

Nepal Budget Highlights (2083-84) 2026-27

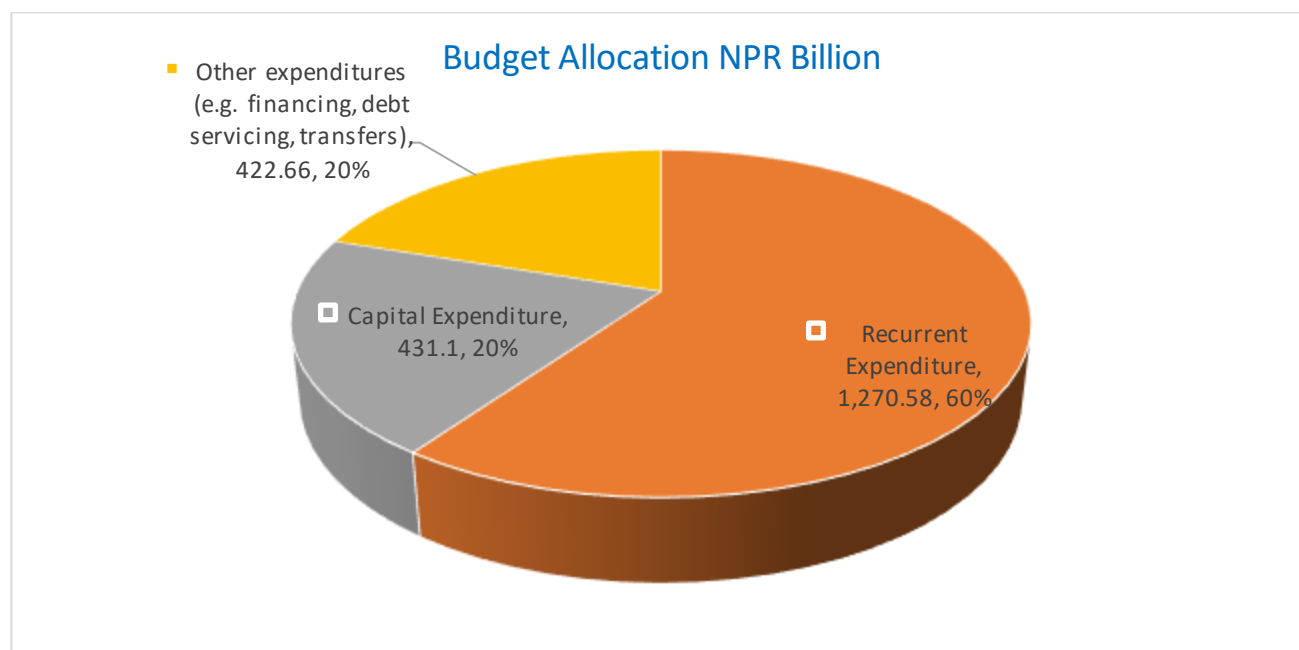


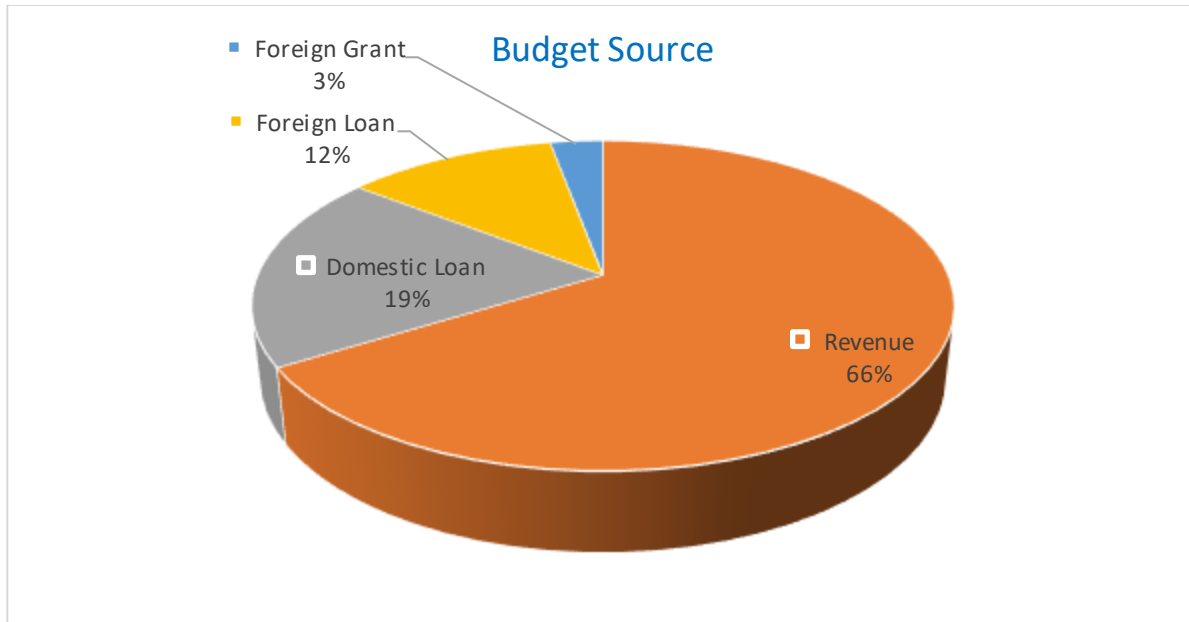
Budget 2083/84 (2026-27) Highlights: At a glance

Key Goals

- ✓ Economic reform and governance improvements to make government services more effective and transparent.
- ✓ Restore private sector confidence and encourage business investment.
- ✓ Expand technology-driven public services to improve efficiency and accessibility.
- ✓ Promote production, innovation, and entrepreneurship to create jobs and increase productivity.
- ✓ Target economic growth of 7% while keeping inflation below 6%.

