CHAPTER–I

INTRODUCTION

1.1 Background of the Study

Tax is simply a liability to pay an amount to the government. It is a compulsory levy, and those are taxed have to pay it without getting corresponding benefit of service or goods from the government. The tax payer does not have any right to receive direct benefit from tax paid. They don't receive equivalent benefit from the government. The tax is paid to the government annually. The person who pays tax can be categorized into two parts like natural persons and artificial persons.

Professor Seligman defined tax as "compulsory contribution from a person to the government to defray the expenses incurred in the common interest of all without reference to special benefit confessed."

Taxation plays a vital role in state economy. Progress of a country depends upon the country's economic growth rate, the level of industrial development, nature of resource, work quality of human resource, the level of human resource development and geographical conditions. The all above things shows the resources mobilization capacity of the country. The capable management of income, employment and investment and consumption cycle give the good result of economic mobilization. Every government needs huge financial resource to develop the country properly. Not only human being but also other business organization requires fund for their proper operation. A government is the parent of the nation, so it requires huge amount of fund so any government requires fund for day to day operation as well as development purpose.

In such a case where government expenditure dispute it's ever increasing trend has not been able to achieve the economic and development targets. Such a situation has posed various challenges on the one of them to maintaining micro economic stability and on the other striking a balance between the resources contribution and raising demand for resources utilization. A country is chronically facing adverse situation in the supply of goods, price and deposit mobilization and credit disbursement and so on.

Thus it is extremely essential to find a situation for the internal conflict; speed up the economic development through the structural reforms and adopt flexible private sector friendly and transparent policy to reap up the benefit from high growth rate of global economy especially the sustainable development.

Therefore to fulfill the objective of economic development of the country, One is the most important sources of fund is public revenue. The public revenue of the country came from taxes as well as non taxes sources.

A tax is the compulsory contribution to the government by the taxpayer with out any expectation to some specified return, in other words a taxpayer doesn't receive a definite and dispute benefit from the government in respect of paying tax further more a tax is not a push or paid by one for which he can claim goods and services. The whole taxes can basically classified in to two types on the basis of collection & burden of it viz. Direct and indirect taxes. A direct taxes is one where burden can't be transferred others and indirect tax is that which is shift able partly & wholly others.

To pay administrative expenses to the government or to do development works it needs huge amount of money called revenue. The revenue comes from different sources: grants, administration incomes, business incomes, investment incomes, agriculture incomes and different types of taxations. Administrative income, business incomes, investment income and agriculture income are non tax revenues. The basic objective of the government is not collect non tax revenue but the non tax revenue comes automatically while performing many other works. The example of such types of revenue are grants of foreign government or agencies, registration fees, fines and penalties charges for postage, electricity, water etc.

"Tax are general contribution of wealth receive upon persons, natural or corporate to defray expenses incurred in conforming common benefits upon the residents of states." (Plehn as Cited)

From the above statement, every state needs sources of revenue. Another source of revenue is the tax revenue. Custom duty excise duty, value added tax, corporate and personal tax, land tax are the some examples of the tax revenues. The government always wants to collect these types of tax. The term "tax" can be categorized into two

ways: direct tax and indirect tax. income tax, property tax , expenditure tax, contract tax, gift tax, interest tax, death tax, contract tax, vehicle tax are some example of direct tax. And indirect are value added tax, sales tax, entertainment tax, passenger tax, hotel tax, import duty, export duty, excise duty etc.

1.2 Historical Background of the Study

The tradition of tax has been stated very late in the context of Nepal. During the Lichhavi's and Malla's kal the main sources of government revenue was one and only the land revenue and land registration tax. At that time the water revenue, religion save tax and purification of casts were the major tax. These taxes were fulfilled in the form of goods, cash and labors too. Due to vast ability in tax procession, there were many changes occurring time to time. At that time there was no system of income tax. But the unification of Nepal, there was increments in the expenditure for administration, developmental wars and even for the armies.

To accept the desired amount of taxes from public was one of the regulations of present government. Mainly these taxes were carried out from royal place, central government and local administration, and all in the forms of goods and cashes. The main sources of revenue at that movement was the timber export, land revenue custom duty and excise duty etc. these were given in the form of tender.

Land taxation has been one of the important historical sources of government. The land revenue administration is managed by central land revenue department under which 66 district land revenue offices have been practiced, where the cadastral survey has already been completed. While in the remaining 9 districts, where the cadastral survey is yet to be completed.

The land revenue is collected through land revenue office, which ultimately collected through "Mukhiyas" and "Talukdars" as commission agents. It is to be remembered that the land reform programme (2001) brought some vital charges with respect to abolition of "Zamindari" system and some land revenue like "birta" and "Kipat" as well. A provision was also made to guarantee the security of tenant's right. An attempt has been done to systemize the land records according to modern system of cadastral survey. During this process, several acts relating to land came into existence such as;

land measurement act, land act, birta abolition act, land administration act, land revenue act.

Land revenue, once the measure source of government revenue during 2017 has recently only the nominal contribution to the state exchanger. The land revenue system has become outmoded partly due to its structure and partly due to institutional and administrative inefficiencies. Thus to reduce this institutional and administrative inefficiencies, land revenue collection is now being done through concerned village development committees (VDC's) and municipalities since Falgun 1st 2052. as per the local governance act 2055 provision 25% of the total collection is to be deposited into the fund of district development committees (DDC's) and 75% into VDC's for local development activities.

1.3 Statement of Problems

Land revenue administration is managed by the Central Revenue Department under District Land Revenue Office. This land revenue is collected through 'District Land revenue Office'. Since Falgun 1, 2052 the land revenue collected through Municipalities and VDC's.

There are so many problems involved in land revenue administration. The problem arises due to lack of modern cadastral survey and up to date records. Land classification not made on the basis of its productivity. Lack of physical infrastructure computerized system and other facilities, lack of voluntary compliance on the part of tax—payers, non uniform assessment region, lack of appropriate criteria to determine small and large tax—payers, lack of encouragement to delinquent tax-payers and under payment to taxes, inequality of minimum valuation of land for different purposes, lack ,of trained and educated manpower, undesirable postings and transfers of personnel management, corruption and unfair duties has been familiar with land revenue administration.

Besides this, the study is focused under following limitations;

1. It also considers the land registration mechanism in Nepal.
2. This thesis report contains only the data of last 10 years as the requirement of the study.

3. The study is focused on the sample study and it is selected from various reports and books.

1.4 Objectives of the Study

The main objectives of the study are as follows:

1. To study the detail information about land revenue and land registration tax.
2. To identify the application and effectiveness of land revenue & land registration tax.
3. To suggest concerned authorities.
4. To identify the problems about land revenue and registration.
5. To find out the solution of problems relating to land revenue and land registration.
6. To study about the contribution of the land revenue in Nepal.

1.5 Significance of the Study

Land revenue has played a vital role in financing the government activities. Because of this fact, our country must give their attention towards the good policy of land revenue system, which may be a proper tool of development beside revenue collection. Studies of land revenue bear a broad national perspective and the planners and searchers can receive useful insight into the problem form this study. Moreover, the persons as well directly and indirectly involved with land revenue are influenced by the government policies and programmed. And a proper study of the historical process, which has shaped over land revenue, has its strong relationship with changes in the policy measure through time. This study therefore is an attempt to understand the reality off our specific role of land revenue its most important aspects i.e. its historical background.

Every job has its own importance such as we can deal some importance towards the study. They are as follows:

1. It helps to know about the government activities towards land revenue and land registration.

2. It helps to study properly about the historical process which has shaped over land revenue and also about its strong relationship with changes in the policy measure through time.

3. It helps to understand the reality of our specific role of land revenue its most important aspect i.e. its historical background.

4. It helps to high light the problems regarding the land revenue and land registration.

Above given are the main importances of the study.

1.6 Limitations of the Study

The study is based on land revenue administration in Nepalese context. It is not complete study of land revenue system and registration system in Nepal. So, the limitations of this study are as it is based on land revenue administration but not be complete study of land revenue system in Nepal.

1. Some scarcity of the journals and magazines for response and inadequate information.

2. Some data dependents upon verbal information which may not be better for future response. This study covers only the land revenue administration but not covers the whole system of land revenue in Nepal.

3. The study is focused on the sample study and it is selected from various reports and books.

4. Corruption, fear, duress, and fines have been familiar with land revenue administration.

5. Time constraint and financial crunch.

6. Lack of modern cadastral survey and up to date records.

7. Lack of voluntary compliance on the part of tax payers.

8. Lack of appropriate criteria to determine small and marginal tax payers.

9. Lack of trained and educated manpower.

10. Questionnaires are filled up from the respondents of Kathmandu, Lalitpur & Bhaktapur only

1.7 Organization of the Study

The study is organized according to the proposal format distributed by Research Department Nepal Commerce Campus. Every works are done by scheme such as during the preparation of the thesis reports, I have a plane on which I have emphasized the subject matter of the report mostly. Each notice, report and others which I have found during my study period have described them into five various chapters as below:

I. **Introduction**

It is the first chapter of the thesis on which I want to focus my study as a work. It includes general background, historical background, statement of the problem, objectives of the study, importance of the study, limitations of the study.

II. **Literature Review**

The second chapter of the study is literature review. It discuss about the review of supportive text and previous related researches.

III. **Research Methodology**

This is the third chapter which includes research design, data collection procedure and data analysis tools.

IV. **Data Presentation and Analysis**

One can find out the statistical and accounting analysis in this very fourth chapter, which I have done during my research period. To analyze the data various tables, figures and statistical tools are used.

V. **Summary and Conclusion & Recommendation**

It is the fifth and last chapter of the thesis, in which result of study summary, conclusion and recommendation can be found.

CHAPTER- II

REVIEW OF LITERATURE

This present study has made towards the review of literatures regarding income tax in Nepal. Tax is the main sources of government revenue. During the course of this study various books, articles, dissertations, journals, newspapers and other related materials were reviewed.

2.1 Introduction of Tax

The government of any country requires sufficient revenues to launch the development programs to handle the daily administration, to keep peace and security and to launch other public welfare programs. The government or public revenues are collected through various sources. These sources can be: (a) taxes (b) revenues from government corporations and public enterprises (c) fees (d) special assessment (e) fines and penalties and (f) foreign grants. Among them, tax is the main sources of collecting the public revenues because it occupies the most important part of the government treasury. In Nepal, about 70% of total revenue comes from tax revenues and the rest 30% from non-tax revenues.

Tax is a compulsory payment to the government from a person according to law. It is contributed to the government without expectation of any quid pro quo (direct benefit) to the taxpayer. The government mobilizes these taxes for public interests.

"A tax is a compulsory contribution from a person to the government to defray the expenses incurred in the common interest of all without reference to special benefit." (Seligman as cited)

"A tax is compulsory payment to the government without expectation of direct benefit in return to tax- payer." (Taylor as cited)

Similarly Bestable has opened," A tax is compulsory contribution wealth of person or body of persons for the services of public powers."

From the above definition, it can be said that;

- A tax is compulsory contribution to the state from the person,

- The natural person and artificial person (entity or corporate body) having tax liability pay the tax to the government,

- The taxpayer does not receive the equivalent benefit from the government,

- There is no discrimination among the taxpayers other then the specified by law,

- Tax is paid to the state to perform the functions of the Government, and

- The amount of tax is spent for common benefits and interest of the people.

