

**SPECIAL PROVISION AND INCENTIVE TO MANUFACTURING
INDUSTRIES UNDER ITA 2058**

A Thesis

By

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CERTIFICATION OF AUTHORSHIP

I certify that the work in this thesis entitled **Special Provision and Incentive to Manufacturing Industries Under ITA 2058** 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 certified that the thesis has been written by me under the supervision of Prof. Dr. Gopi Nath Regmi. Any help that I have received in my research work and the preparation of the thesis itself has been acknowledge. In addition, I certified that all information source and literature used are indicated in the reference section of the thesis.

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RECOMMENDATION LETTER

It is certified that thesis entitled **Special Provision and Incentive to Manufacturing Industries Under ITA 2058** submitted by Dipendra Raj Karki, 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 judgement. Candidate has put in at least 60 days after registering the proposal. The thesis is forwarded for examination.

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APPROVAL SHEET

We, the undersigned, have examined the thesis entitled **Special Provision and Incentive to Manufacturing Industries Under ITA 2058** presented by **Dipendra Raj Karki**, a candidate for the degree of **Master of Business Studies (MBS)** and conducted the viva voce examination of the candidate. We hereby certify that the thesis is worthy of acceptance.

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Kathamandu

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ABSTRACT

The research work has been carried out on Special Provision and Incentive to Manufacturing Industries Under ITA 2058 with the aim to analyze the impact of special provisions in manufacturing industries provided by income tax act 2058. For the study purpose, questionnaires are used for primary data and for secondary data publication was used hence descriptions as well as analytical research design are used for research purpose. Tax administrators, tax experts and taxpayers were considered as the total population. Out of them, 20 tax administrators, 20 tax experts and 20 of taxpayers were requested to fill the questionnaire for this 20 each has been used as sample size. Hence, the total respondents have been divided into three different groups. Information collected through the questionnaire was on raw form. To meet the objective of this study, they are checked, rechecked, edited and tabulated for computation. According to the nature of data, they have been inserted in meaningful tables. Homogenous data are sorted in one table and various tables are prepared in under stable manner.

The internal revenue is sometimes insufficient even to meet regular expenditure and most of the development activities depend on foreign aid where Nepal has been compelled to harmonize the donor. The major problems of domestic resource mobilization are poor utilization of the natural resource base, small and fragmented industrial sector, poor performance of public sector enterprises, poor economic growth and inadequate tax efforts etc. So, in this context, revenue generation from internal sources is very important in which income tax is one of the major sources and it is considered as a good remedy to cure growing resource gap problem in Nepal.

The provisions provided to industrial sector is aiding to promote industries. The impacts of ITA 2058 in manufacturing sectors has positively influenced by the manufacturing sectors with the increment in number of industries, timely reporting and recording, registration and renewals, apart from this excess depreciation facilities for special industries have promoted the growth of industrial sectors which ultimately have contributed in increasing tax revenue.

Income tax laws and administration in Nepal are to be deeply scrutinized and properly implemented. Act itself is not bad, some provisions would have to be mentioned clearly. Strong commitment, fair and uniform imposition are to be stored and revitalized. Manpower development planning within the administration is desired for the efficiency of tax personnel side by side, tax education packages are to be made and initiated, hence tax administration and tax compliance could be improved.

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ABBREVIATIONS

CEDA	Center for Economic Development and Administration
FNCCI	Federation of Nepal Chamber of Commerce and Industry
Fy	Fiscal Year
GDP	Gross Domestic Product
Gov.	Government
IRD	Inland Revenue Department
ITA	Income Tax Act
Ltd.	Limited
MBS	Master of Business Studies
MOF	Ministry of Finance
NRB	Nepal Rastra Bank
NTC	Nepal Telecom
Pvt.	Private
Rs.	Rupees
SAARC	South Asian Association for Regional Cooperation
Sec.	Section
TU	Tribhuvan University
VAT	Value Added Tax