. 2014 Q.No.3
 Miss. Sanju is a government employee drawing salary of Rs. 30,000 per month. She is receiving residential and vehicle facility from the office. She has donated Rs. 50,000 to a club.
 Required: Taxable income of Miss. Sanju.

सो।
 calc of income from employment of miss sanju previous year 2019/20

Particulars	Amount
Salary (30,000 x 12)	3,60,000
Dues/allowance	30,000
provident fund (10% of A.S)	36,000
residential facility (2% of A.S)	72,000
vehicle facility (0.5% of A.S)	1,800

New calcⁿ of taxable income

Assessable income from employment 4,35,000

Assessable income from employment
Assessable income from investment

Total Assessable income from employ-
less: Allowable Deduction

① Approved provident fund:

$$\frac{1}{3} \text{ of } 4,35,000 = \text{Rs. } 1,45,000$$

$$\text{Actual (2016) of } 3,60,000 = 72,000$$

② Donation: $\frac{1}{5}$ of $3,00,000 = \text{Rs. } 60,000$

$$5\% \text{ of } [4,35,000 - 72,000] = \text{Rs. } 18,500$$

∴ Actual = Rs. 50,000

∴ limit = Rs. 1,00,000

or maxim

Total taxable income

Class Time BBS 3rd Year

6:30 pm → 7:00 pm → Law

7:00 pm → 8:00 pm → Finance

8:00 pm → 9:00 pm → Tax

3. Mrs. Rina, an employee in a school had total taxable income of Rs. 600,000 liability.

Soln

Calc of tax liability

Particulars	Amnt.
First 5,00,000 @ 1%	5,000
Balance 1,00,000 @ 10%	10,000
Total tax liabilities	15,000
less: Tax Rebate woman @ 10%	1,500
Total tax liabilities	13,500

4. Mr. Kafle joined as a driver at a private company after taking a voluntary retirement from a government office. He was appointed on Poush 1, 2067 at a pay scale of Rs. 10,000-2,000-18,000. Calculate his annual salary for the previous income year.

solⁿ previous income year = 2079/180

Calⁿ of salary Annual salary:

2067/168 → 10,000 × 7
 2068/169 → 10,000 × 5 + 11,000 × 7
 2069/170 → 11,000 × 5 + 12,000 × 7
 2070/171 → 12,000 × 5 + 14,000 × 7
 2071/172 → 14,000 × 5 + 16,000 × 7
 2072/173 → 16,000 × 5 + 18,000 × 7
 2073/174 → 18,000 × 12
 2073/174 → 18,000 × 5 + 18,000 × 7
 2079/180 → 18,000 × 12
 = Rs. 216,000

Annual salary
 Since, Mr. Kulkarni is receiving last
 is Rs. 216,000 for the physical year 2

5. Mr. Gautam retired from 1st Shrawan, 2070. He received Rs. 197,000 after contribution to provident fund Rs. 24,000 and tax at source Rs. 39,000 and included Kharcha equal to one month's salary. Calculate his monthly salary.

Solⁿ

monthly salary = $197,000 + 24,000$
 $= 260,000$
 $- 39,000$ (included)
 $= 221,000$

SUBSCRIBE

9802831152



GAZZAB KO INSTITUTE



Gazzab ko Urdu language center

www.reallygreatsite.com

Ans //

6. Mr. Gautam is an employee of Nepal government provides the following information about his employment income.

• Total salary Rs. 240,000 p.a.

10% P.F

- Meeting allowance Rs. 9,500 (net)
 - The office provided free accommodation to him.
- Required: Calculate assessable income from employer

Solⁿ given,

Calcⁿ of assessable income from

Particulars

Total salary P.A

Disharsh kharzher $\left[\frac{2,40,000}{12} \right]$

Provident fund (10% of Rs. 2,40,000)

Accommodation facilities
 $\left[2\% \text{ of Rs. } 2,40,000 \right]$

Total³⁹ assessable income from employment

final withholding payment.

Note:

meeting fees is not included because

employee.

Join

Abhur end w

Shrawan

2075

Buisatch, Teacher, Abhur

①

EB

Rs. 15,000
②

GAZZAB KO INSTITUTE

gazzab ko tuition center

www.reallygatsite.com

2075 575 shadru Bi JIA

many - 3/5
pouh, megh

2075 / 076 B-C

2075

1771 5709

2074/075 → 15000 × 10% + 17500 × 20%

2075/76 → 15000 × 10% + 17500 × 20%

2076/77 → 17000 × 10% + 19000 × 20%

2077/78 → 19000 × 10% + 21000 × 20%

7. Mrs. Janaki, a disable individual supplied the following details of her employ:
• Monthly salary and allowance Rs. 40,000
• Annual tax liability (before tax rebate) Rs. 24,000
Required: Calculate the monthly TDS and cash-in-hand amount.

Solⁿ
Calⁿ of TDS and cash in-hand Annual
Tax liability after 10% rebate =
 $24,000 - 24,000 \times 0.10$
 $= \text{Rs. } 21,600$

$$\text{month TDS} = \frac{21600}{12} = 1800$$

9. 2079 Q.No. 11

[5+3+2]

Basnet is an officer of government office. He was promoted to this post on 1st Shrawan 2073, at a salary scale of Rs. 50,000–1,500–53,000–EB–2,000–63,000. The other details provided by him for the previous years as follows:

- Family allowance Rs. 10,000 p.m.
- Dearness allowance 20% of basic salary.
- City compensatory allowance 10% of current salary and one month equal Dashain allowance.
- Travelling and Daily allowance (TADA) Rs. 20,000.
- Interest from fixed deposit amount Rs. 30,000.
- Office provided him car facility along with driver. Fuel expenses Rs. 25,000, Driver salary Rs. 20,000 p.m. and repairs and maintenance cost Rs. 30,000 paid by office.
- Office has also provided a free quarter for his accommodation.
- A domestic assistant provide by the office, his monthly salary Rs. 6,000 paid by office. Basnet contribution towards this facility was Rs. 2,000 p.m.

He claimed the following expenses for deduction:

- He is a member of Recognized Provident Fund contributing 10% of his salary towards this fund.
- He contributed amount Rs. 30,000 in the citizen investment trust.
- He paid life insurance premium Rs. 35,000.
- Donation paid to social welfare organization Rs. 30,000.
- Basnet claimed medical expenses Rs. 20,000 and 50% paid by office.

Required:

- a. Net (assessable) income from employment.
- b. Statement of total taxable income.
- c. Tax liabilities.

Q) Calcⁿ of Assessable income from employment
for the previous year 2079/080
2079

Particulars	Amount
→ Annual salary	7,32,000
→ Family allowances (10,000 ^{p.m} × 12)	1,20,000
→ contribution provident fund (10% of 7,32,000) ✓✓	73,200
→ Dearness allowance (1 month) ✓✓	61,000
→ Dearness Allowances (Basic salary) 20% of 59,000 × 12	1,20,000
→ Car facility (0.5% of 7,32,000)	3,660
→ Accommodation facilities (2% of 7,32,000)	14,640
→ Domestic Assistant provided by Office [6,000 - 2,000] × 12	48,000
→ medical exp ⁿ paid by office	10,000
→ City compensation allowances [10% of A.S.] [20,000 × 50%]	73,200
Assessable income from employment	<u>12,55,700</u>

Calculation of Annual salary

Joined 1st shown 2073 →

2073/074 → 2079/080

$$2073/074 \rightarrow 50,000 \times 12$$

$$2074/075 \rightarrow 51,500 \times 12$$

$$2075/076 \rightarrow 53,000 \times 12$$

$$2076/077 \rightarrow 55,000 \times 12$$

$$2077/078 \rightarrow 57,000 \times 12$$

$$2078/079 \rightarrow 59,000 \times 12$$

$$2079/080 \rightarrow 61,000 \times 12$$

$$\underline{\text{Annual salary}} = 15,732,000$$

b) calcⁿ of taxable income

Particulars	Amt.
Assessable income from employment	12,55,700
Assessable income from Business / Investment	Nil
Total Assessable income from employment	12,55,700
less: Allowable deduction:	

① Provident retirement fund:

$$\frac{1}{3} \text{ of Rs. } 12,55,700 = \text{Rs. } 4,18,566.67$$

$$\text{or, Actual [20%] of } [32,000 + 30,000] = \text{Rs. } 1,76,400$$

$$\text{maximum limit} = \text{Rs. } 3,00,000$$

(WIL)

(1,76,400)

② Donation:

$$5\% \text{ [TAI - P.F]} = \text{Rs. } [12,55,700 - 1,76,400] = \text{Rs. } 1,07,300$$

$$\text{or, Actual} = \text{Rs. } 30,000$$

$$\text{maximum limit} = \text{Rs. } 1,00,000$$

(WIL)

(30,000)

less:- Exemption:

(i) Life insurance premium:

Actual = Rs 35,000

maximum limit = Rs 40,000 (w.t.l)

total taxable income

(35,000)

1014,300

Calculation of tax liabilities (single)

Particulars	Amnt
First 5,00,000 @ 1%	5,000
Next 2,00,000 @ 10%	20,000
Next 3,00,000 @ 20%	60,000
Balance 14,300 x 30%	4,290

total tax liabilities

89,290

less:- medical tax credit

15% of 20,000 = 3000

Actual = Rs. 750 (w.t.l)

(750)

total tax payable

88,540

S. 2080 Q.No. 11

Review
Suman is an Executive Director in an office. He was promoted to this post on 1st Shrawan 2080, at a salary scale of Rs. 50,000 - 1,500 - 53,000 - EB - 2,000 - 63,000. The other details provided by him for the previous years as follows:

- Director allowance: Rs. 10,000 p.m.
- Dearness allowance: 20% of basic salary.
- City compensatory allowance: 10% of salary and one month equal Dashain allowance.
- Meeting allowance: Rs. 1,700 (net) per meeting for 10 meetings.
- Interest from Mega Bank's saving deposit account (net) Rs. 28,500.
- Office provided him car facility along with driver. Fuel expenses Rs. 25,000, driver salary Rs. 20,000 p.m. and repairs and maintenance cost Rs. 30,000 paid by office.
- Office has also provided a free quarter for his accommodation.
- A domestic assistant provide by the office, his monthly salary Rs. 6,000 paid by office. Suman contribution towards this facility was Rs. 2,000 p.m.

He claimed the following expenses for deduction:

- He is a member of Recognized Provident Fund contributing 10% of his salary towards this fund.
- Donation paid to rural municipality and private school Rs. 75,000 and Rs. 20,000 respectively.
- Health insurance premium Rs. 2,000 per month.
- Suman himself spends for his personal medical treatment Rs. 20,000 and unabsorbed medical tax credit amount carry forward from last year Rs. 1,000.

Required:

- Net (assessable) income from employment.
- Statement of total taxable income.
- Tax liabilities and the selected family status.

2079 Q.No. 11

[5+3+2]

① call of Assessable income from Employment

particulars

Amt.

- Salary (50,000 x 12)	6,00,000
- Director Allowances (10,000 x 12)	1,20,000
- Dearness Allowances [50,000 x 0.20] x 12	1,20,000
- City Compensatory Allowances (10% of 6,00,000)	60,000

- Dearship Allowances (1 month)	50,000
- Car facilities provided by office [0.5% of 6,00,000]	3,000
- Free quarter facility provided by office [2% of 6,00,000]	12,000
- Domestic Assistant provided by office [4000 x 12]	48,000
Assessable income from Employment -	1,01,3,000

(b) calⁿ of total taxable income for previous year

Particulars	Amt.
Assessable income from employment	1013,000
" " Investment	1411
" " Business/Profession	
Total Assessable income from employment	1013,000
less: <u>Allowable Reduction:</u>	
① Approved Retirement fund	

$$\frac{1}{3} \times 10,13,857 = 3,37,667$$

or, Actual [$\frac{10\%}{100} \times 6,00,000$] = Rs. 60,000

or, maximum limit Rs. 3,00,000 wIL

(60,000)

② Donation:

$$5\% \times [10,13,857 - 60,000] = 47,650$$

or, Actual = Rs. 75,000

or, maximum limit = Rs. 2,00,000 (wIL)

(47,650)

less: Exemption:

Health insurance premium:

Actual = Rs. 24,000

maximum limit = Rs. 20,000 wIL

(20,000)

Total taxable income

885,350

③ calc of tax liability (couple)

Particulars	Am't
First 6,00,000 @ 1%	6,000
Next 2,00,000 @ 10%	20,000
Balance 85350 @ 20%	17,070
Total tax liability	43,070
less: medical tax credit	
15% of 21,000 or maximum limit = 750	(750)
Tax	42,320

20581059

Number of grade = 21 grade

50 3 hra

$\frac{10,000}{1000} = 10$
Basic salary + hra

$\frac{14,000}{2000} = 7$ grade

$$\text{monthly} = 40,000 + [1000 \times 10 + 2000 \times 7]$$

$$40,000 + 24,000 = 14.64,000$$

8. 2078 Q.No. 9 [10 marks]

Mrs. Ganga was appointed as an officer of Nepal Government on 1st Shrawan 2058 B.S. at the pay scale of Rs. 40,000 – 1,000 – 50,000 – 2,000 – 64,000. The other details of her income and expenditures of previous income year are given below:

- City compensatory allowance Rs. 5,000 p.m.
- Clothing allowance Rs. 25,000.
- Dearness allowance Rs. 2,000 p.m.
- Meeting allowance Rs. 10,000.
- Medical expenses reimbursed by the office Rs. 18,000.
- Education allowance Rs. 30,000.
- Her telephone and electricity bills paid by office Rs. 20,000.
- She received Dashain bonus and provident fund facilities as per Government regulations.
- Interest income on private lending Rs. 44,000.
- She claimed tuition fees of her children Rs. 36,000 and purchase of books for her job Rs. 5,000 for deduction.
- She claimed premium Rs. 30,000 on her life insurance for deduction.

Required:

- Assessable income from employment.
- Statement of total taxable income.
- Tax liability.