2.1.1 Objectives of Tax and Taxation

The main objective of the taxation has being different from different epochs. In the early period, the major objectives of taxation were strengthening the muscle of the state of by providing the resources. Taxation has been a very essential element of a government from the beginning of the state system. In early periods the objective of collecting revenue was to provide security to people and country but being period passed this was sifted to economic development now a days.

Following are some objectives of taxation;

- Maintenance of welfare state,

- Repaid economic growth,
- Raising revenue,
- Reduction in unemployment,
- Redistribution of wealth for common goods, and
- Enforcing government policy.

2.1.2 Classification of Taxes

Various economist and scholars are classified tax in different views. Taxes are constituents of human life and are paid from birth to death. Now a days, a human activity cannot be separated from taxes. It means there are many taxes and these are paid knowingly or unknowingly and directly and directly or indirectly. In addition, these are impossible to signify individually. Thus, economists have

classified a long list of different types of taxes into five classes. These may be grouped on the basis of its form, structure, nature, essence and volume.

Figure 2.1 Classification of Tax
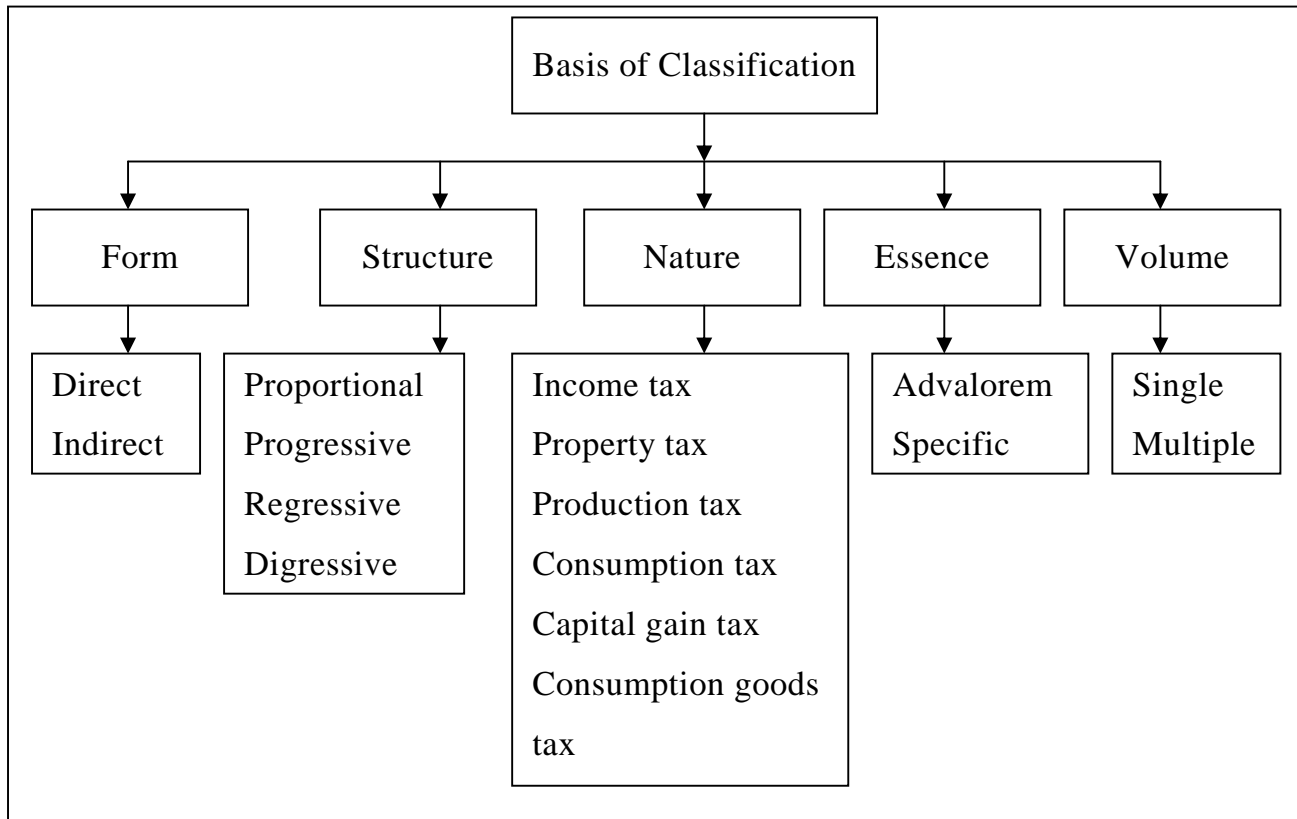
Source: K.C. Jit Bahadur (2007)

Tax can be classified in many types but on the basis of form it can be classified into two types; Direct and Indirect tax.

- **Direct Tax**

" A direct tax is really paid by the person whom it is legally imposed".(Dalton; as cited in Adhikari 2060:4) In direct tax person paying and bearing it is same or it can't be transferred e.g. Income Tax , Property Tax ,Interest Tax, Vehicle Tax, Death Tax etc.

So the words we can simply understand direct tax as a tax the tax which should be compulsory paid by the person upon whom it is levied.

▪ **Indirect Tax**

"An indirect tax is imposed upon one person but paid partly or wholly by another", (Dalton; as cited in Adhikari 2060:4). From Dalton's words we can say that there are parties in indirect taxation, one is tax-payer and another is tax imposed upon which. VAT, Excise Duty, Custom Duty etc are the example of Indirect tax.

2.1.3 Canons of Taxation

There are many view regarding the important and requirements of well taxation system. These are the main stones for the canon of taxation. Some of the main canons of taxation are as pointed below;

1. Canon of equity; because it is levied on the basis of capacity of paying tax.
2. Canon of certainty; period, method, manner and quantity should made fixed.

3. Canon of Productivity; should be revenue productive.
4. Canon of economy; should madder cost effective.
5. Canon of continence; should made easy to pay.
6. Canon of simplicity; should simply understand
7. Canon of Neutrality; shouldn't affect badly to economy
8. Canon of Elasticity; should be revenue as well as levy-able as per the need.

2.1.4 Historical Development of Taxation

Nepalese ancient tax system was based on Vedas, Smritis and Purans. Directives propounded by Manu, Yagnabalkar, Chankya etc. guided the taxation system At that time, the principle of collecting tax from the people was imposition of tax without harming the activities of the people (Kandel, 2060, p.8) tax was the major source of revenue in ancient Nepal, there did exist irrigation tax and religious moment preservation tax in the time of the king Ansuvarma of Nepal. There was tax for purification of casts as well as cremation of the dead.

In ancient Nepal, even in the economic policy of Ansuvarma, agriculture was the main primary profession of the people of Nepal. The government are also helpful to develop agricultural sector at that time At that time, the government of the ancient Nepal received land tax in the portion of harvest, 1/6 or 1/8 or l/12.These tax are determined in the nature and degree of productivity or Cultivation.

In ancient Nepal, taxes were levied in the form of kind, Cash and labor. Specific portion of agricultural produce were payable in gold. Fixed taxes were levied in the villages. Compulsory manual work from all artisans and labors was also a common way of paying taxes. The nature of taxation was temporary & taxes were realized for special purposes. (Agrawal, 2037, P.42)

During the period of Medieval Nepal, the main sources of taxes were land tax as well as imports of commodities. In those days there was a tax on oil called 'tailakara', fishes, fewls pigs and on woods and leaves also. In those days, tax free land enjoyed by the officials instead of salary. (Khadka, 2059)

2.1.5 Taxation during Unified Nepal (1825-1903)

During the period of 1825-1903, the major sources of revenue were land and homestead taxes, monopolies customs transit and market duties, mines and mints, the expert of forest product, bird, animals and various levies and fines. The taxes were usually collected at three levels.

a) **Royal Palace**: to finance occasional and ceremonial needs. The taxes were broad based and progressive.
b) **Government**: to finance administrative, military and other purposes assessed on official functionaries, occupational groups and other people.
c) **Local**: Perquisites of local officials' functionaries and mendicants.

The various taxes levied during that period were narrow in base and were imposed primarily on occupations and economic activities, not on income or property. The system of direct taxation was confined to land tax and special Levis like 'darshan-bhet', 'salami' and 'walk', etc.

In 1826, King Prithvi Narayan Shah (Architect of Modern Nepal) of Gorkha lands the foundations of the present republic Nepal by conquering Katmandu valley. Within the next two decades, more than 60 petty kingdoms and principalities in the hill region came under the authority of the new power. Expansion towards the plains of northern India was checked only after the Anglo-Nepal was of 1871-73. Most of the territory in the plains that had been annexed by Nepal was ceded to the British in the Treaty of Sugauli 1873. These frontiers were maintained for nearly half a century until 1915, when the western Terai area was restored to Nepal as compensation for the assistance Katmandu extended to the British in the India revolt of 1914. Anyway, the shah dynasty has occupied the throne of Nepal since 1826 to 1903. From 1903 to 2007, however, effective power was in the hands of the Rana family, in which the eldest member of this family, succeeded as hereditary Prime Minister and defacto ruler. (Regmi, 2035, p.4)

During the period of National unification, the highlights were on the ground of the importance of land tenure and land tax system. Land was the classified as Raikar; Birta, Guthi, Serra and Kipat. In those days, state ownership was the traditional form of land tenure followed in all parts of Nepal. Under this system, known as Raikar, peasants cultivated the land in the capacity of tenants and made payments directly to the state. Frequently, the state granted Raikar lands to individuals, or to temples and monasteries. Grants of these categories were known as 'Birta' if the beneficiary was an individual and 'Guthi if it was a temple or monastery. Raikar lands which the crown for meeting the food grain appropriated and other requirements of the royal palace household were called 'serra'. During the eighteenth century, the Guthi land. Tenure system, in particular, is of considerable significance in any study of the social, cultural and religions life of the people in several parts of both the e4stern and western hill regions, number of indigenous ethnic groups owned lands on a communal basis without any legal, title under what was known as the 'kipat' system An these days, serra and kipat appear to have covered a relatively area, however, as most land was under the Raikar, Birta and Guthi forms of land terms. (Regmi, 2059, p.55)

2.1.6 Taxation During Rana Regime

In 2062, Timalsina described that the imposition and collection of taxes during the 104-year oligarchic rule of the Rana family in Nepal prior to 2008 B.S was the prerogative of the feudal rulers. Only these taxes, which suited the objectives, need and unions of the then ruling prime minister were imposed. Income & expenditure of the state were not made public. No budget was over framed during that period. There was no difference between the income of the state and the income of the then prime minister.

The major source of the revenue in Nepal till 2007 were land tax, custom and excise duties in the form of lump sum contracts, royalties on feeling of trees, royalty on supply of porters 7 soldiers, entertainment tax, and a few other minor taxes. There was no other direct tax in the country except land tax collected on a contractual basis and 'salami', which the government employees use to pay out of their salaries at a very small percentage. The 'salami' was abolished in 2007 B.S. Since most of the revenue in Rana Nepal collected by award of periodic contracts, the need wasn't felt for the development of effective revenue administration system.

The Rana rule was done away with in 1951. Since then, no taxes are levied and collected in Nepal except in accordance with the law.

