



RELIANCE  
CORPORATE ADVISORS

SIMPLIFYING BUSINESS

# NEPAL BUDGET 2083/84 SIMPLIFIED

A concise overview of objectives, priorities, allocations, and taxation updates

# EXECUTIVE SUMMARY

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Fiscal Discipline Drives Progress

- THE GOVERNMENT OF NEPAL UNVEILED **NPR 21.24 TRILLION BUDGET FOR FY 2083/84**, REPRESENTING A **8% INCREASE OVER** OF THE CURRENT FISCAL YEAR.
- BUDGET FINANCING WILL PRIMARILY BE GENERATED FROM **NPR 14.05 TRILLION IN REVENUE**, ALONGSIDE FOREIGN GRANTS, FOREIGN DEBT, AND INTERNAL BORROWING.
- FINANCE MINISTER STATED THAT THE BUDGET IS DESIGNED TO ESTABLISH **GOOD GOVERNANCE THROUGH POLICY, LEGAL, INSTITUTIONAL, AND PROCEDURAL REFORMS, WHILE ENDING POLICY INDECISION AND INEFFICIENT GOVERNANCE PRACTICES.**
- THE BUDGET EMPHASIZES **PRODUCTION-BASED ECONOMIC GROWTH, TECHNOLOGY-DRIVEN DEVELOPMENT, ARTIFICIAL INTELLIGENCE, INVESTMENT PROMOTION, AND COORDINATED ECONOMIC TRANSFORMATION** THROUGH THE EFFECTIVE USE OF NEW TECHNOLOGIES AND DIASPORA NETWORKS.



**GOOD GOVERNANCE AND RULE-BASED ADMINISTRATION;** restoring citizen trust and institutional integrity after the Gen Z movement mandate.



**EMERGENCE/EXPANSION OF THE MIDDLE CLASS;** through tax relief and productive employment.



**PRODUCTIVE, EMPLOYMENT-GENERATING ECONOMY;** converting consumption-led inflows (remittance) into production, with employment-linked production zones,



**GLOBALLY COMPETITIVE ECONOMY;** structural reforms in energy, FDI, capital markets and digital trade to integrate Nepal with regional/global value chains.



**FOUNDATION FOR A DIGNIFIED LIFE;** universal health insurance (90% in 3 years), 24/7 clean water in 5 years, targeted social protection.

# 5 OBJECTIVES OF THE BUDGET

# 4 PRIORITIES OF THE BUDGET

01

**Energy and clean industrialization**  
(hydropower, green hydrogen, AI compute on clean energy).

02

**Agriculture and forest-based green economy**  
(commercial farming, GI products, NTFPs).

03

**Tourism + Information Technology + Innovation** (visit Nepal 2085, AI compute centre, tech hub).

04

**Human capital**  
(education-skills-health restructuring; diaspora mobilisation).

# BUDGET OVERVIEW

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**Total Budget:** NPR 2,124 Billion

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**Recurrent Expenditure:** NPR 1,270 billion (59.8%)

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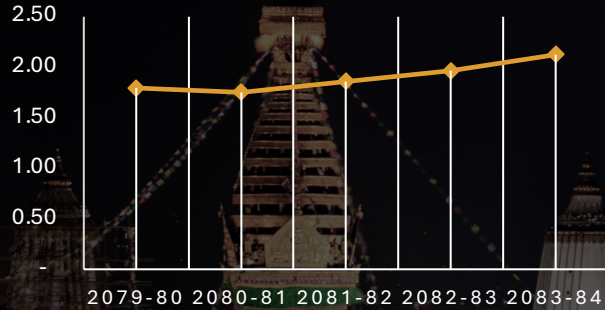
**Capital Expenditure:** NPR 431.1 billion (20.3%)

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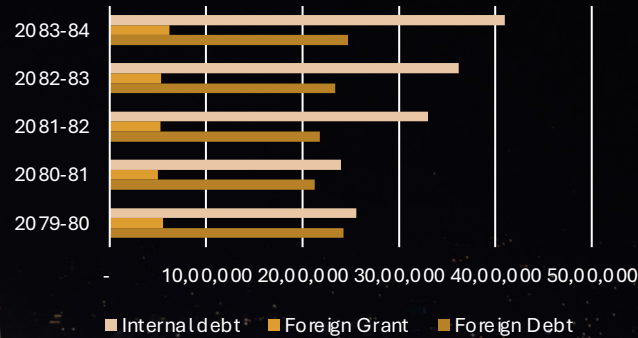
**Financial Management:** NPR 422.6 billion (19.9%)