[6+2+2]

a) Calcⁿ of Assessable income from employment for the year 2079/80

Particulars	Amnt
- Salary (64,000 x 12)	7,68,000
- city compensatory allowances (5000 x 12)	60,000
- clothing Allowances	25,000
- Dearness Allowances (2000 x 12)	24,000
- medical expenses paid by office	18,000

- Education allowance
- Telephone & Electricity charge
- provident fund contribution
(10% of 7,68,000)
- Dearness Allowance

30,000
20,000
76,800
64,000
<hr/>
1,08,580

Income from Investment

- interest received from private lending

44,000
<hr/>
44,000

Q. Calcⁿ of total taxable income

Particular	Amnt
Assessable income from employment	1,08,580
Assessable income from investment	44,000
<hr/>	<hr/>
Total Assessable income from employment	1,52,580
less: <u>Allowable reduction</u>	
① Approved provident fund:	

$\frac{1}{3}$ of 11,29,800 = 376,600
 Actual [20% of 7,68,000] = 1,53,600
 maximum limit = Rs. 3,00,000 (WIL)

(153600)

Life insurance premium:
 Actual: Rs. 30,000
 maximum limit = Rs. 40,000 (WIL)

(39000)

Total taxable income from employment 9,46,200

Cap of tax liability

Particulars	Amnt
1st 5,00,000 @ 10%	5000
Next 2,00,000 @ 10%	20000
Balance 2,46,200 @ 20%	49240
Total tax liability	74240
less: women tax rebate	
less: 20% of 74240	
less: medical tax credit	
Actual: 15% of 18,000	(750)

or, maximum : 750
Total tax payable

66,66

Home work
2077 and 2076

MANISH SHRESTHA
"GAZZAB KO TUITION CENTER"
ANY HOW PASS
SUBSCRIBE
9802831152
GAZZAB KO INSTITUTE
Gazzab ko tuition and language center
www.reallygreatsite.com

2065 calc of assessable income from Employment

Particulars	Amount
- Salary [w. N]	2,52,000
- Contribution to provident fund [10% A.S]	25,200
- House rent allowances [2500 x 12]	30,000
- Life insurance premium paid by office	7,000
- Vehicle facility [0.5% of 2,52,000]	1260
- Business promotion Allowances	50,000
- Remote Area Allowances (2000 x 12)	24,000
- Accommodation facility (2% of 2,52,000)	5,040
Assessable income from Employment	3,94,500
<u>Income from Investment</u>	
Income from private investment	150,000
Payment received from natural resources	130,000
[$\frac{110,500}{0.85}$] -	
less: Interest collection charge	(4,000)
Assessable income from Investment	2,76,000

⑥ calcⁿ of taxable income for previous year

Particulars	Amount
Assessable income from Employment	3,94,500
Assessable income from Investment	2,76,000
Total Assessable Income	6,70,500

less: Allowable Deduction:

① Provident fund:
 $\frac{1}{3}$ of 6,70,500 = Rs. 2,23,500
 or, Actual [25% of 2,52,000] = Rs. 50,000
 or, maximum limit = Rs. 3,00,000 (WIL) (50,000)

② Donation:
 5% of [6,70,500 - 50,000] = Rs. 50,000
 or, Actual = Rs. 50,000
 or, maximum limit = Rs. 1,00,000 (50,000)

less: Exemption:

③ Life insurance premium [IIP]

Actual = Rs. 7,000
maximum limit = Rs. 40,000

② Remote area Exemption:
- Remote Area Zone 'e'
Total taxable income

(7,000)

(30,000)

578,100

MANISH SHRESTHA
"GAZZAB KO TUITION CENTER"
ANY HOW PASS
SUBSCRIBE
9802831152
GAZZAB KO INSTITUTE
Gazzab ko tuition and language center
www.reallygreatsite.com

Chapter 9 :

Provision for depreciation 8 mark's fix group-c

Block A: Building, Bridge

DBM, 5%

Block B: Computer, Furniture

DBM, 25%

Block C: Bus, Car

DBM, 20%

Block D: Plant and machinery, Equipment

DBM, 15%

Block E: Patent right, Copy right, etc.

SLM, Cost/Life

4. State briefly how the depreciable assets purchased under different dates are to be treated.

Period of Purchase	Absorbed Portion	Unabsorbed Portions
1st Shrawan-end of Poush	3/3 or 100%	Nil
1st Magh-end of Chaitra	2/3	1/3
1st Baisakh-end of Ashadh	1/3	2/3

Block	Types of Assets Included	Depreciation Rate
A 5%	Buildings, structures & Similar Construction a permanent nature	5%
B 25%	Computers, data Handling equipments, Fixtures, Furniture's & Office equipments	25%
C 20%	Automobiles, Buses & Mini buses, Car jeep, Motor Bike Other vehicle	20%
D 15%	Construction and earth moving equipments, Plant and Machinery, Production equipment, Pollution control cost capitalized under Sec-17(3), Research & Development cost capitalized under Sec- 18(3), expenses incurred on natural resource prospecting - exploring - developing and other tangible assets not covered by above blocks A, B, & C	15%
E	Intangible assets (E.g. patent right, copyright, goodwill, software etc.) other than depreciable assets included in block-D.	Calculated Rate given below in note

- ① calc of depreciation basis & Allowable depreciation
- ② calc of capitalized repair & maintenance or PCC & R&D
- ③ calc of opening WDV for the next year

16. 2079 Q.No. 17a Following are the details of the fixed assets of XYZ Company.

Beginning written down value Block - C Rs. 500,000
 Beginning written down value Block - B Rs. 500,000
 The company has purchased a new plant & machinery as on 10th Jyestha Rs. 600,000
 The company has also purchased two second hand Maruti cars on 1st Ashwin, worth Rs. 300,000 each.
 Repair and maintenance cost incurred during the year under Block D Rs. 100,000 and Block C for Rs. 60,000.
 During the year company has sold a small part of plant and machinery having book value. Rs. 90,000 sold for Rs. 100,000.

Required:

- Allowable depreciation.
- Value of fixed asset at the end of the fiscal year.

[2+6]

① Calc of Allowable depreciation

Particulars	Block B	Block C	Block-D
Opening written down value	5,00,000	5,00,000	0
Add: Addition During the year:			
* 10 th jyestha - plant & machinery [6,00,000 x 1/3]	-	-	2,00,000
* 2 maruti car - 1 st Ashwin [6,00,000 x 3/12]	-	6,00,000	-
less: Disposal during the year:			
	-	-	(1,00,000)
① Depreciation Basis	5,00,000	11,00,000	2,00,000
Rate of depreciation	25%	20%	15%

⑥ Allowable Depreciation	2,25,000	2,20,000	15,000
Closing WDV (a-b)	8,75,000	880,000	85,000

⑥ Calⁿ of capitalized Repair & maintenance:

For Block-D

7% of 10,00,000 = Rs. 7,000
 ∴ Actual = Rs. 10,00,000
 Capitalized repair = Rs. 93,000
 सही ✓

For Block - C

7% of 11,00,000 = 77,000
 ∴ Actual = Rs. 60,000
 ✗

⑦ Calⁿ of opening WDV for next year.

Particulars	Block 'B'	Block 'C'	Block 'D'
Closing WDV (part i)	8,75,000	880,000	85,000
Add: <u>unabsorbed during the year.</u>			
10th jetha $[6,00,000 \times \frac{2}{3}]$	-	-	4,00,000
Add: capitalized repair & maintenance			93,000
opening WDV for the next year	8,75,000	8,80,000	5,78,000

Following are the details of the fixed assets of XYZ Company.

Beginning written down value Block- C Rs. 400,000.

Beginning written down value Block- D Rs. 500,000.

The company has purchased a new plant and machinery as on 10th Baishakh, Rs. 600,000.

The company has also purchased two second hand maruti cars on 1st Bhadra, worth Rs. 300,000 each.

Repair and maintenance cost incurred during the year under Block D Rs. 80,000 and Block C for Rs. 60,000.

During the year, company has sold a small part of plant and machinery having book value Rs. 90,000 sold for Rs. 100,000.

Required:

- Allowable depreciation.
- Value of fixed asset at the end of the fiscal year.

step 1
calcⁿ of Depreciation Basis or Allowable depreciation

Particulars	Block-C	Block-D
- Opening written down value	4,00,000	5,00,000
Add: Addition During the year:		
10th Baisakh → plant & machinery [$6,00,000 \times \frac{1}{3}$]		2,00,000
1st Bhadra → Two maruti car [$6,00,000 \times \frac{3}{3}$]	6,00,000	
less: Disposable During the year		(100,000)
① Depreciation Basis	10,00,000	6,00,000
Rate of Depreciation	20%	15%
② Allowable Depreciation	2,00,000	90,000
closing written down value (a-b)	8,00,000	5,10,000

⑥ calⁿ of capitalized value for repaired maintenance:

For block - c

71% of 10,00,000 = Rs. 7,10,000
 Actual = Rs. 6,00,000 ×
 No more capitalized, because
 71% of 10,00,000 > Actual repair

For block - D

71% of 6,00,000 = Rs. 4,20,000
 Actual repair = Rs. 80,000
 For capitalized repair = 80,000 - 42,000
 = Rs. 38,000

3rd step calⁿ of opening WDV for the next year

Particulars	Block - c	Block - D
closing WDV (step i)	8,00,000	5,10,000
Add: <u>unabsorbed portion:</u> 10th Baisakh - plant & machinery [6,00,000 × 2/3]		4,00,000
capitalized repair & maintenance (step ii)		38,000
opening WDV for the next year	8,00,000	9,48,000

21. 2076 Q.No. 11a.

A manufacturing company provided the following particulars of fixed assets under block "D".

- Beginning WDV of fixed assets Rs. 5,000,000.
- Purchased during the year under same block.
 - On Marga \leftarrow मंसिर \leftarrow Rs. 2,000,000
 - On Baishakh Rs. 3,000,000
- Disposal during the year:
 - Book value of sold asset Rs. 1,000,000
 - Disposal value Rs. 1,500,000
- Actual repair and improvement cost was incurred Rs. 555,000.

S-P
M-C
B-A

Required:

- Deductible amount of depreciation as per income tax act.
- Beginning WDV for the next year.

[5+3]

Particulars	Block \rightarrow
Opening written down value	5,00,000
Add: Addition during the year:	
\rightarrow Marga $\left[\frac{2,00,000 \times 3}{13} \right]$	2,00,000
\rightarrow Baisakh $\left[\frac{3,00,000 \times 1}{13} \right]$	1,00,000
less: Disposable during the year	(150,000)
Depreciation Base	6,50,000
Rate of Depreciation $\left[15\% + \frac{1}{13} \text{ of } 15\% \right]$	20%
Allowable Depreciation \approx	130,000
Closing WDV for (a-b)	520,000

20. 2074 Q.No.11a

→ class work

A resident company established under Company Act, 2063 has provided the following information with respect to assets of Group "D".

- The opening WDV of assets Rs. 100,000.
- During the previous year the company purchased assets as:
 - in Marg Rs. 500,000
 - in Chaitra Rs. 600,000
 - in Baishakh Rs. 300,000
- Company disposed off the part of asset during the previous year at Rs. 500,000 (book value Rs. 400,000).
- Repair expenses was incurred during the previous year Rs. 120,000.

Required:

- Allowable depreciation for the year
- Closing WDV at the end of the year

५ २०७५ को तर्कित

[6+2=8]

21. 2073 Q.No. 11a

→ class work

Kathmandu Trading Company provided the following details regarding the assets under group 'C'.

- Beginning depreciation base Rs. 4,000,000. → opening wdv
- Purchase during the year.
 - One truck costing Rs. 2,400,000 on 1st Falgun ^{2/3}
 - A car costing Rs. 2,000,000 on 1st Baishakh. ^{1/3}
- An old truck costing Rs. 200,000 was sold at a price of Rs. (1,200,000.)
- The company has spent Rs. 20,000 as repair on these assets. _{7.1.8 D.B Actual 20,000}

19. 2075 Q.No.11a

[5+3]

An Industrial Company furnished the following details of its assets:

Assets type	Assets type	
	Plant	Furniture
Beginning depreciation basis value	1,000,000	500,000
Purchase during the year	600,000	150,000
Date of purchase	Magh	Ashadh
Cash disposal value	200,000	Nil
Book value of assets disposed off	250,000	Nil
Repair cost incurred	90,000	48,500

The company incurred pollution control cost Rs. 500,000.
Adjusted taxable income before business loss Rs. 1,200,000.
Unrelieved previous year business loss was Rs. 300,000.

Required:

- Chargeable amount of depreciation for the year.
- Opening depreciation basis value for the next year.

PPC
50% of D.B = 3,00,000
Actual 300,000
Capitalized

1. A trading company had opening WDV of an asset group was Rs. 1,000,000. New addition was made on 1st Chaitra for Rs. 900,000. No disposal was made during the year. Allowable depreciation on this block was Rs. 320,000.
Required: Identify the block of asset.

2. A company had opening WDV of computer pool amounting to Rs. 500,000. No addition was made. However, the company disposed a computer having book value Rs. 50,000 for Rs. 80,000.
Required:
 a. Chargeable amount of depreciation
 b. Is there any gain/loss to be included in income?

3. An industrial company provides the following information regarding pool- D assets. Depreciation basis calculated as Rs. 1,200,000 and unabsorbed addition for the year Rs. 120,000.
Required:
 a. Chargeable amount of depreciation.
 b. Closing depreciation basis at the year end.

A company had an intangible asset with a depreciated value Rs. 400,000 and remaining life 4 years and 2 month. The company purchased a software costing Rs. 100,000 with effective life of 2 years and 8 month.
Required: Total amount of depreciation to be charged during the year.

Q. 11.1
 Opening WDV = 14,10,00,000
 Add: Addition during the year:
 - chaitra 9,00,000 x $\frac{2}{3}$ = 6,00,000
 less: Disposable = Nil
 Depreciation Basis = 16,00,000
 Rate of Dep'n = 20%
 Allowable Depreciation = 3,20,000
 Rate of Dep'n = $\frac{3,20,000}{16,00,000} \times 100\%$
 = 20%

Q. 11.2 20/12

Chargeable Depreciation = ?
 $5,00,000 - 80,000 = 4,20,000$
 Rate of Dep'n = 25%
 Allowable Dep'n = 1,05,000

The block of Asset is 'c'

There is no more Any gain/loss to be included in income.

20/12

Intangible Asset included in Block-E

Depreciation = $\frac{\text{Cost of Asset}}{\text{Life}}$

1st Asset = $\frac{4,00,000}{4}$
 = 1,00,000

2nd Asset = $\frac{1,00,000}{2.5}$
 = 40,000

total Asset purchase = 1,40,000

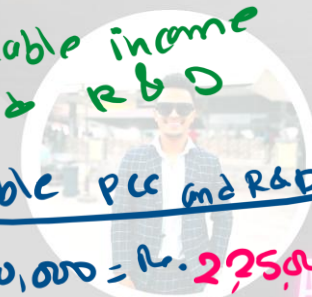
Thank

You Dear students

Manish Shrestha

Statement of taxable income

Year	5	6	7	8	9	Unrecoverable loss
Profit	20,000	80,000	1,55,000	1,70,000	6,00,000	-
Add: Add Back:	-	-	-	-	-	-
Adjusted profit / loss	20,000	80,000	1,55,000	1,70,000	6,00,000	-
Carry forwarded loss:						1,75,000
Year - 1 [6,00,000]	(20,000)	(80,000)	(1,55,000)	(1,70,000)	-	
Year - 2 [75,000]	-	-	-	-	(75,000)	
Year - 3 [50,000]	-	-	-	-	(50,000)	
Year - 4 [25,000]	-	-	-	-	(25,000)	
Adjusted taxable income for PCC and R&D	-	-	-	-	4,50,000	-
less: Allowable PCC and R&D						
- 50% of 4,50,000 = Rs. 2,25,000	-	-	-	-	(2,25,000)	
or, Actual R&D = Rs. 1,32,500 (w.t.l)	-	-	-	-	(1,32,500)	
Total Assessable income					3,17,500	-
less: Allowable Donation						
- 5% of 4,50,000 = Rs. 22,500	-	-	-	-	(22,500)	
or, Actual = Rs. 50,000	-	-	-	-		
or, max. limit = Rs. 1,00,000 (w.t.l)	-	-	-	-		
Taxable income	-	-	-	-	2,95,000	-
Tax liability @ 10%	-	-	-	-	Nil	-



MANISH SHRESTHA

GAZZAB KO TUITION CENTER

HOW PASS

GAZZAB KO INSTITUTE

Gazzab ko tuition and language center

www.reallygreatsire.com

SUBSCRIBE

9802831152

Note:

- ① General Business loss can be carry forwarded up to the next 7 years.
- ② In year 1, there are 175,000 is unrecovered business loss. & year 2, 3, and 4 is fully recovered
- ③ There is not properly described in given question is on part company or special industry, so, in this case the firm should be mention in a personal Business.
Hence, 175,000 → 0% Tax.