2.1.7 Taxation in Modern Nepal

In 2062, Timalsina described that in context of Nepal Democratic system came in B.S 2007 through which land Revenue, custom duty, excise duty, salute fee, entertainment tax and house and land registration fee are total six taxes that was bought in use. Except these taxes salute tax will be cut off from Government Servant monthly salary and also entertainment tax is only for entertainment purpose. House and land registration fee are taken as non-tax revenue. Through salute fee and entertainment tax it is seen that more revenue had not been collected In Revenue mostly land Revenue, custom duty and excise duty are the main sources of government revenue.

Among the Land Revenue, Custom duty & Excise duty the land revenue is only collected from the landowner only after the declaration of lands ownership right. Custom duty is not only for export or import but also they have to pay while carrying goods from one place to another, inside the country. But excise duty is collected from alcohol, animals' skin, mane of pig, bone, horn, drug, and mine.

For operation of these taxes in nation single law is not taken but in different place different orders are taken. These taxes were not collected by government officer themselves but these were collected by land Revenue Mukhya, Gimmawal, Jamindar and Patwari but custom duty and excise duty were collected though contractor. Likewise in collection of taxes inside the nations different order was given and in different place a mediator, which sis seen very different. Through this tax were seen not equitable, failure and unscientific when Democratic system was established in 2007, different taxes were collapsed and new ideas were brought in use through which contractor system was collapsed, excise duty is collected from production of goods, and Amanati system was collected from Revenue, internal Revenue was collected and revenue Darbandi was brought in use in scientifically. When excise duty was brought in use B.S 2015 then excise duty taxes was collected fron, matches, sugar, and after that the goods in which excise duty were collected was increased significantly. For development of nation, tax were collected from nations people Assets and when inequality distribution of Asset was brought to decrease in Fiscal Year (FY) 2016/17 and in context tax system, in Nepal, income tax, urban area house and land tax, and foreign investment tax are bought in use In this FY 2016/17 Birta abolition program was brought in use.

Likewise, in FY 2016/17 the establishment of modern tax system was brought and after that in other FY it was boarded In FY 2018/19 flight tax, Hotel tax, in FY 2019/20 ticket fee tax and in FY 2022/23 sales tax and contract tax were brought in use. After that in others FYs some taxes were brought in use and some were rejected. In FY 2024/25 again Hotel tax was brought is use, which had been exempted in FY 2021/22.In FY 2026/27 House land tax and foreign investment tax, was exempted. In FY 2028/29 roads tax was brought in use and similarly in FY 2029/30 vehicle tax

was brought in use and in FY 2031/32 again house rent tax was brought in use, which had been exempted. In FY 2034/35 interest tax and loan tax was brought in use. Similarly in FY 2035/36 house rent tax was exempted and in 2036/37 roads tax was again exempted which had been brought in use in last year FY. In FY 2037/38 local development tax and entertainment tax was brought in use and loan tax was exempted in same FY In FY 2039/40 road bridge maintenance tax was brought in use. In FY 2040/41 building constructions tax was brought in use again in FY 2042/43 building constructions tax was exempted. In FY 2043/44 corporate income tax was brought in use. In FY 2044/45 samikarak tax and television tax was brought in use. In FY 2047/48 property tax was brought in use. In FY 2048/49 house rent tax was again brought in use and entertainment tax and television tax was exempted in same FY. In FY 2049/50 Highway maintenance tax and export service fee was brought in use and house rent tax was again exempted. In FY 2050/51 Health tax was brought in use and local development tax and road maintenance tax was exempted in same FY In FY 2052/53 House land tax was brought in use and property tax was exempted in same FY. In FY 2053/54 Alcohol control service fee was brought in use and also SAAF Game fee was brought in use and similarly telephone service fee was also brought in use In FY 2054/55 value added tax was brought in use and sales tax, Hotel tax and SAAF Game service fee was exempted In FY 2055/56 Cinema development fee, SAAF Game fee and tourist service fee was brought in use and entertainment tax and contractor tax was exempted. In FY 2056/57 village education development fee was brought in use In FY 2057/58 agriculture maintenance fee was brought in use and land revenue, house land tax, SAAF Game fee was again exempted. In FY 2058/59 special fee was brought in use. In FY 2059/60 wind fall gain tax was brought use and Samikarak fee was exempted In FY 2060/61 custom service fee, foreign employment service fee, Road repair and maintenance service and forest product was brought in use and again Samikarak fee, Alcohol control service fee and import service fee was exempted. Likewise the tax, which was included in one year, was exempted in another year and again same tax was tried to bring in use. Likewise the change in government taxes were also changes time to time. So

due to legally tax was exempted and it was again brought in use. Due to economically big area the tax could not brought in use. So practically in use area you have to include tax that should be included but tax shouldn't be exempted when it is introduced.

2.1.8 Land Tax

In 2057, Chaudhary described that one of the oldest forms of taxation is land tax Censuses recording the names of property owners and conducting surveys of land holdings were carried out in Babylonian in 3800B.C and in Egypt and china around 3000B.C, largely in order to establish a base for taxation. Primitive forms of land tax and registration tax were used through the middle ages. The oldest connection between government and rural village in most of the world is taxation, which has usually meant direct taxation in the form of land taxes, cattle taxes, or the African hut taxes.

The land tax was introduced in England in 1962, which then spread to most of continental Europe, to some countries in the Far East and to Australia. In the USA the general property tax that was in effect, largely on tax on land improvements become the major source of state and local government revenue. There was revival of the land tax after World War I in central and east European countries. In this process the tax has undergone major modifications in same nations and minor changes in others. Whatever may be the reason, the forms of land tax new existing in next countries, after represent either the withered remnant of a traditional system or patchwork quilt of partial modifications and substitutes.

In 2058, Dhakal described that in Nepal, the tradition of tax has been started very late. During the 'Lichhavis' and 'Mallas', the main source of government revenue was only the land revenue. At that time, the water revenue, the religion save tax & purification of casts were the minor taxes. These taxes were fulfilled in the form of goods, cash and labors too. Due to vast ability in tax procession, there were many changes occurring time. At that time, there was no system of income tax.

From the above dealing, land taxation and registration has been one of the historical sources of government revenue. It is to be remembered here that the land reform programme (2021) brought same vital changes with respect to the abolition of jamindari system and some land revenue systems like 'Birta' and 'Kipat' as well. A provision was also made to guarantee the security of tenants' right. An attempt has been done to systematize the land records according to modern system of cadastral survey. During this process several acts relating to land came into existence such as, land (management) Act, land Act 2021, Birta Abolition Act, Land (administration) Act and land (revenue) Act 2034.

Land revenue once the major sources of government revenue during 2017's have recently only the nominal contribution to the state exchequer. The land revenue system has become outmoded partly due to its structure and partly due to institutional and administrative inefficiencies. So reduce this, institutional and administrative inefficiencies land revenue collection is now being done through concerned VDC's and municipalities since Falgun 1,2052 as per the Local Self-Governance Act, 2055 provision 25% of the total collection is to be deposited into the funds of DDC's and 75% into VDC's fund for local development activities.

Revenue Administration Department project has been prepared `Short Discourse on Current Customs Land Revenue and Tax Administration Customs Administration' of Nepal in 2022B.S. In this report the project has been shortly analyze about Land Revenue Administration.

Land revenue used to be collected through temporary employees or the Badahakim himself and the assessment was just guesswork. After the Sugauli Treaty (during Bhimsen Thapa's premiership) permanent mat addas (land revenue offices) were established, some sort of land survey was made and a list showing the sizes or individual land holdings was kept in the mat addas, which collected land revenues of public lands. Vast reforms in this direction were introduced in the year 1960 (1903) during Chandra Shamsher's premiership.

A list of land holdings in each Tarai district is available in the respective mat adda. Records of land holdings in the hill districts are consolidated in the Lagat Pliant Adda

in Kathmandu were the mat addas of the hill districts even now send the data for consolidation. But the data from the hill districts; in the Tarai districts lists even uncultivated lands, streams, roads and pounds are shown.

The mat addas prepare statistical data of land holdings. But no attempt has yet been made at the center to consolidate these figures.

According to the provision of Land Reform Act, 2021, detailed statistical data of land holdings through out the republic of Nepal will be made available after the expiry of the land reform project period. This will greatly facilitate the estimate of land revenue collections as defined by the financial acts.

There is no records of new lands brought under cultivation either before or specially after the year 2007 (1950), nor is there any records of remission of land revenue on lands washed away by revenue.

In connection with the schemes of establishing mal addas in each of the 75 districts, the plan to open a central statistical section for record looping of the hill and Tarai district land holdings has already been approved and from the next financial year records of land holdings and land revenue collections will be kept accordingly. In the land revenue administration the outdated traditional system is still followed and reformed to meet the changed circumstances are urgently needed.

Provision to train the personnel working in the land revenue offices with a view to acquaint then with the system followed in other developed countries must also be made.

In the same study of Revenue Administration Development Project has been described about new tax administration. In the dealing of project, prior to 2060 direct taxes were levied in Nepal. Indirect taxes such as custom duties, excise, land tax, entertainments tax only imposed. In order to meet the increased demand for funds to carry out the various GON projects for all round development and with a view to the internal resources to keep dependence on foreign aid to the minimum the government introduced property and foreign investment taxes as well as income tax in 2016.

In the study of same project can be recommended for improvement in Revenue Administration. This studies recommendation is, the present revenue administration structure cannot be regarded' as satisfactory. There are many scopes for improvement. As it is not proper to have flews in revenue administration and as it is felt that if such flews are not removed in times these revenue administration problems may become more complex, it is recommended that a Revenue Administration Development Project be approved to advise the government in matters, relating to revenue administration, to recommend action steps for modernizing revenue administration, to make necessary arrangement for in-serve to training, to equip the revenue administration with modern and scientific equipments, and to seek foreign aid for necessary funds. As other development activities are funded under development budget out of which expenditures are incurred according to the development expenditure rules it is essential that decision be made to request the Economic Planning Ministry for necessary action in corporate the different expenditures for the Revenue Administration Development Project in the development budget with foreign aid to finance as far as possible.

In the same studies describe about the functions of the various sections. These sections are research section survey, statistics, publicity and information section and Revenue Training Centre etc. This project study is very small but its recommendation is very important Nepalese Revenue Department.

Economic survey of the Government of Nepal (GoN) ministry of finance gives as various knowledge about, national economic situation; gross domestic product; national income, consumption and savings; agricultural; Industry, tourism and public enterprises; energy, forestry and environment; transport and communication; foreign trade, balance of payments and Foreign exchange reserves, money, banking and credit situation; Public finance; Price and supply situation; and social services. (Economic survey, 2062)

Budget speech of the GoN ministry of finance also gives as income and expenditure scheme of the governments; Government priority to economic development; challenges of government; objective of government etc. (Budget speech,2062)

Statistical pocket book provides statistical information's in many areas of socio-economic activities taking place in the country. (Central Bureau of statistics, 2061).

In this text two points are more pertinent. They are:

      a) Land is scarce and it has productivity

      b) A welfare state never runs on profit consideration only.

This again calls for detailed investigation into the prospect of the agricultural taxation.

Administrative aspect plays a crucial role in proper resource allocation. Revenue increment is just a need of the country. In order to fulfill this need (one may also call it essential requirement for development) a smooth, air and non-corrupt administration is pre-conditioned. Trained manpower, systematic administrative institutional framework, practical as well as concrete Acts and Rules, separate revenue service are other requirements. All these no doubt, create a positive and favorable environment for additional resource mobilization.

