

AWARENESS OF TAXPAYERS OF NEPALGUNJ



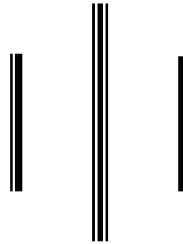
By

Gopi Thapa Chhetri

Mahendra Multiple Campus, Nepalgunj

T.U. Regd. No.: 7-1-55-604-99

MBS Exam Roll No.: 1449



A

Thesis

Submitted to:

Office of the Dean

Faculty of Management

Tribhuvan University

Kirtipur

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

Nepalgunj

June, 2011



☎ 081-520278
Fax No.- 081-525578

TRIBHUVAN UNIVERSITY
FACULTY OF MANAGEMENT
Mahendra Multiple Campus
Nepalgunj

Ref.....

RECOMMENDATION

This is to certify that the thesis:

SUBMITTED BY

GOPI THAPA CHHETRI

ENTITLED

AWARENESS OF TAXPAYERS OF NEPALGUNJ

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

Mr. Ashok Kumar Basnet
(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

GOPI THAPA CHHETRI

ENTITLED

AWARENESS OF TAXPAYERS OF NEPALGUNJ

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 **Awareness of Taxpayers of Nepalgunj** 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. Ashok Kumar Basnet, (Lecturer) of Mahendra Multiple Campus, Nepalgunj.

.....
Gopi Thapa Chhetri

T.U. Regd. No.: 7-1-55-604-99

MBS Exam Roll No.: 1449

Mahendra Multiple Campus

Nepalgunj, Banke

ACKNOWLEDGEMENTS

This thesis has been as a partial requirement for the MBS. It would not be possible to complete this without the cooperation of different well wishers.

First of all, I would like to express my sincere thanks and gratitude to my guide Mr. Ashok Kumar Basnet and other staff of Management Faculty are also in the memory of mine. I would like to pay my sincere thanks to Mr. Laxman Pokhrel, Department Chief of Management, Mahendra Multiple Campus, Nepalgunj, Mr. Chakra Bahadur Bom, Head of Research Department (MBS), 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 like to express to all responding who have spend their valuable time for filling my questionnaire. I am very much grateful to the officers of Inland Revenue Department and staff of Nepalgunj Municipality for their kind co-operation for my research work. It was a great opportunity for me to learn things from them where I could secure valuable experience.

I think this study is the sole contribution of inspiration of my parents and whole family; their regular inspiration and continuous contribution are the secrets of my success.

I express my deep thanks Sabin Luitel of New Lumbini Pustak Pasal, Nepalgunj who helped to provide computer typing properly and timely.

June, 2011
Nepalgunj

Gopi Thapa Chhetri

TABLE OF CONTENTS

	Page No.
Recommendations	i
Viva voce sheet	ii
Declaration	iii
Acknowledgement	iv
Table of Content	v-vii
List of Table	viii
List of Acronyms	x

CHAPTER - I

INTRODUCTION

1-7

1.1	Background of the Study	1
1.2	Statement of Problems	4
1.3	Objectives of the Study	5
1.4	Significance of the Study	6
1.5	Limitations of the Study	6
1.6	Organization of the Study	7

CHAPTER - II

REVIEW OF LITERATURE

8-38

2.1	Conceptual Framework	8
2.1.1	Meaning of Taxation	8
2.1.2	Principle of Taxation	10
2.1.3	Types and Classification of Tax	11
2.1.3.1	On the basis of form	11
2.1.3.2	On the Basis of Structure	12
2.1.3.3	On the Basis of Nature	13