15. 2078 Q.No. 11b The operating results of a proprietorship business unit are as follows:

Years	1	2	3	4	5
Profit/loss	(200,000)	(500,000)	200,000	400,000	500,000

On enquiry the following facts were found:

- In year 1, donation to a tax-exempt organization Rs. 30,000 was deducted from the income.
- In year 2, research and development cost Rs. 42,000 was deducted.
- In year 3, pollution control cost Rs. 30,000 was also deducted.
- In year 4, credit sales of Rs. 60,000 were not included in income.

Required:

Taxable income of the business unit showing carry-forward of business losses and other necessary adjustments with explanation.

[7]

deducted
Adjusted
included
→ Add back

2080 Q.N 17b									
Before = No any add After/Adjusted/Included/Deducted=Add									
Stament of Taxable income									
Year	1	2	3	4	5	6	7	8	9
profit	-200,000	-200,000	-50,000	-50,000	100,000	-50,000	20,000	70,000	400,000
Add: Addback :									
Add: Donation year 6						20,000			
Adjusted Profit and loss	(200,000)	-200,000	-50,000	-50,000	100,000	-30,000	20,000	70,000	400,000
Carry forwarded and losses									
Year 1 (200,000)	200,000	-	-	-	-100,000		-20,000	-70,000	
Year 2 (200,000)		200,000							-200,000
Year 3 (50,000)			50,000						-50,000
year 4 (50,000)				50,000					-50,000
year 6 (30,000)						30,000			-30,000
Adjusted taxable income for PCC and R & D	-	-	-	-	-	-	-	-	70,000
Less: Allowable PCC and R & D									-35,000
<i>50% of 70,000 = Rs. 35,000</i>									
<i>Actual = Rs. 70,000</i>									
Assessable income	-	-	-	-	-	-	-	-	35,000
Less: Donation						nil			
Taxable income									35,000
Tax liabilities @%									nil
Note:									
1) General business law can be carry forwarded into next 7 year									
2) Research and development not add in addback because it has derive before reducing R & D									
3) Donation is not deducted from allowable deduction because it has no any profit remaining.									

14. 2080 Q.No. 17b

Following are the profit and loss position of a business for the previous income year:

Year	1	2	3	4	5	6	7	8	9
Profit or (Loss)	(200,000)	(200,000)	(50,000)	(50,000)	100,000	(50,000)	20,000	70,000	400,000

Additional information:

- On scrutiny, it revealed that profit of 6th year was derived after deducting donation Rs 20,000 to tax exempt entity.
- Profit of the 9th year was derived before deducting research and development cost Rs 70,000.

Required: Taxable income giving explanation wherever is necessary. [7]

15. 2077 Q.No. 11b

The operating results of a proprietorship business unit are as followings:

Years	1	2	3	4	5
Profit/loss	(300,000)	(500,000)	400,000	(600,000)	700,000

On enquiry the following facts were found:

- In year 1, donation to a tax-exempt organization Rs. 20,000 was deducted from the income.
- In year 2, allowable depreciation of Rs. 50,000 was not deducted,
- In year 3, pollution control cost Rs. 30,000 was also deducted;
- In year 4, sales amount of old news papers and scrapes Rs. 25,000 was not included in the income.

Required: Taxable income of the business unit showing carry-forward of business losses and necessary other adjustments with explanation. [7]

2077 Q.No. 11

Step ①: Calculation of carry Forward of losses

Particulars	1	2	3	4	5
Profit/loss	(300,000)	(500,000)	400,000	(600,000)	700,000
Addback:					
Donation (Yrs-1)	20,000				
PCC (Yrs-3)			30,000		
Miscellaneous income				25,000	
Less: Depreciation		50,000			
Adjusted P/L	(280,000)	(550,000)	430,000	(575,000)	700,000
Less: carry Forward loss					
Year-1	280,000	-	(280,000)		
Year-2		550,000	(150,000)		(400,000)
Year-4				300,000	(300,000)
Taxable Income	Nil	Nil	Nil	(275,000)	Nil

Explanation

- ① General business loss can be carried upto 7 year.
- ② loss can be carried Forward without adjusted donation
- ③ unrecovered loss for Year 4 is 275,000

necessary other adjustments with explanation.

16. 2076 Q.No. 11b

The operating results of a company are provided:

Years	7	8	9	10	11
Profit/loss (Rs.)	30,000	(250,000)	200,000	(350,000)	500,000

On investigation following facts were found:

- Unrecovered losses of year-3 and year-5 were Rs. 200,000 and Rs. 300,000 respectively.
- The dividend received from a resident company of Rs. 40,000 is not included in year-9.
- The profit of year-7 was derived after deducting donation of Rs. 50,000 given to a tax exempt organization.
- The company has deducted Rs. 200,000 as research and development cost in year-8.

Required: Taxable income of the company showing carry forward of losses with necessary explanation. [7]

Value Added Tax (VAT)-5marks

VAT (Value Added Tax) is a tax imposed on goods and services at each stage of production and distribution. Businesses collect VAT from customers and pay it to the government.

VAT (मूल्य अभिवृद्धि कर) सामान तथा सेवामा प्रत्येक उत्पादन र वितरण चरणमा लगाइने कर हो। व्यवसायहरूले उपभोक्ताबाट VAT उठाएर सरकारलाई बुझाउँछन्।

Stage of VAT for Production

- Cost of production
- Production to Dealer
- Dealer to Wholesaler
- Wholesaler to Retailer
- Retailer to Customer

Stage of VAT for Importer

- Importer price
- Importer to Producer
- Producer to Dealer
- Dealer to Wholesaler
- Wholesaler to Retailer
- Retailer to Customer

Statement of showing VAT :

Channel	stage	Cost price exclusive VAT	Value Added	Selling price exclusive VAT	VAT @13%	Selling price inclusive VAT	VAT paid to Government
Cost of production		xxx	40	xxx	xxx	xxx	xxx
Producer to Dealer							
Dealer to Wholesaler		✓					
Wholesaler to Retailer							
Retailer to Customer							

② For Value Added = Extra cost (Additional cost) + Profit

74 For profit ideas:
 ① profit on cost / profit on outlay
 Profit = Total cost × $\frac{P\%}{100}$

② profit on selling price but selling price not given,

$$\text{Profit} = \frac{\text{Total cost} \times P}{100 - P} \quad 1,00,000 \times$$

③ Profit on sales but sales is given,

$$\text{Profit} = \frac{\text{Sales} \times P}{100}$$

where,
Total cost = Cost price exclusive VAT + Additional cost

2079 Q.No. 13a
Sharma purchased goods from retailer at Rs. 7,910 including VAT. The retailer purchased goods from importer at Rs. 5,000 excluding VAT. The importer imported the goods for Rs. 4,000 excluding value added tax.
Required:
a. Value added by importer and retailer.
b. Total VAT to government.

Statement of VAT

Stage	Cost price Exclusive VAT	Value Added	Selling price Exclusive VAT	VAT @ 13%	Selling price inclusive VAT	VAT paid to government
→ Importer's price	4000	X	4000	520	4520	520
→ Importer to Retailer	4000	1000	5000	650	5650	130
→ Retailer to customer	5,000	2000	7000	910	7910	260

$$113\% \rightarrow 7,910$$

$$1\% \rightarrow 7,910$$

$$100\% \rightarrow 7,910$$

$$\frac{113}{100} \times 7,910 = 8,959.7$$

B) The total VAT payable to the government is = 520+130+260 = Rs.910

3. 2080 Q.No. 13a

A final consumer Shital paid value added tax Rs. 39,000 while purchasing consumable goods. The goods was imported by ABC Ltd. and sold to retailer. Make up 20 percent on cost price was included in all levels.

Required:

- Import price of the importer.
- Total VAT to government.

[3-2]

Solⁿ

2080

Statement of VAT

Stage	Cost price Exclusive VAT	Value Added	Selling price Exclusive VAT	VAT @ 13%	Selling price inclusive VAT	VAT paid to Government
Importer price	208,333	X	208,333	27,083	235,416	27,083
→ Importer to Retailer	208,333	41,667	250,000	32,500	2,82,500	5,117
→ Retailer to Customer	250,000	50,000	300,000	39,000	3,39,000	6,500

Calculations:

120% → 250,000
 1% → 250,000
 20% → $\frac{250,000}{120} \times 20$
 = Rs. 41,667

13% → 39,000
 1% → 37,000
 100% → $\frac{37,000}{13} \times 100$
 = Rs. 2,82,500
 + 39,000
 = Rs. 3,21,500

113% → $\frac{39,000}{13} \times 113$
 = 3,39,000

Gazzab ko Tuition Center
 9802831152
 www.reallygreatsite.com

Particulars

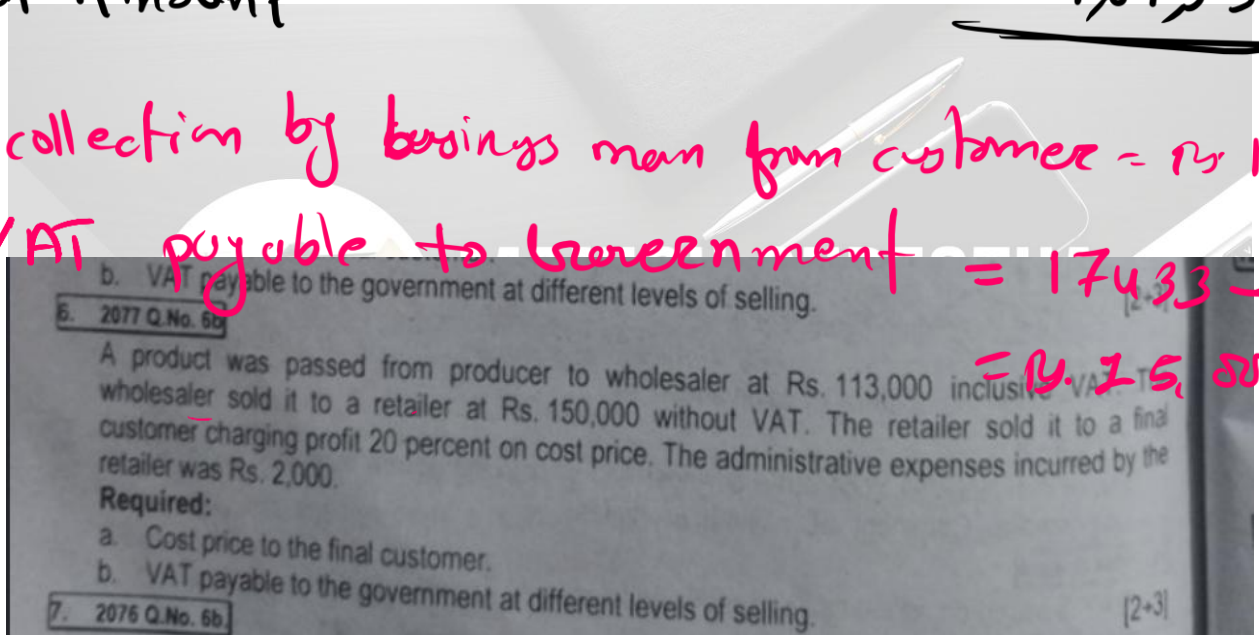
sales of laptop
 sales of Desktop
 sales of router

Qty	Rate	Am't. --
3	30,000	9,000
2	25,000	50,000
3	3,000	9,000
		<u>68,000</u>

Total Amount	249,000
less: discount 10%	<u>(14,900)</u>
Taxable Amount	1,34,100
VAT @ 13%	17,433
Total Amount	<u>1,51,533</u>

VAT collection by business man from customer = Rs 17,433

⑥ VAT payable to government = $17,433 - 2,433 = \text{Rs. } 15,000$ ✓



Stage	2 Cost price (Exclusive VAT)	3 Value Added	4 = 2+3 Selling price (Exclusive VAT 100%)	5 VAT @ 13% 13%	6 = 4+5 Selling price inclusive VAT 113%	7 VAT Paid to Gov.
P to W	100,000	X	100,000	13,000	1,13,000	13,000
W to R	100,000	50,000	150,000	19,500	1,69,500	6,500
R to C	150,000	2,000 + 30,000 Exp ²	1,82,000	23,712	2,06,112	4,212

32400

113% → 1,13,000
 1% → 1,13,000
113

13% → 1,13,000 × 13

when goods sold by
 retailer to customer
 20% profit on

Value Added =
 Additional cost + profit

Total cost = Exclusive vat +
 Adding (113)
 = Rs. 1,13,000

[2000 + 150,000 × $\frac{20}{100}$]

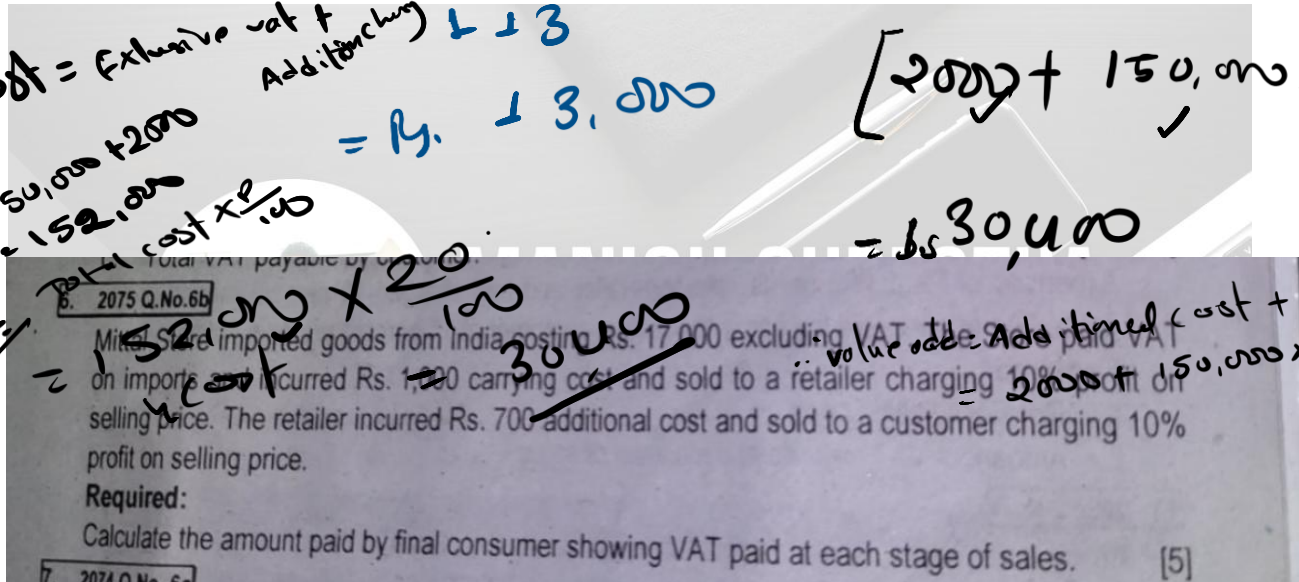
= 30,400

Total cost = 150,000 + 2000
 = 152,000
 Total cost × $\frac{10}{100}$

Profit =

152,000 × $\frac{20}{100}$
 = 30,400

Value added = Additional cost + profit
 = 2000 + 150,000 × $\frac{20}{100}$



Stage	Cost Price excluding VAT	Value Added	Selling price excluding VAT	VAT @13%	Selling price inclusive VAT	VAT paid to Government
Imported Price	17,000	-	17,000	2,210	19,210	2,210
Importer to Retailer	17,000	3000	20,000	2600	22600	390
Retailer to Customer	20,000	3000	23,000	2,990	25,990	390

Value Added = Additional cost + profit

18,000 × $\frac{10}{100-10}$

= 18000*

Total cost including

—

Profit = B. 2000

On selling price
= B. 3000 sale price
V.A

Retailer to customer:

$$\text{profit} = 20700 \times \frac{10}{90} + \text{Additional } 700$$

Unit - 13 (5 marks)

Residential Status

जासिका दसिपत

→ Day's in a year 365 days.