# BUDGET DASHBOARD

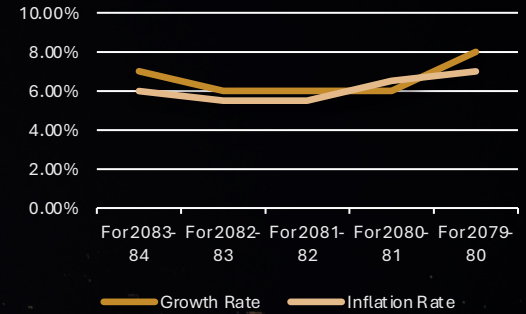
## BUDGET SIZE (NPR TRILLION)



## INTERNAL DEBT V. FOREIGN GRANT V. FOREIGN DEBT (IN LAKHS)



## GROWTH RATE & INFLATION



## ALLOCATION OF BUDGET (IN LAKHS)

Budget Head	For 2083-84		For 2082-83			
	Estimated	%	Estimated	%	Expected Utilization	%
Current Expenditure	1,27,05,890	59.8%	1,18,09,800	60.1%	1,11,50,332	66%
Capital Expenditure	43,11,063	20.3%	40,78,880	21%	25,13,990	15%
Financial Management	42,26,491	19.9%	37,52,420	19%	32,98,946	19%
<b>Total Budget Allocated</b>	<b>2,12,43,444</b>	<b>100%</b>	<b>1,96,41,100</b>	<b>100%</b>	<b>1,69,63,268</b>	<b>100%</b>

## SOURCES OF REVENUE (IN LAKHS)

Revenue Head	For 2083-84		For 2082-83			
	Estimated	%	Estimate	%	Revised Estimate	%
Revenue	1,40,53,183	66.2%	1,31,50,000	67%	1,13,52,280	68%
Internal Debt	41,00,000	19.3%	36,20,000	18%	36,20,000	22%
Foreign Debt	24,72,807	11.6%	23,36,631	12%	14,19,555	8%
Foreign Grant	6,17,454	2.9%	5,34,469	3%	3,09,998	2%
<b>Total</b>	<b>2,12,43,444</b>	<b>100%</b>	<b>1,96,41,100</b>	<b>100%</b>	<b>1,67,01,833</b>	<b>100%</b>

# BUDGET SOURCE

Budgeting For Better Tomorrow

**Revenue  
Generation:**  
NPR 1,405  
Bn (66.15%)

**Foreign  
Grants: NPR**  
61.74 Bn  
(2.91%)

**Domestic  
Borrowing:**  
NPR 410 Bn  
(19.3%)

**Foreign  
Loans: NPR**  
247.28 Bn  
(11.64%)

# KEY HIGHLIGHTS

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Economic growth target set at 7% whilst inflation to be maintained within 6%

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Paperless, faceless, and contactless tax assessment system to be implemented alongside integration of all economic transactions into digital systems

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Maximum personal income tax rate reduced by 10% points whilst the personal income tax exemption threshold to be raised to NPR 1 million

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Scattered taxes to be consolidated into a green tax whilst excise duty on 360 goods to be abolished

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Customs tariff slabs to be reduced from 11 levels to 7 levels alongside reduction of customs duty on 273 types of raw materials

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NEPSE to be restructured whilst capital gains tax on share trading to be treated as final tax

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No additional approvals to be required after Investment Board approval alongside provisions facilitating foreign investment and profit repatriation for NRNs

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Electric public transportation to be operated in Kathmandu whilst immediate PPA approval to be provided for hydropower projects below 10 MW

