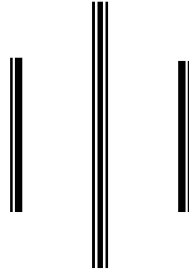


CONTRIBUTION OF VAT REVENUE FROM NTC TO THE TOTAL VAT REVENUE OF GOVERNMENT



A

Thesis

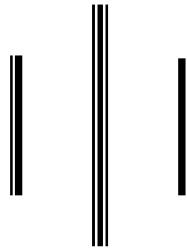
SUBMITTED BY:

RAM BABU B.C.

Mahendra Multiple Campus, Nepalgunj

T.U. Regd. No.: 7-1-325-203-2001

MBS Exam Roll No.: 1420/063-65



SUBMITTED TO:

Office of the Dean

Faculty of Management

Tribhuvan University

Kirtipur

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

Nepalgunj, Nepal

November, 2010



☎ 081-520278
Fax No.- 081-525578

TRIBHUVAN UNIVERSITY
FACULTY OF MANAGEMENT
Mahendra Multiple Campus
Nepalgunj

Ref.....

RECOMMENDATIONS

This is to certify that the thesis:

SUBMITTED BY

RAM BABU B.C.

ENTITLED

**CONTRIBUTION OF VAT REVENUE FROM NTCTO THE TOTAL
VAT REVENUE OF GOVERNMENT**

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

Mr. Lalmani Ghimire
(Thesis Supervisor)

Mr. Chakra Bahadur Bom
(Head of Research Department)

Mr. Laxman Pokhrel
(Assistant Campus Chief)

Date:



Fax No.

081-520278

081-525578

TRIBHUVAN UNIVERSITY
FACULTY OF MANAGEMENT
Mahendra Multiple Campus
Nepalgunj

Ref.....

Date:.....

VIVA- VOCE SHEET

We have conducted the viva-voce examination of the thesis presented by

RAM BABU B.C.

ENTITLED

**CONTRIBUTION OF VAT REVENUE FROM NTCTO THE TOTAL
VAT REVENUE OF GOVERNMENT**

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 partial fulfillment of the requirement for Master of Business Studies (MBS)

VIVA-VOCE COMMITTEE

Chairman of Research Department

Member (Thesis Supervisor).....

Member (External Expert).....

Member (External Expert).....

Date: -

DECLARATION

I hereby declare that the work reported in this thesis entitled "Contribution of VAT Revenue from NTC to the total VAT Revenue of Government" submitted to Office of Dean, Faculty of Management, Tribhuvan University is my original work done in the form of partial fulfillment of the requirement of Master's Degree in Business Studies (M.B.S.) under the guidance and supervision of Mr. Lalmani Ghimire, (Lecturer) of Mahendra Multiple Campus, Nepalgunj.

.....
Ram Babu B.C.

T.U. Regd. No.: 7-1-325-203-2001

MBS Exam Roll No.: 1420/063-65

Mahendra Multiple Campus
Nepalgunj, Banke

ACKNOWLEDGEMENTS

This thesis entitled "Contribution of VAT from NTC to total VAT Revenue of Government" has prepared in partial fulfillment for the degree of Master of Business Studies (MBS) under the supervision of respected teacher Mr. Lalmani Ghimire, Lecturer of Mahendra Multiple Campus, Nepalgunj.

It is my privilege of getting helps and cooperation from different persons. It is not possible to enumerate the names of all them. However, it will be matter of injustice if I forget the names of those personalities whose valuable suggestions and co-operation escorted to complete this thesis report.

While conducting this research, I have received various suggestion, advice and encouragement from my seniors, teachers, friends and relatives. So, I would like to pay my sincere to Mr. Laxman Pokhrel, Department chief of Management, Mahendra Multiple Campus, Nepalgunj, Mr. Chakra Bahadur Bom and Mr. Mukesh Kumar Gupta Lecturer of Mahendra Multiple Campus, Nepalgunj. I could not remain without thanking to my teachers and lectures, especially to all the people who helped me during my study of MBS and during preparation of this thesis report.