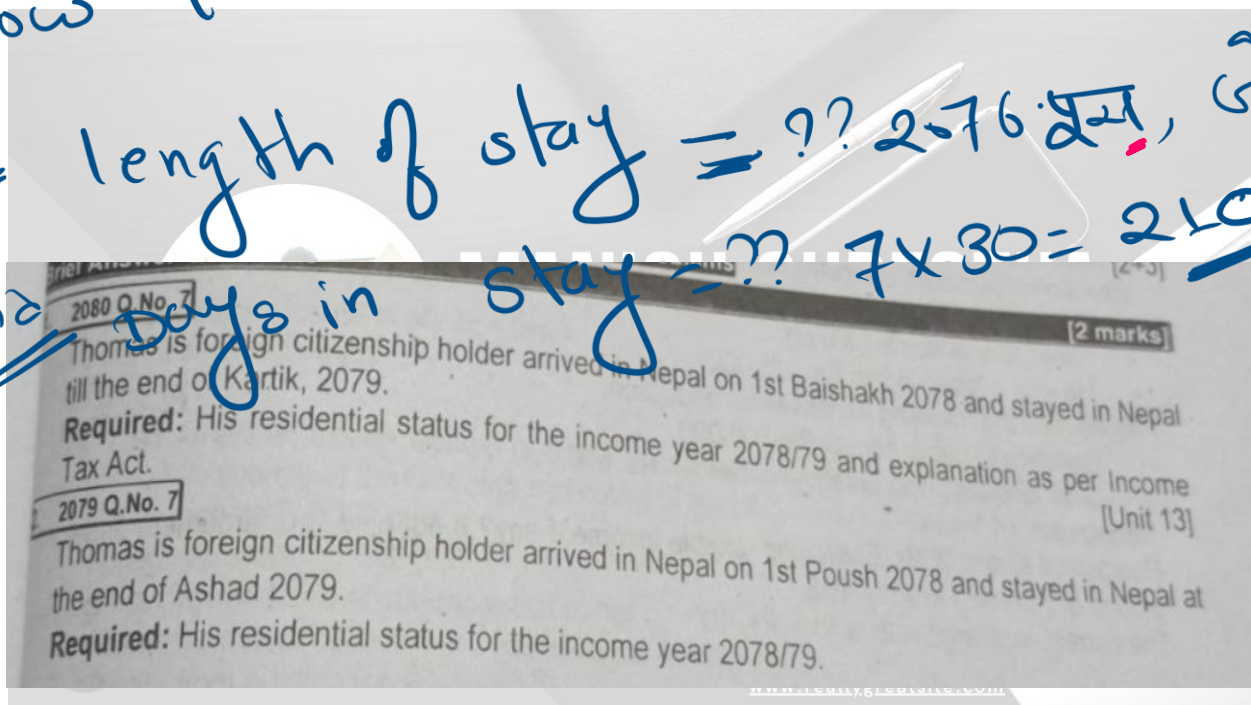
→ यदि 182 दिन भन्दा बढि नेपालमा बस्नु भएमा
तब मात्रै तपाईंको निवासीको Residential Status
हुन्छ।

→ If in the question, the person are working with government employee, permanent employee, Nepali citizenship Holder हो भने तपाईंको
माथि Directly Resident person हुने भो।

→ यदि 365 days भित्र कुनै पनि माथि 183 दिन भन्दा कम नेपालमा बस्नु भने

How to calculate it??

1st length of stay = ?? 2076 साल, 7 महीना
2nd Days in stay = ?? $7 \times 30 = 210$ days



Q.N. 2080
sq 2

Residential status of Mr. Thomas:

length of stay = 1st Baishakh, 2078 - End Kartik, 2079
= 7 month

in stay = 7 month \times 30 days

Days

$$= 210 \text{ days}$$

Mr. Thomas stay in Nepal for 210 days in a periodic year 365 days which is higher than 182 days. So His Residential status is Resident.

7. 2078 Q.No. 6a [10 marks]

Mrs. Fedrica, a German citizen, came to Nepal on 1st Poush of previous income year and involve in business and investment activities. She submitted the statement with following incomes:

- Income from handicraft business Rs. 700,000.
- Income from investment Rs. 300,000.
- Remuneration from acting as resource person in training Rs. 50,000. X
- She has paid donation to a social club Rs. 50,000.

Required:

- Residential status with explanation.
- Statement of taxable income.
- Tax liability.

[1+2+2]

GAZZAB KO INSTITUTE
www.reallygreatsite.com

(a) Residential status of Mrs. Fedrica

$$\begin{aligned} \text{length of stay} &= \text{1st poush} - \text{End Ashad} \\ &= 7 \text{ month} \end{aligned}$$

$$\begin{aligned} \text{Days in stay} &= 7 \text{ month} \times 30 \\ &= 210 \text{ days.} \end{aligned}$$

since, Mrs. Fedrica a German citizen, stayed in Nepal for more than periodic year 365 days. Here

182 days in a residential status is resident.

(b) calⁿ of taxable income of Mrs. Fedrica for previous income year

Particulars	Amount
Assessable income from Business (Handicraft)	7,00,000
Assessable income from Investment	3,00,000
Total of assessable limit 10,00,000 (wilt)	10,00,000
less: Allowable Deduction ① Donation	
Total taxable income	9,54,000
	50,000

(c) calⁿ of tax liability
 $10,00,000 = \text{Rs. } 50,000$
 or Actual = 14. 50,000

Particulars	Amt.
First 5,00,000 x 1% (single)	Nil
Next 2,00,000 x 10%	20,000
Balance 250,000 x 20%	50,000
Total tax liabilities	70,000

Note: Remuneration from acting as resources person is subject to final TDS.

c. Tax liability.

4. 2077 Q.No. 6a [1+2+2]

Mr. Sumijo, a Japanese citizen, came to Nepal on 1st Kartik of previous income year and involve in business and investment activities. He submitted the statement with following incomes:

Income from handicraft business Rs. 500,000
 Gain from investment Rs. 200,000
 Remuneration on delivery of lecture in a work shop Rs. 20,000
 He has paid donation to a social club Rs. 50,000.

Required:

- Residential status with explanation
- Statement of taxable income
- Tax liability

① Residential status of Mr. Sumijo

Solution

Residential Status of Mr. Sumijo

Length of stay - 1st Kartik - End of Ashad
 = 7 month

Days in stay = 7 x 30 = 210 days

Mr. Sumijo stay in Nepal 220 days. So, he is the Resident person in Nepal for 220 days in a periodic time 265 days which is higher than 182 days. So his Residential status is Resident.

b. calculation of Tax liability

Particulars	Rs.	Rs.
- Income from business	500,000	500,000
- Income from investment	200,000	200,000
Total Assessable Income	700,000	700,000
Less: (i) Reliance fund	Nil	
(ii) Donation to social club	50,000	
St. (700,000 - 50,000)	35,000	
or. Actual donation (maximum limit)	50,000	
Taxable Income before exemption	200,000	235,000
Taxable Income before exemption		66,500

c. calculation of Tax liability

Particulars	Rs.
1 st Rs. 300,000 @ 17%	Nil
Balance Rs. 26,500 @ 20%	5,300
Total tax Rs.	26,500

Handwritten notes: "Tax liability 50000", "ESTHA CENTER", "GAZZAB KO INSTITUTE"

c. Tax liability

5. 2076 Q.No. 6a [1+2+2]

Mr. Pathak a permanent employee of Nepal Government appointed as a representative of Nepal to USA. He left Nepal on 1st Marga of the previous year. He was drawing salary of Rs. 40,000 p.m. while he was in Nepal. He received US \$ 8,000 as foreign allowance. The exchange rate per dollar is Rs. 100. He stayed there till the end of previous year.

Required:

- Residential status of Mr. Pathak
- Taxable income
- Tax liability

② Since Mr. Pathak is an employee of Government of Nepal posted abroad as a representative of Nepal. So, his residential status is Resident.

6) Calⁿ of taxable income from employee of Mr. Pathak for previous yrs.

Particulars	Amount
→ salary [40,000 x 12]	4,80,000
→ Dearness Allowance 1 month	40,000
→ Provident fund @ 10% of 4,80,000	48,000
Calⁿ of Taxable income	
∴ Assessable income from Employment	5,68,000
Assessable income from Business	0
Total Assessable income	5,68,000

less: Allowable deduction:

(a) Provident fund contribution:

$$\frac{1}{3} \text{ of } 5,68,000 = 1,89,333$$

n. Actual [20% of 4,80,000] = 96,000

n. maximum limit = 19,30,000 (WIL)

less: foreign Allowances:

$$75\% \text{ of } 8,00,000$$

Total Taxable income

(96,000)

(6,00,000)

6,72,000

Particulars	Amnt
First 5,00,000 @ 1%	5,000
Balance 172,000 @ 10%	17,200
Total tax payable	<u>22,200</u>

6. 2075 Q.No. 3a

Mr Baker an employee of American Embassy in Nepal came to Nepal on first Mangsir of the previous year. His salary and other benefits are paid by the country he represents. He declared the following sources of income during the year.

- Salary \$10,000 pm
- Other allowances \$ 2000 pm
- He won a lottery worth Rs. 225,000

He claimed the following expenses for deduction:

- Donation to public school Rs. 500,000
- Other domestic and personal expenses Rs. 600,000.

Required:
Residential status of Mr. Baker and taxable income if any? If not give your argument under the ground of Income Tax Act, 2058.
The current exchange rate is \$1 = Rs. 100

length of stay = 1st mangsir - End Ashad
= 8 month

Days in stay = 8 month x 30 days
= 240 days

Since, Mr. Banker is an employee of America
ambassy, stayed in Nepal for more than 182 dys
in periodic year 365 dys. So, His residential
status is Resident.

⑥ Amount received by foreign citizen from
Public fund of foreign government is exempt
from tax. Therefore he has no taxable ~~income~~
in Nepal. 25 marks

MANISH SHRESTHA
"GAZZAB KO TUITION CENTER"
ANY HOW PASS

SUBSCRIBE

9802831152

GAZZAB KO INSTITUTE
Gazzab ko tuition and language center
www.reallygreatsite.com

Handwritten notes: *2x10 + 15* (circled 27), *Public fund of foreign government is exempt from tax. Therefore he has no taxable income in Nepal.* (with *25 marks* written to the right)

Income from Business
 Rent received by person with / without withholding

Particulars	Am't	Am't
- Service charge / sales / Gross profit <u>612</u> ✓	xxx	✓
- Disposal of Trading stock	xxx	✓
- Net gain from disposal of business <u>AGL</u> ✓	xxx	
- Prize (gift) related to business	xxx	
- Amount received from any restriction of Bus.	xxx	
- Gain on change in Accounting method ✓	xxx	
- Gain on exchange of rate	xxx	
- Discount received / Bad debt recovered	xxx	
- rent received by company	xxx	
- Under payment of interest with market	xxx	
- Compensation received	xxx	
- Refund of custom duty	xxx	
- Commission received / miscellaneous received	xxx	
- Sundry income	xxx	
Gross income from business		xxx 52

Less: Allowable Deduction ~

- a. General expenses (office & ad, S&D) = (xxx)
- b. Cost of trading stock (w.N.O) ✓ = (xxx)
- c. Interest paid 7% ✓ = (xxx)
- d. Repairs & maintenance cost (w.N.O) (xxx)
- e. Depreciation ✓ (w.N.O) (xxx)
- f. Income tax paid to foreign (Tax claim ^{in foreign}) (xxx)
- g. other deduction - (xxx)

Adjusted taxable income before Business loss xxx ²⁴
 less: Business loss (7 years Agad) (xxx) ⁽⁶⁰⁾
 Adjusted Taxable income for interest for controlling entity for PCC & RFD (xxx) ¹⁵⁰

708

87079

As ...

- A - 5%
- B - 25%
- C - 20%
- D - 15%
- E - Total 1/10

less: Interest to controlling Entity	(xxx)
Adjusted taxable income for PCC and R&D	xxx
less: Pollution control cost and R&D	(xxx)
Research & Development cost [block D]	(xxx)
Assessable Taxable income from Business	xxx

2) calc of Taxable income

Particulars	Ant.	Aut.
Assessable income from Business ✓	xxx	
" " " Investment ✓	xxx	
" " " Employment ✓	xxx	
Total Assessable income ✓✓		xxx
less: Allowable reduction ✓		
✓ (i) retirement contribution (for nature person & sole trader)		
✓ (ii) Donation		(xxx)
other reduction (for natural person or sole trader only)		
→ • LIP ✓		
actual as. xxx	xxx	
or, maximum limit as. 25000 (wIL)	(xxx)	
→ • HIP ✓		
Actual as. xxx		
or, maximum limit as. 25000 (wIL)	(xxx)	
→ • Remote area Exemption (A, B, C, D, E)	(xxx)	50%, 100%, .. 10%
→ • Disable person exemption		
(single (50% of 500000) ^{30%}		
(couple (50% of 600000) ^{30%}	(xxx)	
Taxable income		xxx

- 1. w.N. (i) General expenses:
 - office and administrative exp^s:
 - Selling & Distribution exp^s:-

w.N. (ii) cost of Trading stock
 opening stock + purchase (material cost) +
 carriage on purchase, Inward + freight on purchase
 wages + Labour cost + production cost + Royalty on
 production + Mfg. cost + custom duty + Factory cost
 - closing stock

w.N. (iii) Repairs and Improvement cost (R&M)
 7% of Depreciation basis value xxx
 or, Actual Rs. xxx (wIL)

w.N. (iv) Allowable PCC
 50% of ATI xxx
 or, Actual PCC xxx (wIL) allowed

w.N. (v) Allowable R&D
 50% of ATI xxx
 or, Actual R&D xxx (wIL)

w.N. (vi) Donation
 (i) Donation to tax exem organization
 (General Donation) Person, Entity
 5% of (Adjusted Taxable income + IFI - RFC)
 or maximum limit = Rs. 100000
 or, Actual donation = xxx (wIL)

(ii) A company donate to religious heritage
→ Posupati area Trust
→ Lumbini Area Trust

10% of Total assessable income
or, actual Rs. xxx
or, maximum limit 20,00,000 (wilt)

(iii) Donation to prime minister relief fund and Reconstruction fund established by government → Fully allowed.