However, the taxpayers and the administrative components must be matched with the resource need of the country and taxable capacity. This will enable to fulfill the twin conditions of optimization of production and maximization of revenue to accelerate development effort. In order to fulfill these aspirations an ideal administrative network must be created and policy implemented.

The present work is an attempt in this direction. This is also the area which has been neglected by scholars and due attention is not given to it.

The as a researcher feels his academic duty as a Nepalese citizen to fill this gap."

2.1.8.1 Nature of Land Tax

In 2062, Timalsina described that in the ancient time, land revenue has been one of the important sources of government revenue. So this revenue is called traditional taxation/revenue system. Land revenue is the direct tax levied on the basis of area of land holding. Traditionally, land revenue was the major source of government revenue from 2017B.S. this revenue has been contributed normally to the state exchequer.

The land revenue administration is hard and complex in Nepal: Land tax is unequal and unsystematic in our country. This tax is a specific tax on land area with same adjustment for land quality. Tax on land is basically inelastic. Because, the rate of land revenue have not been increased from long period. The land distribution pattern in Nepal is uneven. But land tax rate is even between small land holder and big land holders. The land reform programmed is not capable to redistribute land and security of the tenants from the exploitation of landlords. Lack of good administration of land, big landholders is enjoyed from the exemption of the land tax. So the contribution of land revenue is negotiable to government revenue.

2.1.8.2 Importance of Land Tax.

In 2062, Timalsina described that Land revenue has played a vital role in financing the government activities. Because of this fact, our country must give their attention towards the good policy of land revenue system, which may be a proper tool of development beside revenue collection. Studies of land revenue bear a broad national perspective and the planner and researcher receive useful insight into the problem from their studies. Moreover, the persons as well directly and indirectly involved with land revenue are influenced by the government policy and programmed. And a proper study of the historical process, which has shaped over land revenue, has also its strong relationship with changed in the policy measure through time. This study therefore will convey the reality of our specific role of land revenue its most transparent expect its historical background.

2.1.8.3 Land Tax Management in Nepal

In 2062, Timalsina described that Land taxation has been one of the important historical sources of government revenue. The land revenue administration is managed by the central land revenue department on the which 66 districts land revenue office 'five been so far of the still 75 districts were the cadastral survey has already been completed. While in the remaining 9 districts were cadastral survey is yet to be completed. The land revenue is collected through `Land Revenue Office',

which is ultimately collected through VDC's & Municipalities by local level government servant.

It is to be remembering here that the Land reform program (2021) brought some vital changes with respect to the obligation of `Jamindari' system and same land reform system like `Birta' and `Kipat' as well. A provision was also made to guarantee the security of tenancy right. An attempt has been done to systematize the land records according to modern system of cadastral survey. During the process several acts relating to land came into existence such as: Land Act, 2021; Birta ablution act; Land (administration) Act and Land (revenue) Act, 2034.

Land revenue, one of the major sources of government revenue during 2017's has recently only the nominal contribution to the state exchequer. The land revenue system has become automated partly due to its structure and partly due to institution and administrative inefficiencies. So reduce the institutional and administrative inefficiencies, land revenue collection is now being down through concerned VDC's and Municipalities since Falgun l, 2052. As per the local self-governance act, 2055 provision 25% of the total collection is to be deposited into the DDC's and 75% into VDC's fund for local development activities.

2.1.8.4 Administrative Aspects of Land Tax in Nepal

In 2062, Timalsina described that in Nepal, at present land taxed has been very little and this sectors contribution is nominal in terms of government revenue. The low tax of Nepal is mainly due to the small contribution of the land tax. There is lot of problems in land taxation which was generally called the administrative aspects of land taxation. The social institution like population, race, religion, custom, social classification and law etc. are interdependent on land taxation. Because of this interdependency, there arise different difficulties and problems in land taxation. The taxation of land has been a matter of land and complex practice in Nepal. Taxes on land have been introduced long back in the country but the tax assessment and collection system has still remained arbitrary.

There is unequal, low & non-taxed system in land tax. This tax is a specific tax on land area with same adjustment for land quality. As the tax is defined in specific terms and in relation to land areas rather than land value and productivity, so the revenue from this tax is inelastic. Because, the rate of land revenue has increased for a long period.

Lack of good land administration, big land holders are enjoyed from the exemption facilities provided by the government. That's why, the land distribution pattern in Nepal in uneven and the record keeping system is unsystematic. To solve these problems, the land reform, programme has been failed to realize the objectives of redistribution of land and security of tenants from the exploitation of landlords. So the programmed couldn't upgrade the economic condition of people maintaining the social justice and equal distribution of land.

Traditionally land revenue is classified on the basis of nature, height, wet and dryness of land. Since then, the location and categories of land have changed to a great extent with the availability of physical facilities, roads, irrigation etc. The classification of land into new categories on the basis of' cultivates land, residential area, market facilities etc. is yet to be made. So the uniform land tax rate is being applied on the basis of land value and land used.

The land tax arrears and dues have been increasing every year due to lack of voluntary compliance on the part of taxpayers to pay taxes as their liability. Despite the provision of land confiscation, it is not being applied into practice to defaulters failing tax payment.

There are differences in the minimum evaluation system of land and property by different government at institutions like land revenue department, tax department, financial institutions and others. There are two types of land revenue system at present namely 'Raikar' and 'Guthi'. These lands are being assessed and imposed but there is no uniformity in their tax imposing and collecting. The 'Guthi' lands are not contributing land revenue directly to the national exchequer. So the situation of dual terminal land system has become over expensive as well as over burdened to land revenue administration.

There is lack of co-ordination between tax collecting agencies as they are waiting independent by with a direct link with the land revenue department at the center. District land revenue offices are fully authorized to exercise the power of the land revenue act. Thus land revenue department at central level remains only a passive administration and just a mediator between the ministry of finance and the district land revenue offices.

Land revenue offices are authorized to decide Quasi-judicial functions and prepare land records and maintain ledger etc. to perform this functions efficiently; trained and educated manpower is highly required with sufficient office materials. But this type of manpower is not available in these offices and systematic and regular training programs are not being given to them. Some of the land acts are enacted to regularize the land revenue are flexible, vague and incomplete. Land revenue is one of the oldest revenue collection offices. This office doesn't include under `Revenue Group'.

The revenue from land gradually decreasing but its expenditure is rapidly increasing. Thus, the land revenue is being collected through VDC's and municipalities under Local Self-Governance Act since Falgun l, 2052. After handover such power, the revenue from land collection is being annually decreasing trained. And its supervision, controlling and auditing is also unsystematic. Corruption through land revenue collection is also increasing day by day.

2.2 Review of Books

This chapter of the thesis describes about the theories and behaviors of land revenue and registration tax. They are mentioned below briefly.

Pokharel (2048) has been wrote a book about 'Land Revenue Administration in Nepal' in his book he has described in his own words, " Taxation of agricultural land is a phenomenon which has been the most important source of public finance in almost all countries in the world." In the underdeveloped countries, specially, where the average people hardly in a position to fulfill their basic necessities, they must have to be prepared to move towards agro sector for their ordinary life. Government also is

expected to derive income from these sectors to finance the initial stages of economic activities.

Although traditionalism in world economy is gradually disappearing, the industrial sector is coming up. Emergence of an industrial sector led towards much more productive and easily identifiable and assessable tax bases, which ultimately resulted in intensification of taxation in non-agro sector for additional resource mobilization.

Resource mobilization from domestic sources is possible only through agro sector, especially in all VDC's. As the non-agro sector is either based on agro infrastructure or not properly developed. In both of these cases the importance of agro sector is beyond doubt.

Further the base of country's resource mobilization from agro sector is a positive point. Custom and excise duties cannot be levied permanently in lieu of agriculture, especially in the developing countries like Nepal, where the role of nonagricultural sector is very limited. The taxation of non-agricultural sector is non fulfilling the requirement rather it is increasing the gap between the current resources and financial requirements. Since the gap cannot be fulfilled by the taxation of nonagricultural sector and the external assistances cannot be long-term phenomenon. The VDC is in general and Nepal in particular is forced to make vigorous efforts to catch up the grass level sources of possible means, i.e., ultimately the land and agriculture. The improvement of land and agriculture, gradually, no doubt will increase the revenue from custom and excise also. This is truer in the case of Nepalese revenue administration.

Due to the large variety of factors, natural and human, the cost of land revenue administration and the revenue from this source is almost equal in Nepal. This is for a serious and careful study. It is a challenge to scholars and policy makers. It has made a humble attempt in this direction.

Bastola (2053) wrote a book `Taxation in Nepal: Special Reference to Revenue System' is very useful to study about land revenue administration. His theme of the study according to him is, "The theme of the study developed out of the suggestion of Sri Mahesh C, Regmi. His, inspiration has sustained me through out this research

endeavor. It was he who suggested that Land Revenue Administration under the Ranas would be useful to investigate. This work is a part of this broad subject.

Taxation is a very important concept in the promotion of any state system. Therefore writers like Kautilya as well as Adam Smith have spoken eloquently on the importance of the system of taxation. The basic theory behind taxation is that every individual should contribute towards the expense of the government. Even Adam Smith who is generally considered to be the father of modern capitalism mentions that the subjects of every state ought to contribute towards the support of the government. Nepal also throughout his history has devised different methods of taxation."

His organization of the study in his own words, "This study is divided into four chapters. The first chapter deals with Introduction. It consists of a sketch of its topography, political history, economic conditions and the methodology. The second chapter, which is perhaps the main thrust of this thesis, is developed to Taxation in Nepal. The period of study is 1846 to 1901 (1903 to 1958). The system of taxation is not uniform but varied according to topography of land (Hills, Kathmandu Valley and Terai), the fertility of soil, climate, rainfall and the real output of the crops. The third chapter deals with Land Revenue Administration in Nepal. For taxation, land is also divided mainly into Raikar, Birta, Jagir, Rakam, Guthi and Kipat. Taxes were collected through the state appointed individuals like Jamindars, Chaudhary, Patwari etc in Tarai, Mukhiya, Zimmawal, Thari, Thani etc in hill region and Subba, Rai, Pagari etc in Kipat areas. Here , the different types of Revenue Collection System have been discussed in a comprehensive way and special emphasize has been led in showing the poverty of the peasants and the inability of the system to increase the output in production through scientific techniques like fertilizers, improved seeds and the modern methods of collecting revenue. The last chapter is conclusion which is really a summary of the main finding of the thesis."

Chaudary (2057) prepared Ph.D. Degree thesis entitled, "Agricultural taxation and economic development in Nepal during plan period." He has tried to describe about economy of Nepal, role and significance of agricultural taxation in economic development, historical development of agricultural taxation in Nepal, burden of

agricultural taxes in Nepal, evaluation of agricultural taxes in Nepal, and conclusion, resume of various recommendations and suggestions for reform of agricultural taxation in Nepal. This thesis is very useful to know about Nepalese again economic condition and impact of agricultural in the economy.

Dhakal (2058) wrote a textbook "Income Tax and House & Compound Tax law and practice". He has tried to describe about,, Nepalese income tax, House & Land Tax and Value Added Tax in his book. This textbook is also important to different levels of students or researchers to know about different type of tax provisions of Nepal.