I would like to thank the concerned officials, staff, and customer of Nepal Telecommunication, who provided relevant information and data, which helped me in preparing this thesis report.

I would like to thanks my friends Mr. Shivaji Paudel, Mr. Kedar Adhikari. I express my deep thanks Sabin Luitel of New Lumbini Pustak Pasal, Nepalgunj who helped to provide computer typing properly and timely.

Finally, I would like to thanks to all known and unknown personnel who directly or indirectly helped in preparing this thesis report.

Ram Babu B.C.

TABLE OF CONTENTS

	Page No.
Recommendations	i
Viva-Voce Sheet	ii
Declaration	iii
Acknowledgements	iv
Table of Contents	v-vii
List of Tables	viii
List of Figures	ix
List of Abbreviations	x

CHAPTER- I

INTRODUCTION

1-8

1.1 Background of the Study	1
1.2 Statement of Problem	4
1.3 Objectives of the Study	5
1.4 Significance of Studies	6
1.5 Limitation of the Study	6
1.6 Organization/Plan of the Study	7

CHAPTER- II

REVIEW OF LITERATURE

9-28

2.1 Conceptual Review	9
2.1.1 Origin and Development of Value Added Tax	9
2.1.2 Development of VAT in Nepal	10
2.1.3 Concept of Value Added Tax (VAT)	11
2.1.4 Types of Value Added Tax	12
2.1.5 Principles Governing Value Added Tax	13
2.1.6 Objectives of VAT	14
2.1.7 Merits and Demerits of VAT	15

2.1.7.1 Merits of the VAT	15
2.1.7.2 Demerits of VAT	16
2.2 Reviews from Books, Journals, Thesis	17
2.2.1 Review of Books	17
2.2.2 Review from Journals	18
2.2.3 Review from Thesis	24
2.3 The Research Gap	28

CHAPTER- III

RESEARCH METHODOLOGY

29-31

3.1 Research Design	29
3.2 Population and Sample	29
3.3 Source of Data Collection	30
3.4 Data Collection Procedure	31
3.5 Data Processing and Analysis Procedure	31

CHAPTER- IV

PRESENTATION AND ANALYSIS OF DATA

32-65

4.1 Role of VAT in Revenue Collection	32
4.1.1 Revenue Structure in Nepal	32
4.1.2 Revenue Collection from VAT	35
4.1.3 VAT and its Role in Total Revenue Collection	37
4.1.4 VAT and its Role in Total Tax Revenue collection	39
4.1.5 Detail sources of Revenue	41
4.1.6 Total revenue of NTC	43
4.1.7 Percentage of VAT Contribution from NTC to Total Revenue of Government	45
4.1.8 Percentage of VAT contribution from NTC to total tax revenue of government	46

4.1.9 Percentage of VAT Contribution from NTC to total VAT revenue of government	48
4.2 Projection of VAT for the FY 2067/68, under the Least Square Methods	50
4.3 Empirical Evaluation	51
4.3.1 Views on Major Problems in VAT Collection	52
4.3.2 Views on Problems in the VAT Implementation Process	54
4.3.3 View on VAT revenue collection from NTC as it has been expected	55
4.3.4 Views on Administrative System of VAT in NTC	56
4.3.5 Views on Reasons for Need of VAT in Nepal	56
4.3.6 Views on Billing System of NTC	57
4.3.7 Views on Effectiveness of VAT in the Future	58
4.3.8 Views on most Important Factors for the Effectiveness of VAT in Revenue Collection	59
4.3.9 Views on Legal Provision	60
4.3.10 Views on Single Rate of VAT	61
4.4 Major Findings of the study	62
4.4.1 General Findings	62
4.4.2 Findings from secondary data	64
4.4.3 Empirical Findings / Findings from Primary Data	64