Note: Expenses not allowed for deduction Income act 2018

- > Personal, Domestic, Household exp^s, drawing
(Interest on loan borrow to buy personal car)
(Transportation exp^s for commuting between Home and office)
(expenses of education & Training of an individual not related to business & Investment)

- > Fine and penalty, Interest on fine & penalty, Income tax paid
- > Purchase of capital Asset and capital liabilities.
- > Payment for petty expenses up to Rs. 500 at a time
- > cash paid more than Rs. 50,000
- > Expenses incurred to derived with fined TDS
- > Profit distribution by an entity (dividend to s.H or reserve)
- > Provision for taxation, provision for bad debt, transfer to surplus, reserve fund future loss)

2079

Analytical Answer Questions [15 marks]

31. 2079 Q.No. 18

Given below is the trading, profit and loss account of a sole trade organization for the previous income year.

CTS

Particulars		Rs.	Particulars		Rs.
To Opening stock		50,000	By Sales		5,200,000
To Purchase ✓		3,050,000	By Closing stock ✓		300,000
To Carriage on purchase		30,000			
To Wages		170,000			
To Gross profit c/d ✓		2,200,000			
		5,500,000			5,500,000
To Office rent paid		50,000	By Gross profit b/d ✗		2,200,000
To Salary		250,000	By Other receipts ✓		40,000
To General expenses		80,000	By Dividend received ✗		10,000
To Legal expenses ✓		20,000	By Refund of custom duty		30,000
To Staff welfare expenses		120,000	By Bad debt recovered ✓		40,000
To Interest on bank loan		130,000	By Sales of scraps		10,000
To Fine and penalties ✗		10,000	By Rent from staff quarter		20,000
To Life insurance premium (own)		30,000	By Gain on non-chargeable business assets		30,000
To Insurance premium of fixed assets		20,000	By Gain on sales of business assets		20,000
To Pollution control cost		50,000			
To Depreciation of fixed assets ✗		50,000			
To Membership renewal charges		10,000			
To Provision for dividend ✗		10,000			
To Donation to tax exempt entity ✓		20,000			
To Advance income tax paid		20,000			
To Drawing by proprietor ✗		30,000			
To Net profit ✗		1,500,000			
Total		2,400,000	Total		2,400,000

30,000

Further information:

- i. Closing stock was undervalued by Rs. 10,000.
- ii. Purchase include purchase of sofa set of Rs. 50,000.
- iii. Legal expense include Rs. 10,000 penalty paid to Nepal Telecommunication.
- iv. 40% of donation was given to a private school and rest was given to public school.
- v. Seventy percent of bad debts recovered were allowed previously.
- vi. Allowable depreciation of all fixed assets Rs. 40,000.
- vii. Unabsorbed business loss of last year stood Rs. 50,000.

Required:

- a. Net (assessable) income from business.
- b. Statement of total taxation income.
- c. Tax liabilities (Assume- individual).

TAXATION IN NEPAL 107

Under value +
Over value -

Allowable Depo? +
Depo? ..
with.

1st Income 12
2nd Exp (500) [10+3+2]

Adjusted taxable income before business loss adjustment
3rd Business loss (2)
Adjusted taxable income for PCC & RCD

a) calc. of Assessable income from Business and investment of P/L a/c of sole trader organization for the previous income year.

Particulars	Amount
<u>Income Heading [1st step]</u>	
→ sales	52,00,000
→ other receipts	40,000
→ Refund of custom duty	30,000
→ Bad debt recovered $[40,000 \times 0.70]$	28,000
→ Sales of scraps	10,000
→ Rent from staff quarter	20,000
→ Gain on sales of Business Asset	20,000
a) Gross income from Business	53,48,000
<u>less: Allowable deduction [2nd step]</u>	
i) cost of trading stock [OIS + P - CIS]	
→ opening stock	50,000
→ purchase $[30,50,000 - 50,000]$	30,00,000
→ Carriage on purchase	30,000
→ Wages	170,000
<u>less: closing stock $[3,00,000 + 10,000]$</u>	<u>$(3,10,000)$</u>
→ office rent paid	50,000
→ salary	2,50,000
→ General Expenses	80,000
→ legal Expenses $[20,000 - 10,000]$ Including	10,000
→ Penalty paid to Nepal Telecommunication	10,000
→ Staff welfare Expenses	120,000
→ Interest on Bank loan	130,000
→ Insurance premium of fixed Assets	20,000

→ Allowable Depreciation	40,000
→ Membership renewal charge	10,000
b) Total Allowable deduction	(36,60,000)
Adjusted Taxable income before business loss Adjustment (a-b)	16,88,000
less: Unabsorbed business loss of last year	(50,000)
Adjusted taxable income for PCC and R&D	16,38,000
less: <u>Allowable PCC and R&D:</u>	
50% of B. 16,38,000 = Rs. 8,19,000 or Actual = Rs. 50,000	(50,000)
Assessable income from Business	15,88,000
* Income from Investment: → Gain on sales of Non chargeable Business Asset	30,000
Assessable income from Investment	30,000

⑥ capx of total taxable income of Trading Company for the previous year

Particular	Amount
→ Total Assessable income from Business	15,88,000
→ Total Assessable income from Investment	30,000

Q. 2080 Q.No. 18

Given below is the trading, profit and loss account of a proprietorship organization.

Particulars	Amount	Particulars	Amount
To Opening stock ✓	25,000	By Sales	5,000,000
To Purchase	2,000,000	By Closing stock ✓	300,000
To Carriage on purchase	25,000		
To Wages	175,000		
To Gross profit c/d ✗	2,225,000		
	5,300,000		5,300,000
To Office rent paid	50,000	By Gross profit b/d ✗	2,225,000
To Salary	250,000	By Sundry incomes	50,000
To General expenses	65,000	By Dividend received ✗	5,000
To Legal expenses ✓	20,000	By Refund of custom duty	45,000
To Staff welfare expenses	125,000	By Bad debt recovered ✓	40,000
To Interest on bank loan	130,000	By Agriculture income ✗	10,000
To Fine and penalties ✗	5,000	By Rent from staff quarter	25,000
To Life insurance premium (own)	30,000	By Gain on non-chargeable business assets ✓	50,000
To Insurance premium of fixed assets	15,000	By Gain on foreign exchange ✓	25,000
To Research and development cost ✓	30,000		
To Depreciation ✓ ✗	50,000		
To Membership renewal charges	5,000		
To Provision for tax +	10,000		
To Donation ✓	20,000		
To Advance tax paid	20,000		
To Drawing ✗	30,000		
To Net profit ✗	1,600,000		
Total	2,475,000	Total	2,475,000

Further information:

- Closing stock was undervalued by Rs. 10,000.
- Closing stock was valued Rs. 30,000 on last stock taking, however, it was not shown on the opening date.
- Legal expenses include Rs. 5,000 for income tax penalty.
- 60% of donation was given to a private hospital and rest was given to tax exempt organization.
- Seventy percent of bad debts recovered were allowed previously.
- Allowable repairs and depreciation were Rs. 30,000 and Rs. 40,000 respectively.
- Unabsorbed business loss of last year stood Rs. 50,000.

Required:

- Net (assessable) income from business.
- Statement of total taxable income.
- Tax liabilities.

[10+3+2]

Q. 2079 Q.No. 18

Q. (a) of Net Assessable income from Business in previous Yr.

Particulars	Amount
<u>Income Heading: 1st step</u>	
→ sales	5,000,000
→ Sundry income	50,000
→ Refund of custom duty	45,000

→ Bad debt recover [40,000 x 70%]	28,000
→ Rent from staff quarter	25,000
→ Gain on foreign exchange	25,000
Gross income from Business (a)	51,73,000
Expenses Heading 2nd step [Less]	
cost of trading stock:	
→ opening stock	30,000
→ purchase	20,00,000
→ carriage on purchase	25,000
→ wages	175,000
less: closing stock [3,00,000 + 10,000] (3,10,000)	19,20,000
→ office rent paid	50,000
→ salary	250,000
→ General Expenses	65,000
→ legal expenses [20,000 - 5,000]	15,000
→ Staff welfare Expenses	125,000
→ Interest on bank loan	130,000
→ Insurance premium of fixed Asset	15,000
→ Allowable repair (WN)	30,000
→ Allowable depreciation (WN)	40,000
→ membership renewal charge	5,000

Total Allowable Deduction (b)

(26,45,000)

Adjusted Taxable income before
Business loss Adjustment (a-b)
less: Business loss unabsorbed

25,28,000
(50,000)

Adjusted taxable income for PCC and R&D.

24,78,000

less: Allowable PCC and R&D

50% of 24,78,000 = Rs. 12,39,000
or, Actual R&D = Rs. 50,000 } will

(50,000)

Assessable income from Business

24,28,000

Income from Investment:
→ Gain on Non-chargeable business Asset

50,000

Assessable income from Investment

50,000

⑥ calcⁿ of statement of total taxable income for the year ended

Particulars	Amt.
Assessable income from Business	24,28,000
Assessable income from Investment	50,000
Assessable income from Employment	Nil
∴ Total Assessable income	24,78,000

less: Allowable Deduction:

Approved provident fund contribution

b) Donation:

5.1.8 [2478,000 + 50,000] = Rs. 1264,000
 or Actual [40% of 20,000] = Rs. 8000
 or maximum limit = Rs. 1,00,000

(8000)

less: Exemptions: Allowable reduction

① Life insurance premium:

Actual = Rs. 30,000
 or maximum limit = Rs. 40,000

(30,000)

∴ Total taxable income including capital gain

24,40,000

② calcⁿ of tax liabilities [single of Business]

Particulars	Amount
1st 5,00,000 → 0%	Nil
Next 2,00,000 → 5%	20,000
Next 3,00,000 → 20%	60,000
Capital Gain tax 50,000 → 10%	5,000
Next ⁹⁸ 10,00,000 → 30%	3,00,000
Balance 3,90,000 → 36%	1,40,400
Total tax liability	5,25,400

less: Advance tax payment

(20,000)

Total tax payable

50,5400

Note:

- ① Gross profit c/d & b/d are not adjustable if sales is given.
- ② Dividend received from resident company is supposed to be final withholding income.
- ③ Agricultural income are related in Non taxable income.
- ④ Drawing is personal expenses which is not allowed for deduction.
- ⑤ Fine & penalty or provision for tax is not allowed for deduction as per income act 2058.

9802831152



GAZZAB KO INSTITUTE



Gazzab ko tuition and language center

www.reallygreatsite.com

Khagendra Sharma has submitted the following trading and profit and loss account of his business for the previous income year:

Trading and Profit and Loss Account			
Particulars	Rs.	Particulars	Rs.
To Opening stocks	300,000	By Sales	2,500,000
To Purchases	900,000	By Closing stocks	200,000
To Carriage inwards	200,000		
To Gross profit c/d +	1,300,000		
	2,700,000		2,700,000
To Salaries	300,000	By Gross profit b/d +	1,300,000
To Various expenses ✓	140,000	By Dividends +	60,000
To Carriage outward	50,000	By Commission	150,000
To Advertisement	80,000	By Bad debts recovered ✓	40,000
To Water and electricity	20,000	By Interest on investment	50,000
To Legal expenses	35,000	By Income tax refund X	30,000
To Depreciation ✓	70,000	By Royalty (net) ✓	170,000
To Repairs	30,000		
To Donation to a school	90,000		
To General reserve +	70,000		
To Audit expenses	20,000		
To Pollution control	30,000		
To Net profit +	865,000		
	1,800,000		1,800,000

$170,000 \times \frac{100}{85}$

Additional information:

- Business loss of former assessment was Rs. 50,000.
- Depreciation is related to the business assets of Pool 'D' having written down value of Rs. 500,000.
- Travelling expenses of Rs. 12,000 is not debited in above P/L account.
- 10 percent of bad debts recovered are the recovery of bad debt which was not allowed for deduction in former assessment.
- Mr. Sharma paid premium for his life insurance Rs. 20,000.
- Various expenses include Rs. 10,000 as the collection expenses of royalty expenses.
- Business income of Rs. 70,000 is not credited in above P/L account.

Required:

Q) Calcⁿ of Assessable income from Business of Mr. Khagendra Sharma of previous income year.

Particulars	Amount
<u>Income Heading 1st step</u>	
→ Sales	25,00,000
→ Commission	150,000
→ Bad debt recovered [40,000 x 90%]	36,000
→ Business income Not credited in P/L	70,000
Ⓐ Gross income from Business	27,56,000
<u>Expenses Heading 2nd step / Allowable deduction less:</u>	
Ⓐ Cost of trading stock [w.N.1] →	12,00,000
→ Salaries	3,00,000
→ Various Expenses [140,000 - 10,000]	130,000
→ Carriage outward	50,000
→ Advertisement	80,000
→ water & Electricity	20,000
→ legal Expenses	35,000
→ Allowable depreciation (w.N.2) →	75,000
→ Allowable repair (w.N.3)	30,000
→ Audit Expenses	20,000
→ Travelling Expenses	12,000
Ⓑ Total Deduction Allowed / Expenses	(19,52,000)
Adjusted taxable income before loss Adjustment	8,04,000
less: Business loss	(50,000)
Adjusted taxable income for PCC and RBD →	7,54,000
101 Less: Allowable PCC:	
50% of 7,54,000 = Rs. 3,77,000] w/d
or, Actual PCC = Rs. 30,000	
	(30,000)

∴ Assessable income from Business	7,24,000
<u>Income from Investment:</u>	
→ Interest on investment	50,000
→ Royalty $[170,000 \times \frac{100}{85}]$	2,00,000
less: Allowable deduction [Royalty Exp ²]	(10,000)
<u>Assessable income from Investment</u>	<u>2,40,000</u>

⑥ call of taxable income from Business of previous year...

Particulars	Amount
∴ Assessable income from Business	7,24,000
∴ Assessable income from Investment	2,40,000
∴ Total Assessable income	9,64,000
<u>less: Allowable Reduction:</u>	
① Donation:	
5% of $[7,54,000 + 2,40,000] = ₹. 49,700$	} will
or. Actual Donation = ₹. 90,000	
or. maximum limit = ₹. 1,00,000	
<u>less: Allowable Exemption:</u>	
② Life insurance premium:	
→ Actual = ₹. 20,000	} will
or. maximum limit = ₹. 40,000	
③	-
∴ Total taxable income	8,94,300

③ calcⁿ of tax payable

Rs. 8,94,000

Particulars	Amount
First Rs. 5,00,000 @ 1%	Nil
Next Rs. 2,00,000 @ 10%	20,000
Balance Rs. 1,94,000 @ 20%	38,860
∴ Total tax liability	58,860
less: TDS on Royalty [2,00,000 - 1,70,000] α,	(30,000)
	28,860

MANISH SHRESTHA
"GAZZAB KO TUITION CENTER"
ANY HOW PASS
SUBSCRIBE
9802831152
GAZZAB KO INSTITUTE
Gazzab ko tuition and language center
www.reallygreatsite.com

Working Note:

① cost of trading stock:

→ opening stock	3,00,000
→ purchase	9,00,000
→ carriage in ward	2,00,000
→ less: closing stock	(2,00,000)
	<u>Rs. 12,00,000</u>

② For Allowable depreciation pool-D

Opening WDV	Rs. 5,00,000
Add: Absorbed portion/purchase	Nil
→	
less: sales	Nil
	<hr/>
③ Depreciation basis	Rs. 5,00,000
Rate of depn	15%
	<hr/>
∴ Allowable Depreciation	Rs. 75,000

③ Allowable repairs:

7% of 5,00,000 = Rs. 35,000
or Actual = Rs. 30,000] will

∴ Allowable Repair = Rs. 30,000

MANISH SHRESTHA
"GAZZAB KO TUITION CENTER"
ANY HOW PASS
SUBSCRIBE
9802831152
GAZZAB KO INSTITUTE
Gazzab ko tuition and language center
www.reallygreatsite.com

14. 2079 Q.No. 12

Given is the summarized statement of cash pertaining to a lawyer for the previous income year.