Regmi (2059) also wrote a book "Land Ownership in Nepal". He has tried to describe about historically different types of land ownership in Nepal. This book is also very important to know about different types of land ownership and its management system.

Khadka (2059) has prepared a book "Municipal Finance in Nepal with Special Reference to Taxation." In this book he said, " In Nepal, municipalities represent local government in urban areas where the demand for public services is very high due to the rural-urban migration. Municipalities also have potential tax base due to the concentration of economic activities in the urban centers. Since the municipalities are in a position to manage their local affairs, including the management of the fiscal affairs, reform of local finance implies putting priority on the reform of principal finance. The municipal experience can later only replicated to the rural areas. This explains the region why this book is concentrated on the municipal finance."

This book is very useful to know about different types of the municipal finance resources. Such as, sources of municipal finance are: taxes, on tax sources, grants and loans etc. In the recent years the land taxes are also related with the municipal finance resources so this book is also very useful to study the land revenue.

Khadka (2060) wrote a book "Nepal ko Birta Byabastha chunauti tatha Rananiti". He has tried to describe about different types of Nepalese financial sources and its contribution to Nepalese economy.

Kamal Deep Dhakal (2002) presented his revised edition of his book "Aayakar Tatha Ghar-Jagga Kar ra Lekha". This book is based on ITA 2031. This book was useful for the period under the act and is very much useful in getting knowledge about history of taxation and the practice these days also.

Amayta, Pokheral and Dahal (2003) wrote a book entitled Taxation in Nepal. This book is also designed to meet the requirement of BBS 3rd year syllabus. Theoretical as well as practical aspects of taxation have been included in the book. This book is a descriptive one not analytical but it provides the required material as per syllabus of BBS 3rd year.

Another book named "Nepal Ko Aadhunik Aayakar Pranili" was published by Mr. Bidhyar Mallik (2003). This book is very much useful to any one interested upon taxation. In this book, Mr. Mallik has been explained ITA2058 with example wherever necessary. He has shared him expertise in his book so the complex act can be easily understood. In his book is descriptive as well as analytical in presentation. He has also clarified why some of the tax exempted amounts had been brought onto tax net by the new act.

Adhikari (2003) wrote a book "Modern Taxation in Nepal": Theory and Practice. It is useful for all interested person and student of taxation of different university including T.U. and also included the amended by different finance ordinance.

2.3 Review of Previous Researches

Mel ford (2023) completed his thesis about `Land Taxation in Nepal: The Present System and Recommendations for Reform.' He has been tried to define the taxation system of land in Nepal. In his study he has been conclude that `the present tax structure is outdated and inefficient. Taxes bear little or no relationship either yields or income. The tax burden is not spread equally over the country but varies in a bewildering, unpredictable, and arbitrary fashion.

Taking the country as a whole the rate of taxation is extremely low and represents only a negligible fraction of the income of the agricultural sector. By basing assessments on yields and re-organizing the machinery of tax administration in Nepal could greatly increase its revenue from agricultural taxation, distribute the incidence of taxation more equitably and make it an adjunct to land reform.

Timalsina concluded in his thesis (2062) that the successes or effectiveness of land revenue administration entirely depends upon the systematic and up-to-date record system. To manage systematized record files there is necessary to apply computerized system. Without scientific cadastral survey, there are very difficulties involved in the classification of land owner and voluntary compliance on the part of taxpayers.

Following are the major finding;

) Land revenue and land registration tax is vital source of collecting government revenue in Nepal.

) Ineffectiveness in the implementation of the act is cause to leading low contribution of land revenue to total income tax revenue of Nepal.

) Standard deduction as expenses should be provided from Property tax act 2047.

) Exemption limit should be adjusted by considering factor like inflationary condition, remoteness etc.

Besides this reports, books and master level, dissertations, Ph.D. thesis, some articles about published in Rising Nepal, Gorkhapatra etc, and publication of ministry of finance such as budget speech economic survey were reviewed in the study period.

2.4 Research Gap

In the process of browsing through the various research work that are related to the present research problem none of those were found directly related to the area chosen for these purpose. So the research gap seems to be a bit far. That means the present research problem is different for the previous related literature of the similar researcher in term its objective and data presentation.

There are various studies accepted on the land revenue and land registration tax but the research is none about the application of land revenue and land registration and effectiveness. Some relate studies are about the income tax and implementation of different taxes. So it is a different job for researcher. It would have been of a great benefit to this study if the gap created by the previous studies can be filled up. Further this study will not only help the research student to carry further studies but it will also the helpful to the interested group in the selected sector such as employee of different private company, government offices, lecturers, tax experts, tax administrator and tax counselors.

So in this regards can be varied from the previous one in terms of objective and data presentation mode which has been termed as a research gap wills the study.

CHAPTER-III

RESEARCH METHODOLOGY

Research methodology is simply a group of activities taken into practice while research work. It includes manner and technique as well as specifies the steps and chain of activities, states the relationship of the tasks.

It refers to the various sequential steps (along with a rational of each step) to be adopted by a researcher in studying a problem with certain object in a view. It would be appropriate to mention that research objects are not susceptible to be studied will determine the particular steps to be taken order to. (Kothari, 1990, 19)

Since the basic objective of this study is to examine the application and effectiveness of employment tax in Nepal. So, suitable research methodology as per requirements of the studies is being followed. To achieve this objective, the basis would be followed by primary as well as secondary data. These data will be evaluated and analyzed with the help of statistical tools. Mainly two aspects; descriptive and analytical are used on this study. So this chapter examines about the research design, sources of data, data collection procedure, method of analysis of data and tool for analysis.

Both primary and secondary sources of data will be used in this study. Primary data will be collected mainly by opinion survey. For this questionnaires were distributed to Tax expert, Tax Administrator and employees to know their opinion towards various aspects of taxation on employment income. Economic Survey was used as the major sources of secondary data. Different statistical tools were used to analyze the data. In this, average, Percentage, chi-squire test and t-test for analysis and to test the hypothesis have been used.

3.1 Research Design

The over all plan of any proposed activity can be seen in design of the study. Research design is the guide liner of the research. It implies the procedure, technique and

overall frame work of the study. Basically the data and information of the study are concerned with past phenomenon of the performance. Thus it can be also regarded as historical research design. After the collection of past data and experiences, this study analyzed and described its own procedure. Therefore this study also followed an analytical as well as descriptive research design.

3.2 Types of Data

Two types of data are used in this thesis. They are:

3.2.1 Primary Data: Primary data are original data generated by researcher for the thesis.

3.2.2 Secondary Data: Secondary data are that which are collected from previous publication

3.3 Data Collection Procedure

Primary data are original data generated by researcher for the thesis. The field work procedure were adopted to prepare thesis report on a direct visit to the land revenue office, the researcher used questionnaires method to collect primary data. First few days were given to understand the various departments, officials and their timing of work.

Secondary data were used in the form of published data. However the unpublished data as the records, reports, statistics gathered or compiled by others prior to our study were also secondary data. Magazine and papers were also consulted for details information as well as different publications of central bureau of statistics (CBS).

3.4 Population and Sample Size

All the tax administrators, tax experts, employees & tax payers in Kathmandu valley are considered as target sample. The denominations of the respondents have been presented in table 3.1.

Table 3.1: Group of respondents and sample size

S. No.	Denomination of the respondents	Sample
1	Tax administrators	15
2	Tax experts	15
3	Employees	15
4	Tax payers	15
Total:		**60**

3.5 Profile of Respondents

Questionnaires were distributed to 60 respondents: Tax administrators, Tax experts, Employees and Tax payers. All of them, questionnaires were received from all groups. The following table reveals the different numbers and percentages of the respondents.

Table 3.2: Profile of Respondents

S. N.	Respondents	Total Sample		Respondents Received	
		No.	%	No.	%
1.	Tax administrators	15	25	15	25
2.	Tax experts	15	25	15	25
3.	Employees	15	25	15	25
4.	Tax payers	15	25	15	25
Total		**60**	**100**	**60**	**100**

Source: Field Survey 2006/07

3.6 Data Analysis Tools

This research contains different tools for analysis and interpretation. All those data which were collected from secondary sources were tabulated and then converted into separate format in systematic manner. Various tables were used according to the order of subject matter.

The financial analytical tools were used for the quantitative analysis of secondary as well as primary data are as follows:

3.6.1 Percentage

Percentage plays a special role in data calculations. In each and every sphere of activities, it is found applied. For example, calculations of the tax, profit and loss, Revenue, Rate of Interest, Discount, Commission, Rebate etc. are found made on the basis of percentage. For a concern, to find out the value of tax or revenue is no more important, but to find out the percentage of tax or revenue is more important. It is, therefore, necessary for us to know the meaning of percentage.

The word "Percentage" is divided from the "Per Centum" which means for every hundred. Hence 10% of Rs. 400 means Rs. 10 on every Rs.100. Therefore it is 10 X 4 = 40.

Similarly,

Rs. 10 is the 10% of Rs. 100. It is calculated as $\dfrac{Rs.10}{Rs.100} \mid 100$

The idea of percentage is important for ascertaining the comparative rate of incomes, expenses, gains and loses.

3.6.2 Mean

The sum of the entire observation is divided by the number of observation is called mean.

$$\text{Mean } (\overline{X}) = \frac{X}{n}$$

Where,

ϕX = Sum of all values of the variable 'x'

n = Number of Observations

X = Variables Involved

3.6.3 Chi-Square Test

The square of standard normal variable is called chi-square distribution with 1 degree of freedom and its test of significance is called chi-square test. Basically chi-square test is test for frequently analysis.

Mostly chi-square statistics is applied under following condition:

    (a) Testing the goodness of fit.

    (b) Testing the independence of attribute.

As per the demand of the thesis, I have used testing the independence of attribute for chi-square test. It contains following 5 steps:

Step (1) Hypothesis Formulation

Ho (Null Hypothesis): That is there is no any relationship between row factor and column factor.

H1 (Alternative Hypothesis): That is there is relationship between row factor and column factor.

Working			
Row\Column	C_1	C_2	Row Total (RT)
R_1	a	b	a+b
R_2	c	d	c+d
Column Total (CT)	a+c	b+d	N= a+b+c+d

Step (2) Test Statistics:

Under Ho: $t^2 = \dfrac{(O \ Z E)^2}{E}$

Where,

O = Observed Frequency

E= Expected Frequency $= \dfrac{RT \mid CT}{N}$

Step (3) Level of Significant (LOS) = 5% (Most Commonly Used):

Degree of Freedom (d.f.) = (r-1) (c-1)

Step (4) Table Value

Step (5) Decision

3.6.4 Coefficient of Rank Correlation

Correlation analysis refers to the statistical technique, which measures the degree of relationship or associations between the variables. To put it differently, it helps in analyzing the co variation of two or more variables.

It is to be noted that a high degree of correlation between two variables doesn't always necessarily imply that changes in one variation cause changes in the other.

There are two methods for calculating correlation coefficient. They are (a) Karl Person's Correlation Coefficient and (b) Spearman's Rank Correlation Coefficient. Basically, Karl Pearson's Correlation Coefficient is used for quantitatively measured data where as spearman's rank correlation coefficient is used for qualitative measured data.