Budget Size and Allocation (Total Budget 2124.34 billion)





Income Tax Related

1. Tax Rates for Natural Person (*Slabs & tax rates changed*)

Slabs are same for couple and individual.

Remuneration income/ Sole- Proprietor business income	
Taxable Salary (Gross salary- deductible contribution in SSF/RF)	Applicable Tax Rate
Up to 10 lakhs	1%
Next 5 lakh	10%
Next 10 lakh	20%
Next 15 lakh	27%
Above 40 lakhs	29%

1% is the social security tax (SST)

- ✓ to be deposited in a separate revenue account (11211).
- ✓ not payable by the tax payer registered as Sole proprietor.
- ✓ Not payable if tax payer deposits the amount in the Social Security Fund (SSF).

2. Deductions (*Threshold increased & newly inserted*)

Followings are deductible from Gross Taxable Income

- ✓ Lower of 10,000 (*previously 5,000*) or actual insurance premium paid for private building by resident natural person.
- ✓ Lower of 25,000 or 25% of annual tuition fees paid by resident natural person.

3. Revision in advance Tax Rates

Particulars	F. Yr 2026-27	F. Yr 2025-26
Listed shareholding <= 365 days	10%	7.5%
Listed shareholding > 365 days	7.5%	5%
Land and building of natural person holding => 5 years	7.5%	5%
Land and building of natural person holding < 5 years	10%	7.5%
Payment exceeding NPR 5 million to consumer committee	-	1.5%

- ✓ Payments to resident individual insurance agents are subject to final withholding tax (*previously no final withholding*) at 20% (*previously 15%*).
- ✓ Capital gains on listed or unlisted shares, land, and buildings and certain foreign-currency and service income under Section 95Ka are final-taxed if the recipient does not file a return.
- ✓ No TDS withholding on agricultural contribution awards up to Rs 500,000 and may exempt higher amounts by a Gazette notice.
- ✓ Resident ride-sharing operators must withhold 1% advance tax from payments to natural persons on their platforms.

4. Disallowed limit of cash transaction

Cash payment exceeding NPR 25,000 (*previously NPR 50,000*) per transaction is not allowed as a tax-deductible expense.

5. Concessions

i. Person doing business without PAN

Can get PAN and get fines and penalties concession up to 2079/80- 2082/83 by filing return and paying tax amount plus 1% of tax amount within Poush end 2083.

On complying above; Before 2079/80: all concessions (filings, tax, fines and penalties).

ii. Person (No transactions) doing business with PAN

Can cancel the PAN or start the business by giving an application to IRD and by filing the 2082/83 Tax return within Poush end 2083.

If action not taken as above IRD may cancel the PAN, or can levy Tax, fine, interest for resumption of business.

iii. Person (with transactions, Tax and return filing pending) doing business with PAN

Tax and 1% of tax (fee) and return to be filed within Poush end 2083 will ease fines and interest.

iv. Return filed but tax (Income tax, VAT, Excise) not paid

Tax paid with additional 1% of tax liability within Poush end 2083 will ease additional fees, penalties, interest.

v. Tax liabilities (Income tax, VAT, Excise) arise from Tax department assessment up to Jestha 15, 2083

Payment of assessed Tax along with additional 1% within Poush end 2083; will ease additional fees, penalties, interest.

vi. For any pending cases within Jestha 15, 2083

Such case can be withdrawn or cancel after paying assessed tax with additional 1% within Poush end 2083.

vii. For Nepali Resident Individuals Working in the United Nations, International Organizations, or Diplomatic Missions and exemption not applicable as per Vienna convention

Payment of Tax along with its 1% and filing of Tax return from 2079/80 to 2082/83 within Mangsir end 2083 will ease fines, penalties, interest. No need to file return, pay tax, interest, penalty and fine for the period before 2079-80.

VAT Related

1. Introduction of New VAT Rate

A new VAT rate of 5% is introduced on end consumers who consume more than 50 units of electricity per month & passenger transport and cargo or delivery services provided through resident ride-hailing platforms.

2. VAT Incentive

10% VAT discount on purchases made via digital payments, automate VAT refunds, and promote an invoice culture through lottery schemes.

3. Waiver

A VAT-registered person who made taxable transactions but failed to collect and deposit VAT may obtain a full waiver of interest, additional fees, and penalties by filing all outstanding VAT returns up to Chaitra 2082 and paying the VAT due plus an additional 1% by the end of Poush 2083.

A VAT-registered person who collected VAT on taxable transactions but failed to file VAT returns may obtain a full waiver of interest, additional fees, and penalties by filing all outstanding VAT returns up to Chaitra 2082 (mid-April 2026) and paying the VAT due plus an additional 1% by the end of Poush 2083 (mid-January 2027).