CHAPTER-V

SUMMARY, CONCLUSION AND RECOMMENDATIONS

66-73

5.1 Summary	66
5.2 Conclusion	69
5.3 Recommendation	71

BIBLIOGRAPHY

APPENDIX- 1

LIST OF TABLES

	Page No.
Table No. 4.1: Trend of Total Revenue of Government	33
Table No. 4.2: Revenue Collection from VAT	36
Table No. 4.3: VAT and its Role in Total Revenue Collection	38
Table No. 4.4: VAT and its Role in Tax Revenue collection	40
Table No. 4.5: Detail sources of Revenue	42
Table No. 4.6: Total Revenue of NTC	43
Table No. 4.7: Percentage of VAT Contribution from NTC to Total Revenue of Government	45
Table No. 4.8: Percentage of VAT Contribution from NTC to Total Tax Revenue of Government	47
Table No. 4.9: Percentage of VAT Contribution from NTC to Total VAT Revenue of Government	48
Table No. 4.10: Fitting of Trend Line by Least Square Method	50
Table No. 4.11. Projection of VAT	51
Table No. 4.12 Sample size of Field Survey	52
Table No. 4.13 Views on the Major Problems in VAT Collection	53
Table No. 4.14 View on Problem in the VAT Implementation Process	54
Table No. 4.15 View on Revenue Collection from VAT from NTC is satisfactory as it has been expected	55
Table No. 4.16 Views on Administrative System of VAT in NTC	56
Table No. 4.17 Views on Reasons for Need of VAT in Nepal	57
Table No. 4.18 Views on Billing System of NTC	58
Table No. 4.19 Views on Effectiveness of VAT in the Future	59
Table No. 4.20 Views on the Most Important Factors for the Effectiveness of VAT in Revenue Collection	60
Table No. 4.21 Views on Legal Provision	61
Table No. 4.22 Views on Single Rate of VAT	62

LIST OF FIGURES

		Page No.
Figure No. 4.1	Trend of Total Revenue of Government	34
Figure No. 4.2	Trend of Revenue Structure in Nepal	35
Figure No. 4.3	Percentage of Revenue Structure in Nepal	35
Figure No. 4.4	Trend of Revenue Collection from VAT	37
Figure No. 4.5	Percentage of Revenue Collection from VAT	37
Figure No. 4.6	Trend of VAT in Total Revenue Collection	39
Figure No. 4.7	Percentage of VAT in Total Revenue Collection	39
Figure No. 4.8	Trend of VAT in Tax Revenue Collection	41
Figure No. 4.9	Percentage of VAT Revenue Collection	41
Figure No. 4.10	Trend of Revenue of NTC	44
Figure No. 4.11	Increased Percentage in Revenue of NTC	44
Figure No. 4.12	Trend of VAT revenue of NTC and Total revenue of Government	46
Figure No. 4.13	Percentage of Contribution of VAT to Total Revenue of Government	46
Figure No. 4.14	Trend of VAT Revenue of NTC and Tax revenue of Government	47
Figure No. 4.15	Percentage of Contribution of VAT from NTC to Total Tax Revenue of Government	48
Figure No. 4.16	Trend of VAT Revenue of NTC and VAT Revenue of Government	49
Figure No. 4.17	Percentage of VAT contribution of NTC to total VAT revenue of Government	49

LIST OF ABBREVIATIONS

ADSL	Asymmetric Digital Subscriber Line
B.S.	Bikram Sambat
CDMA	Code Division Multiple Access
EU	European Union
GDP	Gross Domestic Product
GNP	Gross National Product
GSM	Global System for Mobile Communication
HMG	His Majesty Government
i.e.	That is
ICT	Information and Communication Technology
IMF	International Monetary Fund
IRD	Inland Revenue Department
ISTD	International Subscriber Trunk Dialing
NTC	Nepal Telecom
NPC	National Planning Commission
PSTN	Public Switch Telephone Network
SBU	Strategic Business Unit
STD	Subscriber Trunk Dialing
SMS	Short Message Service
TU	Tribhuvan University
USAID	United State Agency for International Development
USA	United States America
VAT	Value Added Tax
VSAT	Very Small Aperture Satellite Terminal
VDC	Village Development Committee

WCDMA	Wide Band Code Division Multiple Assess
WTO	World Trade Organization
3 G	Third Generation