Receipts		Amount	Payments		Amount
To Balance b/d			By Office expenses ✓	80,000	
Cash in hand ✗		50,000	By Computer purchased (Ashwin)	150,000	
Cash at bank ✗		250,000	By Telephone & Communication expenses	30,000	
To Legal fees		695,000	By Salary to office assistants	180,000	
To Gifts and present from clients		350,000	By Life insurance premium of lawyer	35,000	
To Consultation fees after TDS (Net)		85,000	By Pollution control cost	40,000	
To Agriculture income ✗		40,000	By Office rent	150,000	
To Interest or local money transaction		120,000	By Water Electricity expenses ✓	30,000	
To Casual income received ✗		30,000	By Hospitality and entertainment expenses	20,000	
To Other professional incomes		75,000	By Heal insurance premium (own)	15,000	
To Sales of old paper and journal		5,000	By Donation to remote area school	50,000	
			By Printing and stationery expenses	30,000	
			By Balance c/d	890,000	
Total		1,700,000	Total	1,700,000	

Investment
Other Income

4,00,000

Net / After TDS

15%

- consultation fees
- Royalty
- Advisor fees
- Director fees
- Audit fees
- Commission received
- legal fees
- Income from joint investment

Further information:

- i. Water/electricity expenses are used equality for professional, and personal purpose. ✓
- ii. Office expenses include Rs. 10,000 paid to domestic helper.
- iii. Bad debts recovered amount Rs. 5,000 is not shown in receipt side.
- iv. Gain on sales of non-chargeable business assets. Rs. 10,000 is not shown in account.
- v. Outstanding office rent Rs. 20,000 is yet to be paid. ✗

Required:

- a. Assessable (net) income from profession.
- b. Statement of taxable income.
- c. Tax liability.

Royalty $(1,00,000 \times \frac{100}{85})$

(6+2+2)

Q. Calc of Assessable income from profession as previous year of lawyer.

GAZZAB KO INSTITUTE
9802831152
Gazzab ko tuition and language center
www.reallygreatsite.com

Particulars	Amount
<u>Income Heading</u> → 1st step	
→ legal fees	6,95,000
→ Gift and presents from clients	3,50,000
→ consultation fees $[85,000 \times \frac{100}{85}]$	1,00,000
→ other professional income	75,000
→ sales of old papers & Journal	5,000
→ Bad debt recovered	5,000
∴ Gross income from profession (a)	12,30,000

less: Allowable reduction (2nd step)	70,000
→ Office Expenses (80,000 - 10,000)	37,500
→ Allowable Depreciation $[150,000 \times \frac{3}{3} \times \frac{25}{100}]$	30,000
→ Telephone & Communication Expenses	180,000
→ salary to the office assistants	150,000
→ office Rent	15,000
→ water / Electricity exp ⁿ $[30,000 \times \frac{1}{2}]$	20,000
→ Hospitality & Entertainment Expenses	30,000
→ printing & stationery Expenses	
∴ total Allowable deduction (b)	(5,32,500)
Assessable income from profession before pcc	6,97,500
less: <u>Pollution control cost:</u>	
→ 50% of 6,97,500 = Rs. 3,48,750] w.i.l
or. Actual pcc = Rs. 40,000	
Assessable income from profession	6,57,500
<u>Income from Investment:</u>	
→ Interest on local money transaction	120,000
→ Gain on sales on Non-chargeable business Asset	10,000
Gross income from Investment	1,30,000
less: Allowable deduction	Nil
Assessable income from investment	1,30,000

b) calⁿ of statement of taxable income for previous year

Particulars	Amount
∴ Assessable income from profession	6,57,500
∴ Assessable income from Investment.	1,30,000
∴ Total Assessable income	7,87,500
less: <u>Allowable Reduction</u>	
<u>Donation:</u> $5\% (6,97,500 + 1,30,000) = \text{Rs. } 41,375$ or Actual Donation = Rs. 50,000 or maximum limit = Rs. 1,00,000	(41,375)
less: <u>Exemption:</u>	
a) Life insurance premium: Actual = Rs. 35,000 or maximum limit = Rs. 40,000	(35,000)
b) Health insurance premium: Actual = Rs. 15,000 or maximum limit = Rs. 20,000	(15,000)
Total taxable income including capital gain	6,96,125

Particulars	Amount
First B. 5,00,000 → 1%	Nil
Balance: 1,96,125 → 10%	19,612.5
Capital Gain tax 10,000 → 10%	1,000
Total tax liabilities	20,612.5
less: TDS at consultant fees (1,00,000 @ 85%)	(15,000)
∴ Total tax payable	5,612.5

MANISH SHRESTHA
 "GAZZAB KO TUITION CENTER"
 ANY HOW PASS

SUBSCRIBE

9802831152

GAZZAB KO INSTITUTE
 Gazzab ko tuition and language center
www.reallygreatsite.com

Income from Investment → 10 marks

step 1: col² of Assessable income from Investment for P.Y

Particulars	Amount
<u>Income Heading</u> 1 st step:	
→ Natural resources received (Net)	xxx
→ Interest received from local money transaction	xxx
→ Royalty, consultation fees.	xxx
→ Dividend received from foreign company	xxx
→ Rent from letting out machinery	xxx
→ Interest received from private lending	xxx
→ Gain on sales of non-Business chargeable Assets (Capital Gain)	xxx
→ Gain on sales of securities (listed / Non listed) (Capital Gain)	xxx
→ Gain on sales of land & Building	xxx
→ Gain on sales of vacant agriculture land	xxx
→ Income from joint investment	xxx
∴ Gross income from Investment (a)	xxx
<u>less: Allowable Deduction:</u>	
→ Expenses related to natural resources	xxx
→ Allowable Dep ⁿ / Repair (w.M)	xxx
→ Interest Expenses	xxx
∴ Total Allowable deduction (b)	(xxx)
∴ Income before loss Adjustment	xxx
less: Investment loss	(xxx)
∴ Assessable income from investment	xxx

Listed and Non-listed share

If 1 year hold करके शेयरों को sell करेगा तो listed share पर 15% tax होगा, 10% tax होगा और 25% tax होगा।
 If 1 year hold करके शेयरों को sell करेगा तो listed share पर 15% tax होगा, 10% tax होगा और 25% tax होगा।

(Listed)	1 year hold करके	1 year hold करके	1 year hold करके
Individual	7.5%	5%	10% (Non-listed)
Company	10%	10%	15%
Non-resident	25%	25%	25%

Land & Building

Individual 1 year hold करके 5% tax होगा, 7.5% tax होगा

MANISH SHRESTHA

"GAZZAB KO TUITION CENTER"

ANY HOW PASS

SUBSCRIBE

9802831152

f GAZZAB KO INSTITUTE

t Gazzab ko tuition and language center

www.reallygreatsite.com

Required: Calculate the tax liability
Descriptive Answer Questions

3. 2019 Q.No. 14

Shisir furnished you following particulars of income and expenses for the previous income year.

i. Income from profession	Rs. 200,000
ii. Mining rent (natural resources after TDS)	Rs. 510,000
iii. Lottery income received after TDS	Rs. 25,000
iv. Gifts & present received in respect of investment	Rs. 100,000
v. Birthday gifts received	Rs. 5,000
vi. Dividend received foreign and domestic country	Rs. 50,000 each
vii. Rent from building	Rs. 180,000
viii. Rent received from property after TDS	Rs. 120,000
ix. Gain on sales of vacant agriculture land	Rs. 42,500
x. Interest received from saving deposit	Rs. 60,000
xi. Interest received from local money transaction	Rs. 10,000
He claimed the following expenses to deduct.	
i. Collection charge related with natural resources	Rs. 10,000
ii. One and half month equal commission paid to agent for natural resources.	Rs. 45,000
iii. Other allowable investment related expenses	Rs. 6,000
iv. Insurance premium of building	Rs. 20,000
v. Donation paid to red cross society amount	Rs. 20,000

Required:

- Net assessable income from investment.
- Statement of total taxable income

[4+1]

2019

1.5 month → 12m

10%

Q. Calculate the Net Assessable income from investment of Mr. Shisir furnished for the previous income year.

Particulars	Amount
<u>Income Heading</u> 1st step	
→ Mining rent natural resources payment [5,10,000 × $\frac{100}{85}$]	6,00,000
→ Gift and present received from related to Investment	1,00,000
→ Dividend received from foreign	50,000
→ Rent received from property [1,80,000 × $\frac{100}{90}$]	2,00,000
→ Gain on sales of vacant Agriculture land	1,20,000
→ Interest received from local money transaction	60,000
∴ Gross income from Investment	11,30,000

less: Allowable deduction / Expenses Heading \rightarrow 2 nd step	
\rightarrow collection charge related to natural resource	10,000
\rightarrow Commission to agent $[6,00,000 \times \frac{1.5}{12}]$	75,000
\rightarrow other allowable expenses related to investment	45,000
\therefore Total Allowable deduction (b)	(130,000)
\therefore Assessable income from Investment	10,00,000

⑥ calⁿ of taxable income from Investment for the P.Y.

Particulars	Amount
\rightarrow Income from profession	2,00,000
\rightarrow Assessable income from Investment	10,00,000
\therefore Total Assessable income	12,00,000
less: <u>Allowable Deduction:</u>	
① Donation:	
5% of 12,00,000 = Rs. 60,000] WIL (20,000)
or, Actual Donation = Rs. 20,000	
or, maximum limit = Rs. 1,00,000	
② Exemption for building insurance premium:	
Actual = Rs. 6,000] WIL (5000)
or, maximum limit = Rs. 5000	
Total	113 \therefore Taxable income including capital gain
	11,75,000

Capital Gain Tax unit - 11

1. Define capital gain.

English:

Capital gain is the profit earned from the sale of a capital asset, such as land, building, or shares, when the selling price exceeds the purchase price.

Nepali:

पूँजीगत लाभ भनेको पूँजी सम्पत्ति (जस्तै: जमिन, भवन, सेयर आदि) बेचेर प्राप्त मूल्य खरिद मूल्यभन्दा बढी भएको अवस्थामा प्राप्त हुने नाफा हो।

2. List out any three assets included under non-business chargeable assets.

English:

1. Land
2. Building
3. Shares of a company

Nepali:

१. जमिन
२. भवन
३. कम्पनीको सेयरहरू

3. Differentiate between business assets and non-business chargeable assets.

English:

- **Business Assets:** Assets used in the operation of a business, such as machinery, inventory.
- **Non-Business Chargeable Assets:** Assets not used in business but subject to capital gains tax, like land or shares.

Nepali:

- **व्यवसायिक सम्पत्ति:** व्यवसाय सञ्चालनमा प्रयोग हुने सम्पत्ति, जस्तै मेसिन, सामान।
- **अव्यवसायिक कर योग्य सम्पत्ति:** व्यवसायमा प्रयोग नभएको तर पूँजीगत लाभ कर लाग्ने सम्पत्ति, जस्तै जमिन वा सेयर।

4. List out any four examples of non-taxable assets of an individual.

English:

1. Personal residence
2. Personal car
3. Household goods
4. Furniture used personally

Nepali:

१. व्यक्तिगत आवास
२. व्यक्तिगत गाडी
३. घरेलु सामानहरू
४. व्यक्तिगत प्रयोगको फर्निचर

5. List out any four items of outgoings in capital gains taxation.

English:

1. Cost of acquisition
2. Improvement cost
3. Selling expenses
4. Legal fees related to the sale

Nepali:

१. खरिद लागत
२. सुधार खर्च
३. बिक्री खर्च
४. बिक्रीसम्बन्धी कानुनी शुल्क

6. Point out any two situations when an asset is said to have disposed off.

English:

1. Sale of the asset
2. Transfer as a gift

Nepali:

१. सम्पत्ति बेचिएको अवस्था
२. उपहारको रूपमा सारिएको अवस्था

Unit – 15

Special provisions for individuals, Entities, and retirement savings

1. Provision of 'medical tax credit' under the Income Tax Act, 2058

English:

An individual resident in Nepal is entitled to claim a medical tax credit of up to Rs. 750 per year against medical expenses incurred for themselves or their dependents, as per Section 51 of the Income Tax Act, 2058.

Nepali:

नेपालमा बसोबास गर्ने व्यक्तिले आफू वा आश्रितको उपचार खर्चका लागि रु. ७५० सम्मको मेडिकल कर छुट पाउने व्यवस्था आयकर ऐन, २०५८ को दफा ५१ मा गरिएको छ।

2. Provision for deduction of retirement contribution to the approved fund

English:

An individual can claim a deduction on retirement contributions made to an approved retirement fund. The maximum deduction allowed is the lesser of:

- 1/3 of assessable income or
- Rs. 300,000 per year

Nepali:

व्यक्तिले स्वीकृत अवकाश कोषमा गरेको योगदानमाथि कटौतीको दाबी गर्न सक्छ। यसमा अधिकतम रु. ५,००,००० वा मूल्याङ्कनयोग्य आम्दानीको एक तिहाइ, जुन कम हुन्छ, त्यति मात्र छुट पाइन्छ।

3. Taxation on retirement payment from the approved fund

English:

Retirement payments from an approved fund are partially exempt from tax. Up to Rs. 500,000 is tax-free. Amounts exceeding this are included in taxable income and taxed at applicable rates.

Nepali:

स्वीकृत अवकाश कोषबाट प्राप्त सेवानिवृत्त भुक्तानीमध्ये रु. ५,००,००० सम्म करमुक्त हुन्छ। सो भन्दा बढी रकम मूल्याङ्कनयोग्य आम्दानीमा समावेश गरिन्छ र लागू दरमा कर लाग्छ।

4. Conditions for couple treatment

English:

A resident individual and their spouse are treated as a couple if they choose a joint assessment and both are residents of Nepal during the income year.

Nepali:

यदि नेपालमा बसोबास गर्ने दम्पतीले संयुक्त मूल्याङ्कनको छनोट गरेमा र दुवै आम्दानी वर्षभर नेपालमा बसी रहेका भएमा तिनीहरूलाई 'couple' का रूपमा व्यवहार गरिन्छ।

Descriptive Answer Questions

5. Definition and privileges of couples

English:

Definition: A couple is defined as a resident individual and their resident spouse who elect for joint taxation.

