



RELIANCE
CORPORATE ADVISORS

SIMPLIFYING BUSINESS

NEPAL BUDGET 2082/83 **SIMPLIFIED**

A CONCISE OVERVIEW OF
OBJECTIVES, PRIORITIES,
ALLOCATIONS, AND
TAXATION UPDATES

EXECUTIVE SUMMARY

THE BUDGET FOR FISCAL YEAR 2082/83 WAS PRESENTED BY FINANCE MINISTER BISHNU PRASAD POUDEL ON 15 JESTHA 2082 (29 MAY 2025). THE TOTAL BUDGET SIZE IS NPR 1960 BILLION.

ITS KEY GOALS ARE TO REDUCE POVERTY THROUGH SUSTAINABLE GROWTH, GENERATE EMPLOYMENT VIA ENTREPRENEURSHIP AND INVESTMENT, BOOST ECONOMIC EFFICIENCY WITH MODERN TECHNOLOGY, ENSURE SOCIAL JUSTICE, AND ENHANCE PUBLIC SERVICES AND GOVERNANCE.



To alleviate poverty by achieving high and sustainable economic growth,



To create employment by promoting entrepreneurship and expanding public and private investment,



To enhance economic efficiency through the increased use of modern technology,



To establish social justice through social protection and development, and



To promote quality public services and good governance.

5 OBJECTIVES OF THE BUDGET

4 PRIORITIES OF THE BUDGET

01

Promotion of entrepreneurship, employment, production, and a productive economy,

02

Expansion of investment in result-oriented and quality physical infrastructure,

03

Qualitative improvements in the social sector, Ensuring balanced development and social security, and

04

Citizen-friendly services, control of corruption, and improvement in governance

BUDGET OVERVIEW

Total Budget: NPR 1,960 billion

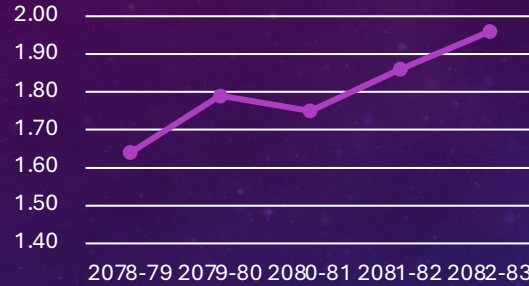
Recurrent Expenditure: NPR 1,180 billion (60.1%)

Capital Expenditure: NPR 407.89 billion (20.8%)

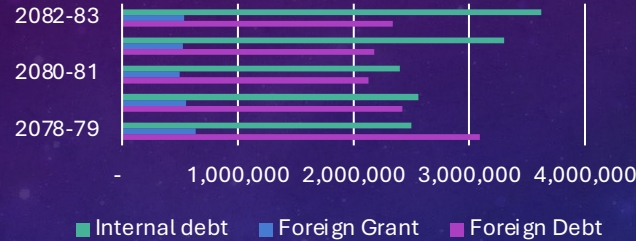
Debt Financing: NPR 375.24 billion (19.1%)

BUDGET DASHBOARD

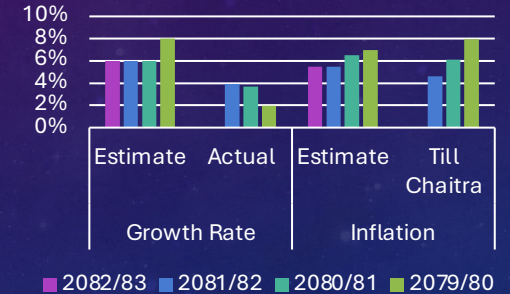
BUDGET SIZE (NPR Trillion)



INTERNAL DEBT V. FOREIGN GRANT V. FOREIGN DEBT



GROWTH RATE & INFLATION



ALLOCATION OF BUDGET

Budget Head	For 2082-83		For 2081-82		Expected Utilization	
	Estimated	%	Estimate	%		
Current Expenditure	11,809,800	60%	11,406,645	61%	10,099,354	61%
Capital Expenditure	4,078,880	21%	3,523,540	19%	2,939,036	18%
Financial Management	3,752,420.00	19%	3,672,845	20%	3,585,262	22%
Total Budget Allocated	19,641,100	100%	18,603,030	100%	16,623,652	100%

SOURCES OF REVENUE

Revenue Head	For 2082-83		For 2081-82		Revised Estimate	
	Estimate	%	Estimate	%		
Revenue	13,150,000	67%	12,603,030	68%	11,278,710	68%
Internal Debt	3,620,000	18%	3,300,000	18%	3,300,000	20%
Foreign Debt	2,336,631	12%	2,176,735	12%	1,695,996	10%
Foreign Grant	534,469	3%	523,265	3%	348,946	2%
Total	19,641,100	100%	18,603,030	100%	16,623,652	100%