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# MAJOR REFORMS

- **GOVERNMENT RESTRUCTURING:** Ministries reduced from 22 to 18; 31 entities abolished, 6 merged, 6 transferred, 18 restructured; estimated saving Rs. 20 billion.
- **NEA UNBUNDLING:** Split into three companies - generation, transmission, distribution/trade - finally executed.
- **PPA REFORM:** Lapsed-permit projects cancelled; new PPAs on "take-or-pay"; sub-10 MW projects to get immediate PPA; dry-season pricing.
- **ALTERNATIVE FINANCE:** Offshore NPR bond, Green Energy Bond, Diaspora Bond, Alternative Development Finance Fund.
- **SOVEREIGN WEALTH FUND ("MATRIBHUMI KOSH"):** for AI Factory, provision for 3-month fuel reserve.
- **NATIONAL ASSET MANAGEMENT COMPANY (NPL/NBA):** to be established by Pouch-end.
- **STOCK EXCHANGE (NEPSE):** restructuring with phased rollout of intraday, short-selling, derivatives, GDR.
- **COMMERCIAL BENCH/TRIBUNAL:** for fast disposal of commercial disputes.

# TAX HIGHLIGHTS



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Introduction of **3% equity tax** on all fees charged by **private sector educational institutions and health service providers** .

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Businesses **prohibited from making cash payments exceeding NPR 25,000 at a time.**

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**CSR expenses** made deductible up to **1% of taxable income.**

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**Safe Harbour Rules** introduced under transfer pricing provisions.

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Advance tax on capital gains from sale of SEBON-listed shares revised to 7.5% for holdings exceeding 365 days and 10% for holdings of 365 days or less.

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Advance tax on gains from sale of land and private buildings revised to 7.5% for ownership of 5 years or more and 10% for ownership below 5 years.

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Ride-sharing operators required to collect **1% advance tax** and **5% VAT** on taxable amounts.

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**Unified salary income tax slabs** revised for single and couple taxpayers: **1% up to NPR 1 million, 10% on next NPR 500,000, 20% on next NPR 1 million, 27% on next NPR 1.5 million, and 29% on income exceeding NPR 4 million.**

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Limit for **deductible donations/gifts** to exempt organizations increased from **NPR 100,000 to NPR 300,000.**

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# TAX HIGHLIGHTS (CONTD.)

**Excise hike:** Tobacco and liquor/beer **excise increased**

**VAT: 10% VAT discount (amended from Refund)** at invoice issuance for digital payments

**CGT:** CGT on listed securities made **final** for individuals (no further adjustment)

**Section 57 ITA, 2058:** Not attracted on involuntary transfer on death and ownership change in holding resident entities

**IT sector: 100% exemption** on sweat equity for IT workforce

**Agriculture processing 10-year income tax holiday:** VAT waiver on cold-store, packaging, testing lab machinery

**Cinema halls (outside metros/sub-metros):** 10-year full income tax holiday

**EV import:** Customs duty shifted from **peak-power basis to ad valorem (value)**; "Clean Infrastructure Investment Fee" at import

**Revenue Investigation Dept. Abolished:** functions transferred to line agencies

**Audit window:** Tax audit period fixed at **3 years (Limitation Period)**; AI-based e-assessment

# KEY TAX AMNESTY

- **LITIGATION-WITHDRAWAL AMNESTY:** For any tax dispute pending in court or quasi-judicial bodies (initiated either by the Department or the taxpayer), if the taxpayer:
  - **Pays the assessed tax + only 1% additional ("tip") within the prescribed period (Poush, 2083), and**
  - **Withdraws the case,**then all fees, penalties, fines, tip charges, late fees, and interest are fully waived
- **TAXES/FEE WAIVER:** Companies registered under the Companies Act, 2063 that have failed to file returns on time, complete renewal, or pay applicable taxes, fees, charges, interest, or penalties will be eligible for relief under this provision. Such companies may either continue their business operations or opt for cancellation of registration by complying with the prescribed requirements. If they submit all outstanding tax, fees, charges, and required details for FY 2082/83 within the deadline of Ashoj end, 2083, then compliance will be considered regularized. Upon such submission within the specified timeline, all prior dues including taxes, fees, charges, interest, and penalties shall be fully waived in accordance with law.

# STAY TUNED FOR ADDITIONAL ANALYSIS

Reliance Corporate Advisors  
C/O Corporate Services Pvt. Ltd.  
Milap House, Sanepa-2, Lalitpur, Nepal  
+977 54 233 16 / 54 412 62 / 54 412 63  
enquiry@reliancecs.com