Privileges:

- Higher tax exemption threshold
- Combined deductions
- Potential reduction in overall tax liability

Nepali:

परिभाषा: बसोबास गर्ने व्यक्ति र उनको बसोबास गर्ने जीवनसाथी जसले संयुक्त कर मूल्याङ्कनको छनोट गर्छन्, उनीहरूलाई दम्पती भनिन्छ।

सुविधाहरू:

- उच्च करमुक्त सीमा
- संयुक्त कटौती लाभ
- कुल कर भार घट्न सक्छ

6. Provisions related to retirement contributions

English:

Retirement contributions to an approved fund are deductible from taxable income. The contribution must not exceed Rs. 500,000 or one-third of assessable income. Contributions to unapproved funds do not qualify.

Nepali:

स्वीकृत अवकाश कोषमा गरिएको योगदान कर मूल्याङ्कन योग्य आम्दानीबाट कटौती योग्य हुन्छ।

अधिकतम रु. ५,००,००० वा मूल्याङ्कनयोग्य आम्दानीको एक तिहाइसम्म मात्र छुट पाइन्छ। अस्वीकृत कोषमा गरिएको योगदान छुटयोग्य हुँदैन।

7. Taxation of retirement payments in Nepal

English:

Retirement payments received from approved funds are partially exempt (up to Rs. 500,000). Any amount exceeding this limit is included in taxable income and taxed accordingly. Payments from unapproved funds are fully taxable.

Nepali:

स्वीकृत कोषबाट प्राप्त सेवानिवृत्ति भुक्तानीमध्ये रु. ५,००,००० सम्म करमुक्त हुन्छ। सोभन्दा बढी रकममा कर लाग्छ। अस्वीकृत कोषबाट प्राप्त भुक्तानी पूरै करयोग्य हुन्छ।

Unit – 16

Revenue Administration

Function of the IRD (Inland Revenue Department) – Nepal

English:

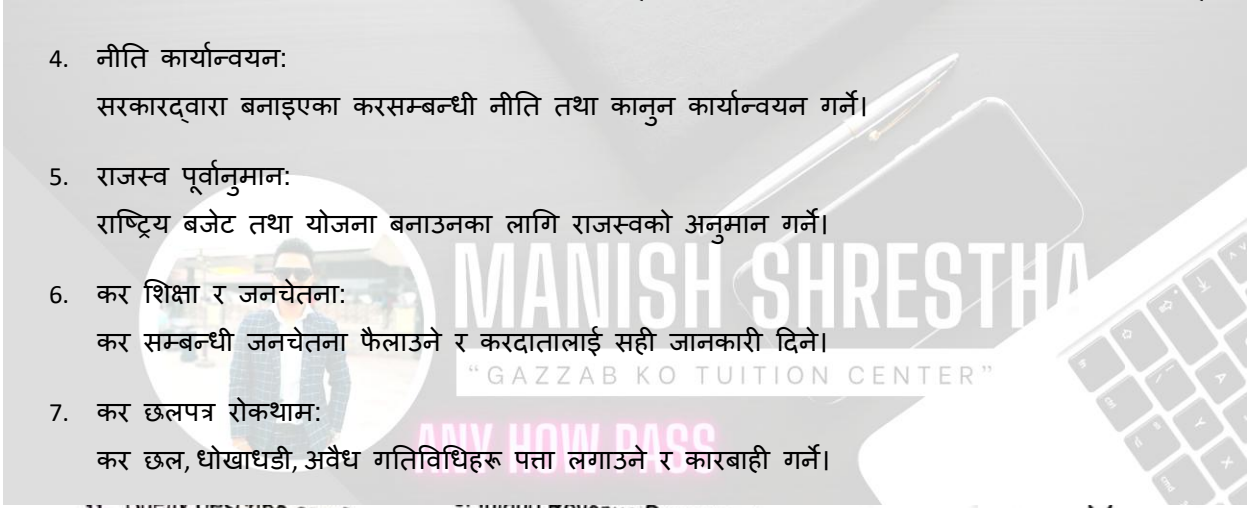
The Inland Revenue Department (IRD) of Nepal is responsible for the administration and enforcement of tax laws in the country. Its main functions are:

- 1. Tax Collection:**
Collects taxes like Income Tax, VAT, Excise Duty, and others.
- 2. Taxpayer Services:**
Provides services such as taxpayer registration (PAN/VAT), information, and support.
- 3. Monitoring & Audit:**
Monitors business transactions and audits tax returns to ensure compliance.
- 4. Policy Implementation:**
Implements tax laws and policies as formulated by the government.
- 5. Revenue Forecasting:**
Assists the government in estimating and planning national revenue.
- 6. Tax Education & Awareness:**
Educates the public and businesses about tax compliance and benefits.
- 7. Preventing Tax Evasion:**
Detects and takes action against tax fraud, evasion, and illegal financial activities.

Nepali (नेपालमा):

आन्तरिक राजस्व विभाग (IRD) ले नेपालको कर प्रणालीको कार्यान्वयन तथा व्यवस्थापन गर्ने प्रमुख निकाय हो। यसका प्रमुख कार्यहरू निम्नानुसार छन्:

1. कर संकलन:
आयकर, मूल्य अभिवृद्धि कर (VAT), उत्पाद शुल्क (Excise) आदि करहरू संकलन गर्ने।
2. करदातालाई सेवा:
PAN/VAT दर्ता, जानकारी र परामर्शजस्ता सेवा प्रदान गर्ने।
3. अनुगमन तथा लेखापरीक्षण:
व्यापारिक कारोबारको निगरानी गर्ने र कर विवरणहरूको लेखापरीक्षण गरी नियम पालना भए/नभएको हेर्ने।
4. नीति कार्यान्वयन:
सरकारद्वारा बनाइएका करसम्बन्धी नीति तथा कानून कार्यान्वयन गर्ने।
5. राजस्व पूर्वानुमान:
राष्ट्रिय बजेट तथा योजना बनाउनका लागि राजस्वको अनुमान गर्ने।
6. कर शिक्षा र जनचेतना:
कर सम्बन्धी जनचेतना फैलाउने र करदातालाई सही जानकारी दिने।
7. कर छलपत्र रोकथाम:
कर छल, धोखाधडी, अवैध गतिविधिहरू पत्ता लगाउने र कारबाही गर्ने।



11. Briefly describe any five rights of Government of Nepal under ITA, 2058.	[2+3]
Analytical Answer Questions	[5]
12. 2079 Q.No. 19a What are the circumstances under which the Inland Revenue Department can make jeopardy Assessment of tax?	[15 marks]
13. 2079 Q.No. 19b What is tax clearance certificate? What documents must be submitted to Inland Revenue Office for issue of such certificate?	[8]
14. 2078 Q.No. 10a 2077 Q.No. 10a 2076 Q.No. 10a What are the duties of tax payers as per Income Tax Act, 2058?	[3+4]
	[8]

Comprehensive Answer Questions

12. **2079 Q.No. 19a** What are the circumstances under which the Inland Revenue? Department can make jeopardy Assessment of tax? [8]

➤ Jeopardy assessment is an official assessment conducted by tax officials in special circumstances. However, the tax office should grant taxpayers an opportunity to produce proof, if any, in own favour while making a jeopardy assessment. Income Tax Act has given the authority to carry out jeopardy assessment under the following situations when:

- a person becomes bankrupt, is wound-up, or goes into liquidation.
- a person is about to leave Nepal indefinitely.
- a person is otherwise about to cease activity in Nepal or
- the Department otherwise considers it appropriate.

When the tax officials make such assessment with respect to a full- income year, the assessed person is not required to file a return of income under section 96 (1) for the year. If such assessment is done with respect to part of an income-year, the assessed person is still required to file a return of income for the year under section 96 (1).

Any tax paid on the assessment of the part of an income year shall be credited against the tax payable on an assessment made for the full income year.

13. **2079 Q.No. 19b** What is tax clearance certificate? What documents must be submitted to Inland Revenue Office for issue of such certificate? [3+4]

➤ A tax clearance refers to a document issued by Inland Revenue Department to certify the clarification of tax from taxpayer. A person may apply for tax clearance certificate to the Department with inclusion of necessary documents specified in sub section (2) of Section 96. After receipt of application, the IRD shall issue a tax clearance certificate

ANY HOW PASS

SUBSCRIBE

9802831152



GAZZAB KO INSTITUTE



Gazzab ko tuition and language center

www.reallygreatsite.com

after verifying the accuracy of tax calculation made by the applicant and by checking proof of tax, fees and advance tax amount and making him pay interest, if found due.

The following matters pursuant to Section 96 (2) of the Income Tax Act, 2058 must be submitted to IRD for the issue of tax clearance certificate:

- a. assessable income earned by that person from each employment, business or investment in that year and source of such income.
- b. taxable income of that person in that year and the tax to be imposed on the person referred to in clause (a) of Section 3 in respect of that income.
- c. income sent abroad in that income year by a non-resident person's foreign permanent establishment situated in Nepal, and the tax imposable in that income.
- d. the income return has to be signed by that person or manager, covenanting that it is true and complete.
- e. Such other information and details as specified by the Department.

14. **2078 Q.No. 10a** **2077 Q.No. 10a** **2076 Q.No. 10a** What are the duties of tax payers as per Income Tax Act, 2058? [8]

Income Tax Act, 2058 has not categorically specified the duties of taxpayers. However, to enjoy the rights as per the Act, the taxpayer is required to fulfill following duties in accordance with the Act:

- To register and get Permanent Account Number (PAN).
- To follow/adopt accounting method prescribed by the Government of Nepal.
- To maintain books of account and other documents properly.
- To pay tax within stipulated time and place.
- To pay tax in installments or deduct tax at source.
- To file returns within stipulated time.
- To provide information to tax office.
- To attend tax office if he is ordered to do so.
- To accept evidence issued by tax office as notification of tax payable.
- Not to oppose tax officials in performing their duties, etc.

Unit-17 Official Documentation, Record-keeping, and Information Collection

1. Write a short note on defective document.

English:

A defective document is a document that contains mistakes, errors, or omissions, making it incomplete, unclear, or invalid in legal terms. These defects may arise from incorrect details, missing information, or procedural mistakes.

Nepali:

त्रुटिपूर्ण कागजात भन्नाले त्यस्तो कागजातलाई जनाउँछ जसमा गल्ती, त्रुटि वा अपूर्णता हुन्छ, जसले गर्दा त्यो कानुनी रूपमा अस्पष्ट वा अवैध हुन्छ। यस्तो कागजातमा विवरण गलत, सूचना अपूर्ण, वा प्रक्रिया त्रुटिपूर्ण हुन सक्छ।

2. Briefly state any two conditions that are not treated as violation of official secrecy.

English:

1. Disclosure made for the purpose of justice in a court.
2. Disclosure to a government authority for official duty.

Nepali:

१. अदालतमा न्याय सम्पादनको लागि जानकारी खुलासा गरिनु।
२. सरकारी निकायमा आधिकारिक कर्तव्य पूरा गर्न जानकारी खुलासा गरिनु।

3. Write a short note on maintenance of documents.

English:

Maintenance of documents means the systematic keeping, protecting, and organizing of official records and papers for future reference and legal purposes.

Nepali:

कागजात संरक्षण भन्नाले सरकारी वा कानुनी प्रयोजनका लागि कागजातहरू व्यवस्थित तरिकाले राख्ने, जोगाउने र व्यवस्थापन गर्ने प्रक्रिया हो।

4. In what circumstances a document is considered as sufficiently served?

English:

A document is considered sufficiently served when it has been properly delivered to the concerned party through accepted methods such as personal delivery, registered post, or official publication.

Nepali:

कागजात तब पर्याप्त रूपमा प्रदान गरिएको मानिन्छ जब सो कागजात सम्बन्धित व्यक्तिलाई स्वीकृत माध्यमहरू जस्तै व्यक्तिगत रूपमा, दर्ता पोस्टमार्फत, वा सरकारी प्रकाशनमार्फत पठाइएको हुन्छ।

5. Briefly describe the form of documents to be maintained under ITA, 2058.

English:

Under Income Tax Act, 2058, documents should be maintained in written, printed, or electronic form ensuring they are clear, complete, and accessible when needed for official purposes.

Nepali:

आयकर ऐन, २०५८ अनुसार कागजातहरू लिखित, मुद्रित वा इलेक्ट्रोनिक स्वरूपमा राख्नुपर्छ जसले गर्दा स्पष्ट, पूर्ण र आवश्यक पर्दा पहुँचयोग्य होस्।

6. Briefly describe the provision related to the maintenance of documents.

English:

As per the provision, taxpayers must keep documents related to income, expenses, assets, and liabilities for a specified period (generally 6 years) to ensure transparency and verification by tax authorities.

Nepali:

व्यवस्थाअनुसार करदाताले आफ्ना आय, खर्च, सम्पत्ति र दायित्वसँग सम्बन्धित कागजातहरू एक निश्चित समयावधि (सामान्यतः ६ वर्ष) सम्म सुरक्षित राख्नुपर्ने हुन्छ, ताकि पारदर्शिता र कर प्राधिकरणद्वारा परीक्षण सुनिश्चित गर्न सकियोस्।

7. Write down the provisions regarding official secrecy as mentioned in the Income Tax Act, 2058.

English:

According to the Income Tax Act, 2058, all officials must keep taxpayers' information confidential and must not disclose it except in cases provided by law, like legal investigations or official duties.

Nepali:

आयकर ऐन, २०५८ अनुसार सबै अधिकारीहरूले करदाताको जानकारी गोप्य राख्नुपर्छ र कानूनमा उल्लेखित विशेष परिस्थितिमा मात्र (जस्तै कानुनी अनुसन्धान वा सरकारी कार्यका लागि) जानकारी खुलासा गर्न सकिन्छ।

Unit – 18

Return of Income and Assessment

1. Differentiate assessable income and taxable income.

English:

- **Assessable Income:** It is the total income earned by a person from all sources before allowing deductions under tax laws.
- **Taxable Income:** It is the income that remains after deducting allowable deductions from assessable income. Tax is calculated on this amount.

Nepali:

- मूल्याङ्कन योग्य आम्दानी (Assessable Income): यो व्यक्तिले सबै श्रोतहरूबाट प्राप्त गरेको कुल आम्दानी हो जुन कर कानून अनुसार कटौती गर्नु अगाडि हुन्छ।
- कर योग्य आम्दानी (Taxable Income): मूल्याङ्कन योग्य आम्दानीबाट अनुमत कटौतीहरू घटाएर बाँकी रहेको आम्दानी कर लाग्ने आम्दानी हो।

2. What do you mean by 'tax assessment'? List out the types of tax assessment.

English:

- Tax Assessment: It is the process of determining the tax liability of a person by the tax authority.
- Types of Tax Assessment:
 1. Self-assessment
 2. Normal assessment
 3. Best judgment assessment
 4. Re-assessment
 5. Protective assessment

Nepali:

- कर मूल्याङ्कन भन्नाले के बुझिन्छ?: कर प्राधिकरणले करदाताको कर दायित्व निर्धारण गर्ने प्रक्रिया नै कर मूल्याङ्कन हो।
- कर मूल्याङ्कनका प्रकारहरू:
 १. स्व-मूल्याङ्कन
 २. सामान्य मूल्याङ्कन
 ३. अनुमानित मूल्याङ्कन
 ४. पुनः मूल्याङ्कन
 ५. सुरक्षात्मक मूल्याङ्कन

3. Mention the persons who are not required to file a return of income.

English:

- Persons having income below the basic exemption limit.

