

**A Study on
Productivity and Implementation
of
Value Added Tax in Nepal**

A Thesis

Submitted by:

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Submitted to:

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*In partial fulfillment of requirements of the degree of
Master of Business Studies (MBS)*

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RECOMMENDATION

This is to certify that the thesis submitted

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Entitled

“A Study on

Productivity and Implementation

of

Value Added Tax in Nepal”

has been prepared and approved by this Department in the prescribed format of the Faculty of Management. This thesis is forwarded for examination.

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VIVA-VOCE SHEET

We have conducted the VIVA-VOCE examination of the thesis submitted by

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**“A Study on
Productivity and Implementation
of
Value Added Tax in Nepal”**

And found the thesis to be the original work of the student written according to the prescribed format. We recommend the thesis to be accepted as a partial fulfillment of the requirement for the degree of Masters of Business Studies (MBS).

VIVA-VOCE COMMITTEE

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DECLARATION

I hereby declare that the thesis entitled “A study on Productivity and Implementation of Value Added Tax in Nepal” submitted to the Office of the Dean, Faculty of Management, Tribhuvan University is my original work. It has been prepared for the partial fulfillment of the requirements for the Degree of Master of Business Studies (MBS) under the supervision of Dr. Kamal Deep Dhakal, Professor of Shankar Dev Campus, Tribhuvan University.

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The present research study “A study on Productivity and Implementation of Value Added Tax in Nepal” has been prepared for the partial fulfillment of the requirement for the Degree of Master of Business Studies (MBS). Although VAT is no longer a new topic in the T.U curriculum, still I chose this topic mainly because of my curiosity to know why VAT is falling short of target in spite of its implementation more than 13 years ago. In fact, VAT promises a great change in the revenue structure of any country and is said to be more efficient and superior to sales tax in revenue generation. Moreover, many people are still ignorant and confused about the very name VAT.

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Abbreviations

C-VAT		Consumption Type Value Added Tax
DANIDA		Danish International Development Agency
DG		Director General
EC	—	European Community
EEC	—	European Economic Community
e.g.	—	For example
FY	—	Fiscal Year
Fig.	—	Figure
GDI	—	Gross Domestic Income
GDP	—	Gross Domestic Product
GON		Government of Nepal
GST	—	Goods & Service Tax
GTZ	—	Deutsche Gesellschaft Fu'r Technische Zusammenarbeit (German Technical Co-operation)
HIID		Harvard Institute for International Development
i.e.	—	that is
IRD		Inland Revenue Department
I-VAT		Income Type Value Added Tax
MBS		Master of Business Studies
MIS	—	Management Information System
MOD VAT	—	Modified Value Added Tax
MOF		Ministry of Finance
MST		Multi-stage Sales Tax (also Manufacture Level Sales Tax)
No.	—	Number
NRB		Nepal Rastra Bank
PAN	—	Permanent Account Number
P-VAT		Product Type Value Added Tax
Rs.		Rupees
RST		Retail Level Sales Tax
SAARC		South Asian Association for Regional Co-operation
TPIN		Tax Payer's Identification Number
TR		Total Revenue
TXR		Total Tax Revenue
UML	—	United Marxist Leninist (Communist Party of Nepal)
USAID	—	United States Agency for International Development

VAT	—	Value Added Tax
viz.	—	Videlicet
vs.	—	versus
WST	—	Wholesale Level Sales Tax
WTO	—	World Trade Organization