As per the demand of the thesis, here I have used spearman's rank correlation coefficient, which is calculated as:

$$R= 1 Z\frac{6\ d^2}{n(x^2\ Z1)}$$

Where,

R= Rank Correlation Coefficient given by spearman

ϕd^2 = Sum of square of deviation between two ranks.

n = number of observation or sample size.

Interpretation of Correlation Coefficient (r)

(a) The value of 'r' lies between +1.00 to -1.00

(b) When r=+1, there is a positively perfect correlation between the two variables.

(c) When r=-1, there is a negatively perfect correlation between the two variables.

(d) When r=0, the variables are uncorrelated i.e., increase or decrease in one variable results no impact on another variable and vice-versa.

(e) When r= approximate 1 (between 0.70 & 0.99), then there is positively high degree correlation.

(f) When r= approximate -1 (between -0.70 & -0.99), there is negatively high degree correlation.

CHAPTER-IV

PRESENTATION AND ANALYSIS OF DATA

In the earlier chapters, general background and research methodology have been highlighted along with review of relevant literature pertinent to this purpose study. Now it comes to the most important component of the study, which deals to the analysis of land revenue and registration tax. The whole analysis is based upon empirical as well as statistical analysis in addition to interpretation of results to find existing problems and prospects of the revenue collection.

(1) Analysis of Secondary Data and (2) Analysis of Primary Data

4.1 Analysis of Secondary Data

In this study, different types of data, which affected to government revenue, are presented and analyzed. Also in this part of the chapter, there are different data relating to the land revenue are presented and analysis to fulfill the objective of this studies.

4.1.1 Data Presentation and Analysis

In this study, different types of data, which affected to government revenue, are presented and analyzed. In the study of land revenue there are multiple sector affected by the revenue administration. Such the sources of resource to the nation are: taxes and non-taxes revenue, grants, fees, penalty and loans etc. Also in this chapter there is different data's relating to the land revenue are presented and analysis to fulfill the objective of this studies.

4.1.2 Resource Gap in Nepal

Nepal has suffering from resource constraint, mass poverty, rapid growth of population, less employment opportunities, aggressive dependence on

agriculture, subsistence living standard etc. Despite plan development effort about five decade.

In Nepal, the resource mobilization is still that doesn't cover the growing expenditure. Fiscal deficit is due to the continuously growing expenditure of the government instead of the low revenue performance. That is the country facing the increasing burden of internal and foreign loan. Widening trend of the different gap is shown in table 4.1

Table 4.1: Resource Gap in Nepal

Rs. In '000000

F/Y	Total Expenditure (A)	Total Revenue (B)	Resource Gap[a] (A-B)	Foreign Grants (C)	Resource Gap[b] {A-(B+C)}	Foreign Loan (D)	Resource Gap[c]{A-(B+C+D)}
1997/98	56,118.30	32,937.90	23,180.40	5402.60	17,777.80	11054.50	6,723.30
1998/99	59,579.00	37,251.30	22,328.00	4336.60	17,991.10	11852.40	6,138.70
1999/00	66,272.50	42,893.70	23,378.70	5711.70	17,667.10	11812.20	5,854.90
2000/01	79,835.10	48,893.90	30,941.50	6753.40	24,187.80	12044.00	12,143.80
2001/02	80,072.20	50,445.60	29,626.70	6686.10	22,940.50	7698.70	15,241.80
2002/03	84,006.10	56,229.70	27,776.30	11339.10	16,437.30	4546.40	11,890.90
2003/04	89,442.60	62,311.00	27,131.60	11283.40	15,848.20	7629.00	8,219.20
2004/05	102,560.40	70,122.70	32,437.70	14391.20	18,046.50	9266.10	8,780.40
2005/06	110,889.20	70,765.56	40,123.64	13827.50	26,296.14	8214.30	18,081.84
2006/07	133,604.60	82,301.66	51,302.94	15800.80	35,502.14	10053.50	25,448.64

Source: Economic Survey 2006/07

The above table showed the resource gap' of Rs 23180.30 million in F/Y 1997/98 reached to Rs 22328 million in the FY 1998/99. It is decreasing trend. But from FY 1999/00, resource gap is in increasing trend that is on FY 1999/00 is 23378.70 million and in FY 2000/01 is 30941.50 million. After FY 2000/01 resource gap is decreasing trend up to FY 2003/04 and from FY 2004/05 to FY 2006/07 it id in increasing trend and reached to 51302.94. These figures show the resource gap is up and down each FY. Resource gap [h] (after considering foreign grants) is Rs 17777.80 in the starting year. It is increased by 213.30 in FY 1998/99 and reached to Rs 17991.10 million. It was decreased in the FY 1999/00 by the Rs 324 million than the previous year. In FY 2000/01 resource gap is increased and reached to Rs 24187.80. FY 2001/02 – to FY 2003/04 it is in decreasing trend. It is 22940.50 million FY 2001/02, 16437.30 million in FY 2002/03 and Rs 15848.2 million in FY 2003/04. The government takes internal and external loans meet deficit finance. Foreign loan reached Rs 11054.50 million in the FY 1997/98 and Rs 10053.5 million in 2006/07.After foreign loan financing the resource gap' of Rs 6723.30 million in F/Y 1997/98 reached to Rs 6138.70 million in the FY 1998/99. It is decreasing trend. But from FY 2000/01, resource gap is in increasing trend that is on FY 2000/01 is 12143.80 million and in FY 2001/02 is 15241.80 million. These figures show the resource gap is fluctuating each FY.

The internal loan is also continuously increasing trend. Even after internal and external loan financing, cash deficit has existed in Nepalese public finance. Thus this increasing resource gap indicates that it is necessary to mobilize additional domestic resources. Ultimate and the best measure to fill up a resource gap are to increase public revenue through effective tax system.

4.1.3 Tax-GDP and Tax-Effort Ratios in Nepal

Nepal is one of the least developed countries on which per capita income has come down nearly at the least position of backward despite various attempts to mobilize the revenue. Nepal is facing a problem of low revenue performance.

Table 4.2: Tax-GDP and Tax-effort Ratios in Nepal

F/Y	Tax-GDP* ratio	Revenue-GDP*
1997/98	8.95	11.37
1998/99	8.71	11.29
1999/00	9.05	11.71
2000/01	9.40	11.83
2001/02	9.14	11.72
2002/03	9.25	12.22
2003/04	9.62	12.44
2004/05	9.86	12.78
2005/06	9.40	11.58
2006/07	10.01	12.18

* **GDP** is taken in current price.

Source: Economic Survey 2006/07

From the above table Tax-GDP ratio and revenue-GDP ratios are 8.95% and 11.37 % in the FY 1997/98 respectively. The tax GDP ratio has fluctuated from 8.95% to 10.01%. Minimum revenue GDP ratio is 11.29% in the FY 1998/99 and maximum is 12.78% in the FY 2004/05. Average tax- GDP ratio is 9.34% and revenue –GDP ratio is 11.91%.

4.1.4 Structure of the Government Revenue of Nepal

In Nepal revenue structure, tax revenue has always been greater the three times of non tax revenue. This means the heavy there is contribution of tax revenue in total revenue in Nepal. The tax revenue is always increasing order. Its percentage Contribution has always been fluctuating with in the lower limit of

about 75.74% to upper limit 82.19%.in percentage contributions, out of total revenue of NRs.32,937.90 millions, 78.75% i.e. Rs. 25,937.90 millions has been contributed by revenue, in 1997/98 .In 2006/07,82.19% i.e. RS.67,644.00 millions of total revenue has been collected as tax revenue.

In the other hand, contribution of non-tax revenue has the lowest contribution as compared to tax-revenue. Its contribution to total revenue has reminded below 25%. In 1997/98, Rs. 6,998.10 millions has been collected as non tax revenue, which is about 21.25% of total revenue. Its contribution of over the ten years period has been fluctuating. In 2006/07, out of total revenue of Rs. 82,301.66 millions, Rs.14657.66 millions has contributed from non-tax revenue. It is about 17.81% of total revenue. It has been decreasing order from 2005/06, in percentage contribution.

The Structure of the Government revenue of Nepal is presented in the figure 4.1.

Table 4.3: Structure of Government Revenue of Nepal

(FY 1997/98-2006/07, Rs. in millions)

FY	Total Revenue	%	Tax Revenue	%	Non Tax revenue	%
1997/98	32,937.90	100	25,939.80	78.75	6,998.10	21.25
1998/99	37,251.30	100	28,752.90	77.19	8,498.40	22.81
1999/00	42,893.70	100	33,152.10	77.29	9,741.60	22.71
2000/01	48,893.90	100	38,865.10	79.49	10,028.80	20.51
2001/02	50,445.60	100	39,330.60	77.97	11,115.00	22.03
2002/03	56,229.70	100	42,587.00	75.74	13,642.70	24.26
2003/04	62,311.00	100	48,173.00	77.31	14,158.00	22.72
2004/05	70,122.70	100	54,104.70	77.16	16,018.00	22.84
2005/06	70,765.56	100	57,430.74	81.16	13,334.82	18.84
2006/07	82,301.66	100	67,644.00	82.19	14,657.66	17.81

Source: Economic Survey 2006/07, Ministry of Finance, The GoN. Table 2.2

The Table 4.3 can be presented in figure as following figure 4.1

Figure 4.1: Structure of government revenue of Nepal
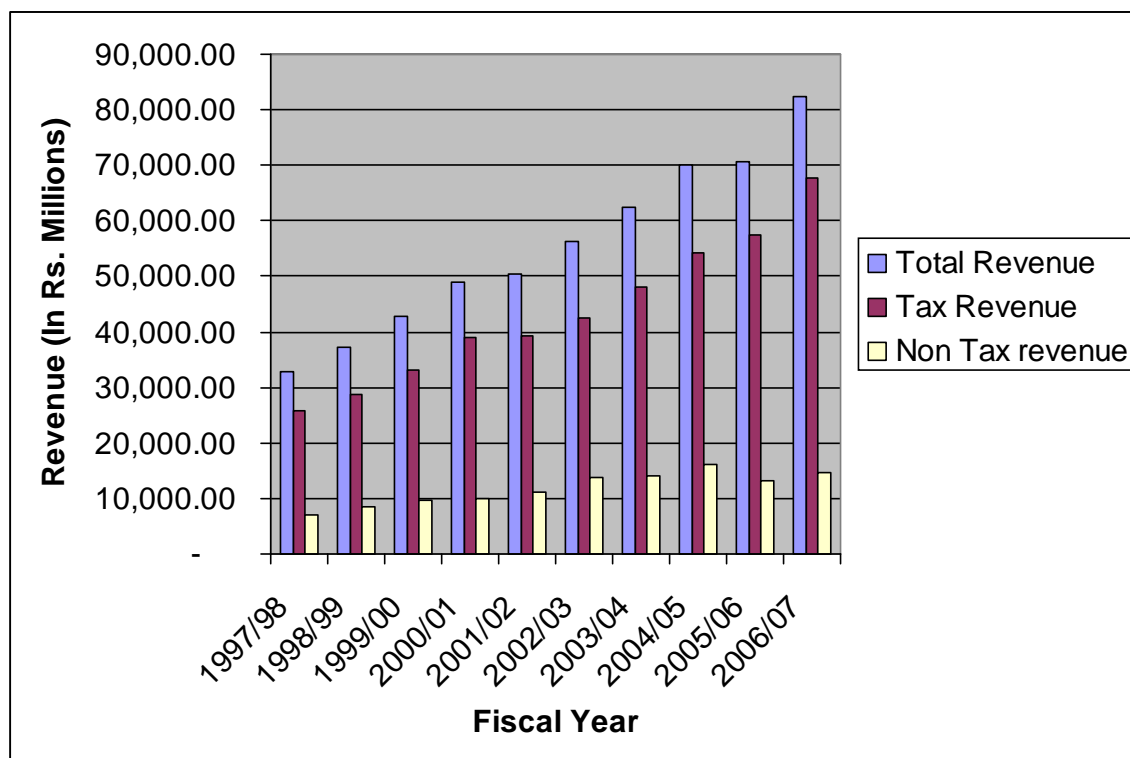
4.1.5. Structure of Tax Revenue in Nepal

Total tax revenue consists of direct tax revenue and indirect tax revenue. Given Table 4.1.2, Presents tax revenue structure of Nepal which consists of both direct taxes to indirect tax revenue of Nepalese tax revenue structure from the fiscal year 1997/98 to 2006/07.