- Government employees whose income is fully subject to TDS and have no other income.
- Persons exempted by tax laws such as some charitable organizations.

Nepali:

- आधारभूत छूट सीमाभन्दा कम आम्दानी भएका व्यक्ति।
- सरकारी कर्मचारीहरू जसको सम्पूर्ण आम्दानी स्रोत कर कटौती (TDS) मा परेको छ र अन्य आम्दानी छैन।
- कर ऐनले छुट दिएको केही संस्था, जस्तै परोपकारी संस्थाहरू।

4. State the meaning of returns of income.

English:

- Return of Income is a statement of income and tax liability submitted by a taxpayer to the tax authority showing the details of income, deductions, and taxes paid.

Nepali:

- आय विवरण भन्नाले करदाताले कर प्राधिकरणमा बुझाउने यस्तो विवरण हो जसमा आय, कटौती र भुक्तान गरिएको करको विवरण उल्लेख हुन्छ।

5. Show your acquaintance with extension of time to file return of income.

English:

- If a taxpayer is unable to file the return of income within the due date, they can apply to the tax authority for an extension of time. Upon approval, the taxpayer can file the return within the extended period.

Nepali:

- यदि करदाता तोकिएको म्यादभित्र आय विवरण बुझाउन असमर्थ भएमा, कर प्राधिकरणमा समय विस्तारको लागि निवेदन दिन सक्छ। स्वीकृत भएपछि, करदाताले नयाँ तोकिएको समयभित्र विवरण बुझाउन सक्नेछ।

5. Define tax assessment and write about self-assessment of tax.

English:

Tax Assessment is the process of determining the taxpayer's income, deductions, and tax liability by the tax authority.

Self-Assessment is a system where the taxpayer calculates their own income, deductions, and tax payable and submits it to the tax office along with the tax payment.

Nepali:

कर मूल्यांकन भन्नाले कर प्रशासनले करदाताको आम्दानी, कटौती र कर दायित्व निर्धारण गर्ने प्रक्रिया हो।

स्व-मूल्यांकन भन्नाले करदाताले आफैले आफ्नो आम्दानी, कटौती र कर योग्य रकमको गणना गरी कर कार्यालयमा विवरणसहित कर तिर्ने प्रणाली हो।

7. Write the meaning of 'self-assessment of tax' as per the provision made in Income Tax Act. What are its advantages?

English:

Meaning of Self-Assessment: Under Income Tax Act 2058, self-assessment allows taxpayers to compute their own taxable income and pay taxes accordingly.

Advantages:

1. Saves time and effort of tax authorities.
2. Increases responsibility of taxpayers.
3. Encourages timely filing and tax compliance.
4. Reduces administrative costs.

Nepali:

स्व-मूल्यांकनको अर्थ: आयकर ऐन, २०५८ अनुसार करदाताले आफ्नै आम्दानीको कर गणना गरी कर तिर्ने व्यवस्था हो।

यसका फाइदाहरू:

१. कर प्रशासनको समय र खर्च बचत हुन्छ।
२. करदातामा जिम्मेवारी बढाउँछ।
३. समयमा विवरण बुझाउने र कर तिर्ने प्रोत्साहन गर्छ।
४. प्रशासनिक खर्च घटाउँछ।

8. What are the different types of assessment? Briefly describe the amended assessment.

English:

Types of Tax Assessment:

1. Self-Assessment
2. Normal Assessment

3. Jeopardy (Best Judgement) Assessment
4. Amended Assessment
5. Protective Assessment

Amended Assessment: If any mistake, error, or omission is found in the original assessment, the tax officer can revise or amend it to determine the correct tax liability.

Nepali:

कर मूल्यांकनका प्रकारहरू:

१. स्व-मूल्यांकन
२. सामान्य मूल्यांकन
३. अनुमानित मूल्यांकन
४. संशोधित मूल्यांकन
५. सुरक्षात्मक मूल्यांकन

संशोधित मूल्यांकन: मूल मूल्यांकनमा कुनै त्रुटि वा कमी भेटिएमा कर अधिकृतले त्यसलाई संशोधन गरेर कर दायित्व पुनः निर्धारण गर्न सक्छ।

9. Briefly explain the self-assessment of income tax as per Income Tax Act, 2058.

English:

As per Income Tax Act 2058, **Self-Assessment** allows taxpayers to compute their taxable income, deductions, and tax liability on their own. The taxpayer is responsible for filing the return and paying taxes by the due date. Penalty and interest may apply if the return is incorrect or filed late.

Nepali:

आयकर ऐन, २०५८ अनुसार **स्व-मूल्यांकन** करदाताले आफ्नै आमदानी, कटौती र कर योग्य रकमको गणना गरी आफैँ कर विवरण बुझाउने व्यवस्था हो। तोकिएको समयमा विवरण नबुझाएमा जरिवाना वा ब्याज लाग्न सक्छ।

10. Describe the method of tax assessment under Income Tax Act 2058.

English:

Under Income Tax Act 2058, **methods of tax assessment** include:

1. **Self-Assessment** by the taxpayer.
2. **Normal Assessment** by the tax office after examining the return.
3. **Jeopardy (Best Judgement) Assessment** if the return is not filed or is unsatisfactory.

4. **Amended Assessment** to correct mistakes.
5. **Protective Assessment** in case of disputes.

Nepali:

आयकर ऐन, २०५८ अनुसार कर मूल्यांकनका विधिहरू:

१. स्व-मूल्यांकन – करदाताले गर्ने।
२. सामान्य मूल्यांकन – कर कार्यालयले विवरण जाँच गरेर गर्ने।
३. अनुमानित मूल्यांकन – विवरण नआएमा वा त्रुटिपूर्ण विवरण भएमा।
४. संशोधित मूल्यांकन – त्रुटि सुधार गर्ने।
५. सुरक्षात्मक मूल्यांकन – विवादको अवस्थामा।

Unit – 19

Collection, Remission and refund of Tax

1. Briefly state the measures for recovery of the due amount from taxpayer.

English:
Measures include sending notices, imposing penalties, freezing bank accounts, seizing property, and legal action if the taxpayer fails to pay the due amount.

Nepali:
करदाता बाट बक्यौता रकम असुली गर्ने उपायहरूमा सूचना पठाउने, जरिवाना लगाउने, बैंक खातामा रोक लगाउने, सम्पत्ति जफत गर्ने र कानुनी कारबाही गर्ने समावेश छन्।

2. What is tax certificate? Give its types.

English:
A tax certificate is an official document issued by the tax authority indicating the taxpayer has fulfilled certain tax obligations.

Types:

- Tax Clearance Certificate
- Exemption Certificate
- Withholding Certificate

Nepali:
कर प्रमाणपत्र भनेको करदाता द्वारा तोकिएको कर दायित्व पूरा गरेको प्रमाणस्वरूप कर प्रशासनले दिने

आधिकारिक कागजात हो।

प्रकारहरू:

- कर चुक्ता प्रमाणपत्र
- कर छुट प्रमाणपत्र
- रोक्का कर प्रमाणपत्र

3. Mention the methods of income tax collection in brief.

English:

Methods include:

- Self-assessment
- Withholding at source
- Advance payment
- Payment upon assessment

Nepali:

आय कर संकलनका विधिहरू:

- आत्म-मूल्यांकन (Self-assessment)
- स्रोतमै रोक्का (Withholding at source)
- अग्रिम भुक्तानी (Advance payment)
- मूल्यांकन पश्चात भुक्तानी (Payment upon assessment)

4. Show your acquaintance with presumptive tax.

English:

Presumptive tax is a simplified tax system for small taxpayers where tax is calculated based on estimated income rather than actual income.

Nepali:

अनुमानित कर (Presumptive tax) भनेको साना करदाताहरूका लागि लागू गरिने सरल कर प्रणाली हो जसमा वास्तविक आमदानीको सट्टा अनुमानित आमदानीको आधारमा कर निर्धारण गरिन्छ।

5. What is withholding/advance tax?

English:

Withholding tax is deducted at the source of income before payment. Advance tax is paid in installments before the end of the financial year based on estimated income.

Nepali:

रोक्का कर (Withholding tax) भनेको आम्दानी प्राप्त हुनु अगाडि नै स्रोतमा कट्टी गरिने कर हो। अग्रिम कर (Advance tax) भनेको आर्थिक वर्ष समाप्त हुनु अघि अनुमानित आम्दानीको आधारमा किस्ताबन्दीमा तिर्ने कर हो।

6. What is tax refund? Explain.

English:

Tax refund is the return of excess tax paid by a taxpayer when the actual tax liability is less than the amount paid.

Nepali:

कर फिर्ता भनेको करदाताले तिरेको कर वास्तविक कर दायित्वभन्दा बढी भएमा सरकारबाट फिर्ता पाइने रकम हो।

✓ Q.11 (2077 Q. No. 10b):

Briefly explain the different methods of tax collection as per Income Tax Act, 2058. [8 marks]

English:

The Income Tax Act, 2058 prescribes the following main methods of tax collection:

1. Self-Assessment Method:

Taxpayers assess their own income and submit tax returns and payments accordingly.

2. Withholding at Source:

Tax is deducted at the time of payment (e.g., salary, interest, rent) by the payer and deposited to the government.

3. Advance Payment of Tax:

Tax is paid in advance in installments based on projected income during the income year.

4. Assessment by Tax Officer:

If the taxpayer fails to file a return, the tax officer assesses the tax liability and collects it accordingly.

Nepali:

आयकर ऐन, २०५८ अनुसार कर संकलनका प्रमुख विधिहरू निम्नानुसार छन्:

1. **आत्ममूल्यांकन विधि:**
करदाताले आफ्नै आम्दानीको मूल्यांकन गरी रिटर्न बुझाउने र कर तिर्ने प्रक्रिया।
2. **स्रोतमा कर कटौती (Withholding):**
आय प्राप्त गर्ने क्रममा (जस्तै तलब, ब्याज, भाडा) नै कर कटौती गरी सरकारलाई बुझाउने।
3. **अग्रिम कर भुक्तानी:**
अनुमानित आम्दानीको आधारमा आर्थिक वर्षभित्र किस्ताबन्दीमा कर तिर्ने।
4. **कर अधिकृतद्वारा मूल्यांकन:**
करदाता आफैले रिटर्न नबुझाएमा कर अधिकृतले मूल्यांकन गरी कर संकलन गर्ने।

✓ Q.12 (2076 Q. No. 10b):

Describe briefly the collection of tax on an installment basis.
[7 marks]

English:

A collection of tax on an installment basis is known as an **advance tax payment**. Taxpayers with business or investment income exceeding a certain threshold are required to pay tax in **three installments** during the income year based on estimated income. This helps in timely revenue collection and reduces year-end burden.

Installment Schedule:

- First Installment: By the end of Poush
- Second Installment: By the end of Chaitra
- Final Installment: By the end of Ashadh

Nepali:

किस्ताबन्दीमा कर संकलन भन्नाले अग्रिम कर भुक्तानी हो। व्यवसाय वा लगानी आम्दानी तोकिएको सीमाभन्दा बढी हुने करदाताले आर्जन वर्षभित्रै तीन किस्तामा अनुमानित आम्दानीको आधारमा कर तिर्नुपर्ने हुन्छ। यसले सरकारलाई समयमै राजस्व संकलनमा सहयोग पुऱ्याउँछ।

किस्ताको तालिका:

- पहिलो किस्ता: पुष मसान्तभित्र
- दोस्रो किस्ता: चैत मसान्तभित्र

- अन्तिम किस्ता: असार मसान्तभिन्न

✓ Unit 20: Administrative Review and Appeal

Brief Answer Questions [2 marks]

Q.1: Mention any two decisions that are subject to review by IRD.

English:

Two decisions subject to review by the IRD are:

1. Assessment of tax liability.
2. Rejection of tax refund claims.

Nepali:

IRD द्वारा पुनरावलोकन गर्न सकिने दुई निर्णयहरू:

1. कर दायित्वको मूल्यांकन।
2. कर फिर्ता अस्वीकृत गर्ने निर्णय।

Q.2: Show your acquaintance with appeal to the revenue tribunal.

English:

If a taxpayer is not satisfied with the decision of the IRD after review, they may file an appeal to the **Revenue Tribunal** within **35 days** from the date of decision. The tribunal acts as an independent body to settle tax disputes.

Nepali:

यदि करदाता IRD को पुनरावलोकन निर्णयबाट असन्तुष्ट छन् भने, उनले **३५ दिनभित्र** राजस्व न्यायाधिकरणमा अपिल गर्न सक्छन्। राजस्व न्यायाधिकरण करसम्बन्धी विवाद समाधान गर्ने स्वतन्त्र निकाय हो।

Descriptive Answer Questions [10 marks]

Q.3: What is an administrative review? List out any five decisions subject to administrative review. [5 marks]

English:

Administrative review is the process by which a taxpayer requests the IRD to reconsider its decision before going to a higher authority like a tribunal.

Five decisions subject to administrative review:

1. Tax assessment decisions
2. Penalty or interest imposed
3. Rejection of tax refund
4. Denial of exemption or deduction
5. Seizure of taxpayer's assets

Nepali:

प्रशासनिक पुनरावलोकन भनेको करदाताले राजस्व न्यायाधिकरणमा जाने पूर्वमा IRD सँग निर्णय पुनर्विचारको लागि गर्ने प्रक्रिया हो।

पुनरावलोकन योग्य पाँच निर्णयहरू:

1. कर मूल्यांकनको निर्णय
2. जरिवाना वा ब्याज लगाइएको निर्णय
3. कर फिर्ता अस्वीकृति
4. छुट वा कटौती नदिएको निर्णय
5. सम्पत्ति जफतसम्बन्धी निर्णय

Q.4: Briefly describe the procedure of filing an objection to reviewable decision. [5 marks]

English:

Procedure to file an objection:

1. Submit an application in writing to the IRD.
2. Attach necessary documents and evidence.
3. File within **30 days** of receiving the decision.
4. Wait for IRD's decision (usually within 60 days).
5. If unsatisfied, appeal to Revenue Tribunal within 35 days of the review decision.

Nepali:

पुनरावलोकनका लागि आपत्ति दर्ता गर्ने प्रक्रिया:

1. IRD मा लिखित रूपमा निवेदन दिनु।
2. आवश्यक प्रमाण र कागजात संलग्न गर्नु।
3. निर्णय प्राप्त भएको मितिले **३० दिनभित्र** निवेदन दिनु।
4. IRD बाट निर्णयको प्रतीक्षा गर्नु (सामान्यतया ६० दिनभित्र)।
5. असन्तुष्ट भएमा **३५ दिनभित्र** राजस्व न्यायाधिकरणमा अपिल गर्नु।

Do not depend on these notes only. You can study from various sources of information **i**

MANISH SHRESTHA
"GAZZAB KO TUITION CENTER"
ANY HOW PASS
SUBSCRIBE
9802831152
GAZZAB KO INSTITUTE
Gazzab ko tuition and language center
www.reallygreatsite.com

MANISH SHRESTHA
"GAZZAB KO TUITION CENTER"
ANY HOW PASS

SUBSCRIBE

9802831152

GAZZAB KO INSTITUTE
 Gazzab ko tuition and language center
www.reallygreatsite.com