2.1.3.4	On the Basis of Essence	14
2.1.3.5	On the Basis of Volume	14
2.1.4	Objectives of Taxation	15
2.1.5	Historical Development of Taxation	16
2.1.5.1	Ancient Great India	16
2.1.5.2	Ancient Egypt	16
2.1.5.3	Ancient Greece	17
2.1.5.4	Roman Empire	17
2.1.5.5	Great Britain	17
2.1.5.6	American Tax War	18
2.1.5.7	Pay-Tax-As-You-Earn System	18
2.1.6	Historical Development of Income Tax Laws in Nepal	79
2.1.7	Income Tax Act 2058	20
2.1.7.1	Heads of the Income	20
2.1.7.2	Taxable Income	22
2.1.7.3	Non-Taxable Income	23
2.1.7.4	Final with Holding Payments (TDS)	23
2.1.7.5	Now Final withholding or Tax Credit	24
2.1.7.6	Deductions	25
2.1.7.7	Deductions that are not Allowed	27
2.2	Review of Related Studies	28
2.2.1	Previous Research review (Unpublished Dissertation)	29
2.2.2	Books Review	35
2.2.3	Journal Review	37
CHAPTER - III		
RESEARCH METHODOLOGY		39-41
3.1	Research Design	39

3.2	Population and Sample	40
3.3	Sources of Data	40
3.4	Data Collection Techniques	41
3.5	Methods of Analysis and Presentation	41

CHAPTER - IV

DATA PRESENTATION AND ANALYSIS 43-68

4.1	Analysis of Secondary Data	42
4.2	Analysis of Primary Data	43
4.2.1	Presentation and Analysis of Response about Income Tax	44
4.2.2	Presentation and Analysis of Responses about Custom Duty	54
4.2.3	Presentation and Analysis of Responses about VAT	60
4.2.4	Major Findings	67

CHAPTER - V

SUMMARY, CONCLUSION AND RECOMMENDATIONS 69-73

5.1	Summary	69
5.2	Conclusion	70
5.3	Recommendations	71

BIBLIOGRAPHY 74

APPENDIX 77

LIST OF TABLES

<u>Table No</u>	<u>Name of the Table</u>	<u>Page No.</u>
2.1:	Charging Depreciation	26
3.1:	Groups of Respondents and Size of Sample	40
4.1:	No. of Business Establishment	42
4.2:	Profile of Respondent	44
4.3:	Income Tax Revenue Contributing Significantly to the Tax Revenue of Nepal	45
4.4:	Nepalese Income Tax	46
4.5:	Provision of Rebates, concession and Facilities Included in that Income Tax	47
4.6:	Current income Exemption Limit	48
4.7:	Exemption and Deduction Item	49
4.8:	Knowledge about Income Tax to Taxpayer	50
4.9:	Charging of Depreciation is Adequate in that Income Tax	51
4.10:	Income Tax Rate	51
4.11:	Nepalese Income Tax System	52
4.12:	Problem Faced by Businessman while Paying Business Tax	53
4.13:	Knowledge about Custom Duty	54
4.14:	Knowledge about Paying Custom Duty	55
4.15:	Clear the Custom Duty	56
4.16:	Taxpayer Knowledge about Custom Duty	56
4.17:	Goods Valuation System in Custom	57
4.18:	Current Custom Duty Rate	58
4.19:	Needed Taxpayer Knowledge about Custom Duty	59
4.20:	Steps to be Taken to Make Custom Duty Effective	59

4.21: Familiar about VAT	60
4.22: Register in VAT	61
4.23: VAT is Superior to Sales Taxes	62
4.24: Coverage of VAT	63
4.25: Current VAT Rate Applicable	64
4.26: VAT System in Nepal	65
4.27: Major Problems of VAT System in Nepal	66
4.28: Steps to be Taken to make VAT Effective	67

LIST OF ACRONYMS

A.D.	Anno Domini
C.A.	Charter Accounted
FNCCI	Federation of Nepalese Chamber of Commerce and Industries
FY	Fiscal Year
ICAN	Institute of Chartered Accountants of Nepal
ITA	Income Tax Act
ITR	Income Tax Rule
Ltd.	Limited
PCC	Pollution Control Cost
R&D	Research and Development
SAARC	South Asia Association for Regional Co-operation
T.U.	Tribhuvan University
UNDP	United Nations Development Programme
VAT	Value Added Tax
%	Percentage