REVENUE SOURCES (IN BILLIONS)

01

**Revenue
Generation:**
NPR 1,310
(67%)

02

**Foreign
Grants:** NPR
53.45 (3%)

03

Foreign Loans:
NPR 233.66
(12%)

04

**Domestic
Borrowing:**
NPR 362 (18%)

INTERGOVERNMENTAL FISCAL TRANSFERS (FY PLAN) – KEY FIGURES

Equalization Grants

- Provinces: NPR 60.66B
- Local Levels: NPR 88.97B

Conditional Grants

- Provinces: NPR 30.35B
- Local Levels: NPR 211.46B
- Total: NPR 241.81B

Supplementary Grants

- Provinces: NPR 3.28B
- Local Levels: NPR 10.06B

Special Grants

Provinces: NPR 3.27B
Local Levels: NPR 9.78B

Revenue Sharing

(Estimate): NPR 165B

**Total Transfer Estimate (All
Sources):** NPR 582.83B

KEY HIGHLIGHTS

Sovereign Wealth Fund: The government will create a fund to channel remittances into productive sectors, supporting infrastructure, fiscal discipline, and social welfare, though detailed plans are pending.

VAT Removal: VAT on digital payment services has been eliminated to promote digital transactions.

Business Support: Loan restructuring, increased working capital, interest penalty relief, and easier loan access will help revive affected businesses.

Women's Entrepreneurship: Registration and renewal fees for female-owned industries are waived to encourage women-led businesses

Removal of bank guarantee provision to acquire EXIM CODE

Debt financing without collateral at the interest rate of 3% p.a. for Young Entrepreneur

Hotel and Resort to receive tax incentive and to be treated as special industry

MAJOR REFORMS

- **'Local Currency Linked Bonds'** to be issued with foreign currency payments linked to Indian rupee fluctuations
- VAT on digital payment services has been removed
- Advance income tax at customs on food items like grains, fruits, vegetables, and animal products has been abolished
- Income from export of IT services abroad will be taxed at only 5%
- Government plans to establish a fully digital Neo Bank by fiscal year 2082/83
- Time based electricity charges to be introduced
- Plant variety to be regarded as Intellectual Property



TAX HIGHLIGHTS

The budget introduces a Health Risk Tax to be levied and collected on goods imported from abroad and those produced within Nepal, as specified in Schedule 6 of the Finance Bill.

All retirement funds previously approved by the Inland Revenue Department must, by the end of Ashadh 2083 B.S., be affiliated with one of the retirement funds established under Employees Provident Fund Act, 2019, Citizen Investment Trust Act, 2047, Social Security Fund Act, 2074 and Retirement Fund Act, 2075.

The VAT refund (10% of VAT Amount) on payments made through electronic means under 25 (1Kha) of the VAT Act was required to be refunded in the taxpayer's bank account. This has now been amended to state that the refund should be made immediately.

The budget has removed the compulsory tax payment liability in cases where there is no turnover or taxable income by introducing an additional clause that requires taxpayers to explicitly opt in for this provision to apply in the relevant income year.

The provision for collection of advance tax at the point of import through customs has been removed by repealing Section 95k (7) of the Income Tax Act, thereby eliminating the requirement to deduct advance tax on imports of certain goods.

KEY TAX AMNESTY

- If a resident entity in Nepal has received a revised income tax assessment due to ownership transfer under Section 57(1) of the Income Tax Act, 2058, and the tax liability is still pending, such entity can settle the assessed tax by the end of Ashadh 2082 B.S. Upon doing so, the interest and fees associated with that revised assessment will be waived.
- Hotels, resorts, industry have now been included alongside special and information technology (IT) industries and are eligible to receive the same tax concessions and special incentives as those granted to special and IT industries.
- The turnover limit for the 100% tax exemption on startup businesses in the first five years from up to 1 crore to up to 10 crore.
- Industries producing green hydrogen shall be exempt from income tax for five years from the date of commencement of business.
- Industries manufacturing or assembling electric vehicle (EV) charging machines that use electric energy shall be exempt from income tax for five years from the date of commencement of business.
- Persons who establish and operate an industrial area or industrial village shall receive a 100% income tax exemption for the first ten years from commencement of business, followed by a 50% exemption for the subsequent five years.

ADDITIONAL ANALYSIS COMING SOON.....

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