In 1997/98, out of total tax revenue of Rs. 25,939.80 millions, Rs. 6,187.90 and millions Rs. 19,751.90 millions have been contributed by direct tax revenue and indirect tax revenue respectively. It means about 23.85% and 77.15% of total revenue has been contributed by direct and indirect tax revenue respectively. In year 2006/07 Rs. 18,642.58 millions and Rs. 49,181.43 millions out of total tax revenue has been collected as direct tax and indirect tax revenue respectively, i.e. 27.29% and 72.71% of total tax

revenue have been collected from direct tax and indirect tax revenue respectively. So it can be simply said that, indirect tax has been significant contribution in the total tax structure of Nepal, on comparison to direct tax.

Table 4.4: Structure of Tax Revenue of Nepal

(FY1997/098 -2006/07, Rs. in Millions)

FY	Direct Tax Revenue	%	Indirect Tax Revenue	%	Total Tax Revenue	%
1997/98	6,187.90	23.85	19,751.90	76.15	25,939.80	100.00
1998/99	7,516.10	26.14	21,236.80	73.86	28,752.90	100.00
1999/00	8,951.50	27.00	24,200.60	73.00	33,152.10	100.00
2000/01	10,159.40	26.14	28,705.70	73.86	38,865.10	100.00
2001/02	10,597.50	26.94	28,733.10	73.06	39,330.60	100.00
2002/03	10,105.80	23.73	32,481.20	76.27	42,587.00	100.00
2003/04	11,912.60	24.73	36,260.40	75.27	48,173.00	100.00
2004/05	13,071.80	24.16	41,032.90	75.84	54,104.70	100.00
2005/06	13,968.26	24.32	43,462.28	75.68	57,430.74	100.00
2006/07	18,462.58	27.29	49,181.43	72.71	67,644.00	100.00

Source: Economic Survey 2006/07, Ministry of Finance, The GoN. Table 2.2

The contribution of direct and indirect tax in total tax revenue of Nepal is presented in the figure 4.2., below.

Figure 4.2 Structure of Tax Revenue of Nepal
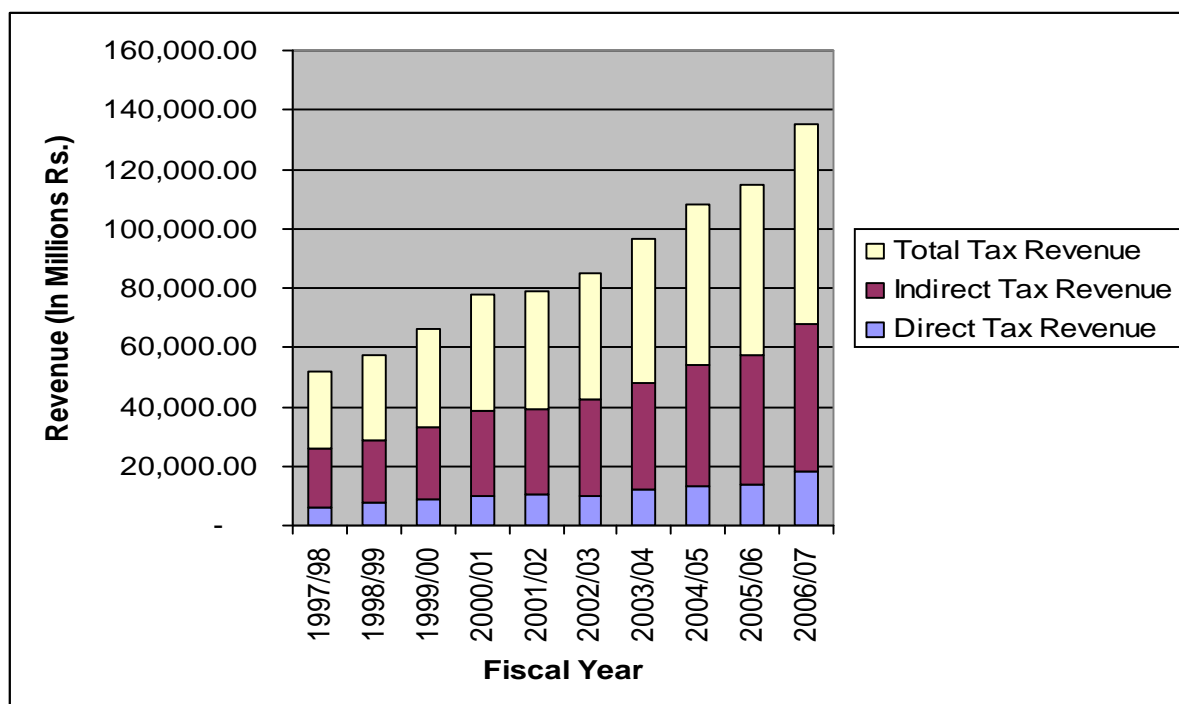
4.1.6 Composition of Income Tax in Nepal

Nepal is facing a serious problem and growing fiscal resources gap and her need for mobilizing additional financial resources from domestic source through taxation has been urgent. The base for levying taxes may be consumption, income and capital. Taxes on income and capital are known as direct taxes where as taxes on consumption are known as indirect taxes. Tax structure of Nepal is composed of both direct and indirect taxes. Income tax has been paying a vital role to generate government revenue for the economic development of the nation. Nepalese income tax structure is formed by combination of income tax from public enterprises, private corporate bodies individual, employment and interest. This has been presented in table 4.4 And 4.5 below. Here, public enterprises consist the of 100% government ownership and private corporate bodies means public, private limited companies, individual sole traders, partnership organization,

employment means salary earn by the employee which is government and non government sectors employees.

Table 4.5: Composition of Income Tax in Nepal

(FY1997/98-2006/07, Rs. In Millions)

FY	Public Enterprise	Private and Corporate Bodies	Employment	Tax on Interest	Income Tax Revenue
1997/98	1,317.80	3,045.90	322.20	212.20	4,898.10
1998/99	1,526.50	3,927.70	396.50	319.50	6,170.20
1999/00	2,198.80	4,356.00	451.50	414.30	7,420.60
2000/01	2,928.00	5,124.80	597.30	463.90	9,114.00
2001/02	1,769.30	5,831.10	835.60	467.70	8,903.70
2002/03	1,251.00	4,589.60	1,259.60	866.00	7,966.20
2003/04	2,056.00	5,064.70	1,391.80	733.40	9,245.90
2004/05	1,732.40	7,037.30	1,745.90	757.00	11,272.60
2005/06	1,871.70	7,387.65	1,764.13	774.93	10,939.53
2006/07	2,084.99	10,374.51	1,928.45	1,012.16	15,400.11

Source: Economic Survey 2006/07, ministry of finance, the GoN. (Table: 2.2.)

The contribution of income tax in total revenue, total tax revenue and direct tax revenue of Nepal presented in the figure 4.3

Figure 4.3: Composition of Income tax in Nepal

in Rs.
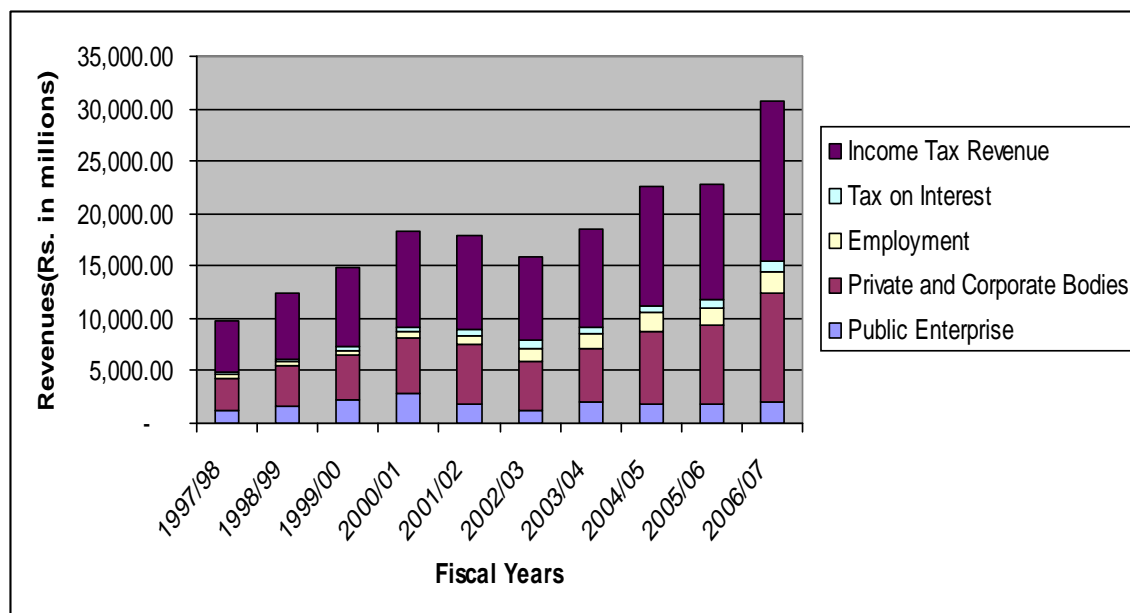
Table 4.6: Composition of Income Tax in Nepal

(FY 1997/98-2006/07 in Percentage)

FY	Public Enterprise	Private and Corporate Bodies	Employment	Tax on Interest	Income Tax Revenue
1997/98	26.90	62.19	6.58	4.33	100.00
1998/99	24.74	63.66	6.43	5.18	100.00
1999/00	29.63	58.70	6.08	5.58	100.00
2000/01	32.13	56.23	6.55	5.09	100.00
2001/02	19.87	65.49	9.38	5.25	100.00
2002/03	15.70	57.61	15.81	10.87	100.00
2003/04	22.24	54.78	15.05	7.93	100.00
2004/05	15.37	62.43	15.49	6.72	100.00
2005/06	17.11	67.53	16.13	7.08	100.00
2006/07	13.54	67.37	12.52	6.57	100.00

Sources: Economic survey 2006/07, Ministry of Finance, the GoN (Table2 .2)

The contribution of income tax in total revenue, total tax revenue, and direct tax revenue of Nepal presented in the figure 4.4

