

CONTRIBUTION OF INCOME TAX ON NATIONAL REVENUE OF NEPAL

A Thesis

Submitted

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CERTIFICATION OF AUTHORSHIP

I certify that the work in this thesis has not previously been submitted for a degree nor has it been submitted as part of requirements for a degree except as fully acknowledged within the text.

I also certify that the thesis has been written by me. Any help that I have received in my research work and the preparation of the thesis itself has been acknowledged. In addition, I certify that all information, sources and literature used are indicated in the reference section of the thesis.

.....

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RECOMMENDATION LETTER

It is certified that this thesis entitled Contribution of Income Tax on National Revenue of Nepal submitted by Narendra Singh Saud is an original piece of research work carried out by the candidate under my supervision. Literary presentation is satisfactory and the thesis is in a form suitable for publication. Work evinces the capacity of the candidate for critical examination and independent judgment. Candidate has put in at least 60 days after registering the proposal. The thesis is forwarded for examination.

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TABLE OF CONTENTS

	Page No.
<i>TITLE PAGE</i>	<i>i</i>
<i>CERTIFICATION OF AUTHORSHIP</i>	<i>ii</i>
<i>RECOMMENDATION LETTER</i>	<i>iii</i>
<i>APPROVAL SHEET</i>	<i>iv</i>
<i>ACKNOWLEDGEMENTS</i>	<i>v</i>
<i>TABLE OF CONTENTS</i>	<i>vi</i>
<i>LIST OF TABLES</i>	<i>ix</i>
<i>LIST OF FIGURES</i>	<i>x</i>
<i>ABBREVIATIONS</i>	<i>xi</i>
<i>ABSTRACT</i>	<i>xii</i>
CHAPTER I INTRODUCTION	1-6
1.1 Background of the Study	1
1.2 Statement of the Problems	3
1.3 Objective of the Study	4
1.4 Significance of the Study	4
1.5 Limitation of the Study	5
1.6 Chapter Plan	6
CHAPTER II LITERATURE REVIEW	7-25
2.1 Conceptual Review	7
2.2 Review of Previous Works	17
2.2.1 Review of Articles	17
2.2.2 Review of Previous Thesis	22
2.3 Research Gap	25
CHAPTER III RESEARCH METHODOLOGY	26-27
3.1 Research Design	26
3.2 Source of Data	26
3.3 Data collection Procedures	27
3.4 Data Processing Procedure	27

3.5 Data Analysis Tools & Techniques	27
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CHAPTER IV RESULTS	28-39
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4.1 Results	28
4.1.1 Government Income Structure	28
4.1.2 Income Tax and Total Revenue	30
4.1.3 Income Tax Structure in Nepal	32
4.1.4 Contribution of Income Tax on National Economy/GDP	34
4.1.5 Total Revenue, Tax revenue and Non Tax Revenue on GDP	36
4.2 Findings	38

CHAPTER V CONCLUSIONS	40-43
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5.1 Summary	40
5.2 Conclusion	42
5.3 Implication	43

REFERENCE

APPENDIX

LIST OF TABLES

4.1 Government Revenue Structure	29
4.2 Contribution of Income Tax on Total Revenue	30
4.3 Income Tax Structure	34
4.4 Contribution of Income Tax on GDP	36
4.5 Total Revenue, Total Tax Revenue and Non Tax Revenue on GDP	37

LIST OF FIGURES

4.1 Trend of Revenue Structure	29
4.2 Composition of Income Tax with Total Revenue	31
4.3 Presentation of Income Structure	34
4.4 Composition of Income Tax with GDP	36
4.5 Trend Line of Tax and Non Tax Revenue	38

ABBREVIATIONS

&	And
B.S.	BikramSambat
CA	Chartered Accountant
FY	Fiscal Year
G/N	Government of Nepal
GDP	Gross Domestic Product
i.e.	That is
IMF	International Monetary fund
IRD	Inland Revenue Department
Mgmt.	Management
MOF	Ministry of Finance
No.	Number
PAN	Permanent Account Number
Rs.	Rupees
SAARC	South Asian Association for Regional Cooperation
SAFTA	South Asian Free Trade Area
SN	Serial Number
T.U.	Tribhuvan University
VAT	Value Added Tax
WTO	World Trade Organization

ABSTRACT

The study was aimed at finding out the contribution of income tax on national revenue of Nepal and impact of taxation on revenue generation in Nepal. Main objectives of this study are to study the structure of tax revenue in Nepal, to analyze the contribution of income tax on national revenue in different fiscal years and to evaluate the effectiveness of tax system of Nepal mean that its contribution in GDP . Nepal has been presenting deficit budget, there is incensement. So the country is heavily dependent on the foreign aids and grants to undertake developmental activities. To know that secondary data of Inland Revenue Department, Economic survey of five years and budget speech of five years has been used. Descriptive research design has been used to conduct the study. The major sources of data are economic survey of five years, budget speech of five years, data of MOF, GOV/Nepal, report of IRD, previous thesis and other related published journals etc.

Data processing procedures are Simple percentage, average of percentages and Charts & Diagrams. Data analysis tools and techniques are percentage, average of percentage grapes, tables. Finding of the study revealed that trend of revenue structure is in increasing trend, composition of income tax with total revenue is in increasing trend, contribution of public enterprises, private corporate bodies, remuneration and tax on interest also in increasing trend, contribution of income tax on GDP is also increasing trend, trend line of tax is in increasing trend but trend of non-tax revenue is in decreasing trend. Developing country Nepal has lack of sufficient finances resources. It is the main constraints for national economic development sufficient und are needed to meet the additional financial requirements for the development activities of the country. Tax is the compulsory payment to the government from a person according to law. The government needs lots of revenue to maintain fiscal policy, to carry out function of the government such as national defenses and to redistribute resources among the individuals or classes. So that government and IRD should pay proper attention towards the unhealthy condition of decreasing trend of non-tax revenue.