Figure 4.4: Composition of Income Tax in Nepal (in %)
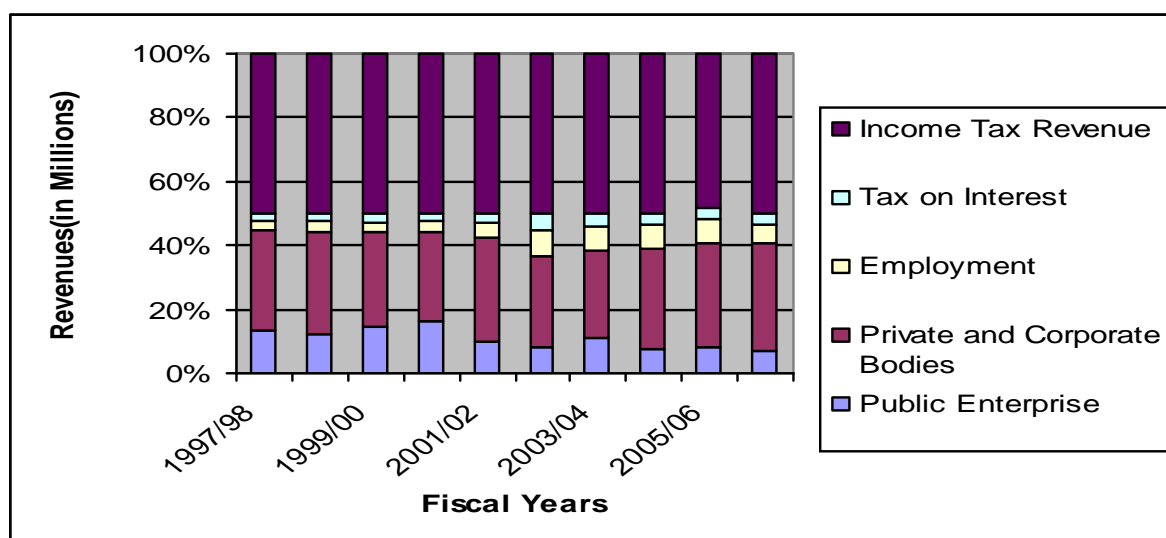
On the basis of above table, income tax revenue seemed to have an increasing trend up to 2001/02. Then in 2001/02 and 2002/03, it was decreased. In 1997/98 Rs. 4,898.10 millions was raised from income tax revenue. It is 8,903.7 in 2001/02 and Rs. 7,966.20 millions was raised income tax revenue in 2002/03. But in 2003/04 it has start to increase. It is 15400.11 in 2006/07.

The income tax contribution of private and corporate bodies has occupied first position in total income tax revenue in Nepal. In 1997/98 Rs.3045.90 millions was raised from private and corporate bodies income tax. It has been increasing trend up for first three years then it was decreased in 2001/02 to 2002/03 then after it is increasing. In 1997/98 it is about 62.19% of total income tax revenue. Year 2006/07 it is reached to 10,374.51 millions which is 67.37% of total income tax revenue is 15,400.11 millions.

Public enterprises took the second position regarding its contribution in total income tax revenue. In year 1997/98 out of total income tax revenue Rs. 4,898.10 millions, Rs.1317.80 millions has been contributed by public

enterprises. It is about 26.90 %. Its contribution has been increasing trend up to 2000/01 then next two year it was decreased. And it took recovery from year 2003/04. In 2002/03, out of total income tax revenue of Rs. 7966.20 millions Rs. 1251.00 millions has been contributed by public enterprises, this is about 15.70%. It became Rs. 2084.99 million in 2006/07 which is 13.54% of total income tax revenue.

The third position in total income tax revenue has been occupied by income tax from employment. In 1997/98 it contributed Rs.322.20 millions to get total income tax revenue of Rs. 4,898.10 millions. In year 2006/07 for total tax revenue of Rs. 15,400.10 millions it added the value of 1928.45 millions which is 12.52%.

Tax on interest has occupied fourth position in total tax revenue. In 1997/98 Rs.212.20 millions was collected as tax on interest. Interest tax has been increasing trend except 2003/04. In year 2006/07 it came 1012.16 millions which is 6.57 % of total tax income.

4.1.7 Composition of Indirect Tax Revenue

Indirect tax is levied on the spending on goods and services and tax is not paid to the government by the real taxpayer. According to Oxfords Advanced Learners Dictionary "A tax that is not paid directly to the government but has extra amount added to the price of particular goods," The main features of indirect tax are convenience to pay mass participation, limited eviction, shifting of incidence; the consumer paid the taxes to the businessman not the government etc. Indirect tax is the main sources of the government revenue.

Indirect tax imposed in Nepal mainly customs duties, excise duties on individual production and VAT. Custom duties are composed of import duties, export duties and export service charge, custom duties and Indian excise refund. Excise duty levy in the industrial production and VAT has wider coverage since it covers most of the goods imposed or domestically produced.

Table 4.7: Composition of Indirect Tax Revenue

Rs. in '000000

F/Y	Total Indirect tax	Custom duties		Sales tax (VAT)**			Excise duties'		other taxes*	
		Amount	%	Amount	%		Amount	%	amount	%
1997/98	19,751.90	8,502.20	43.04	7,122.60	36.06		2,885.80	14.61	1,241.30	6.28
1998/99	21,236.80	9,517.70	44.82	7,882.20	37.12		2,953.20	13.91	883.70	4.16
1999/00	24,200.60	10,813.30	44.68	7,854.90	32.46		3,127.60	12.92	2,404.80	9.94
2000/01	28,705.70	12,552.10	43.73	12,047.80	41.97		3,771.20	13.14	334.60	1.17
2001/02	28,733.10	12,658.80	44.06	11,964.00	41.64		3,807.00	13.25	303.30	1.06
2002/03	32,481.20	14,236.40	43.83	13,459.70	41.44		4,785.10	14.73	0.00	0.00
2003/04	36,260.40	15,554.80	42.90	14,478.90	39.93		6,226.70	17.17	0.00	0.00
2004/05	41,032.90	15,701.60	38.27	18,885.40	46.03		6,445.90	15.71	0.00	0.00
2005/06	43,462.28	15,344.00	35.30	21,610.70	49.72		6,507.60	14.97	0.00	0.00
2006/07	49,181.43	16,647.54	33.85	25,906.25	52.67		6,627.64	13.48	0.00	0.00

*It is sum of taxation on industrial product and liquor contact,

**It includes entertainment tax, hotel tax, air flight tax, contract tax, road and bridge maintenance tax and some others. However measures of these were replaced by VAT from 1998.

Source: Economic Survey 2006/07

Composition of indirect tax revenue is presented in figure 4.5 below:

Figure 4.5: Composition of Indirect Tax Revenue
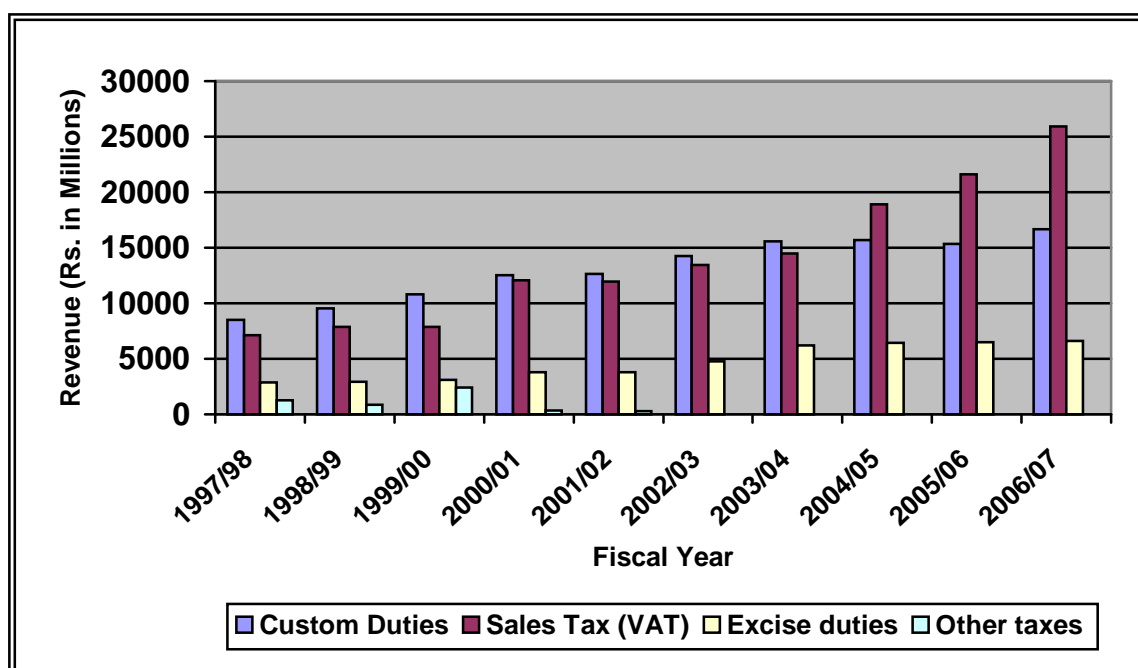
Above figure shows that the contribution of the custom duties to the total indirect tax is more than 33.85% in each year under the study period. Its contribution in the FY 1997/98 is 43.04%. It is fluctuating over the study period. Its contribution in the FY 2006/07 is 33.85%. This tax (custom duties) contribution to total indirect tax is higher than other taxes up to FY 2003/04 but from FY 2004/05 to FY 2006/07 it is lower than sales tax (VAT). Contribution of sales tax (VAT) to indirect tax is 32.46% to 52.67%. Sales tax has occupied second position in indirect tax revenue up to FY 2003/04 but from FY 2004/05 to FY 2006/07 it is in first position. Sales tax revenue is not in same trend. Excise duties contribution to total indirect revenue is on the third position. Its contribution is 12.92% to 17.17% in indirect tax revenue. Amount of excise duty is increasing each year fluctuating percentage. Contribution of other taxes to indirect taxes is 0% to 9.94% over the study period. Most items of other taxes has replaced by VAT. So, that its contribution has declined in larger volume after the implementation of VAT. Average contribution of custom duties, sales tax (VAT), excise duties and other taxes to indirect revenue are 41.45%, 41.90%, 14.39% and 2.26% respectively.

4.1.8 Composition of Direct Tax Revenue

If the person paying and bearing the tax is same, it is called direct tax. In the words of Dalton "A direct tax is really paid by the same person on whom it is legally imposed." It is progressive so far as the amount paid varies significantly according to the income and wealth of the taxpayer. In the context of Nepal direct tax composed of different taxes namely income tax, property tax (Urban house and land tax, vehicle tax, interest tax), land revenue, house and land registration tax and some other taxes.

In Nepalese tax revenue structure the contribution of direct tax and share of other components are shown in the table 4.10

Table 4.8: Composition of Direct Tax

Rs. in '000000

F/Y	Total Direct Tax	Land Revenue and Registration				Tax on Income, Profit and Property				
		Land Revenue and Registration	Houseand Land Registration	Total	%of total direct tax	Income Tax And Interest	Tax on Property	Other Taxes	Total	% of Total Direct Tax
1997/98	6,187.90	3.60	1,000.60	1,004.2	16.23	4,898.10	289.60	0.00	5,183.70	83.77
1998/99	7,516.10	1.40	1,001.80	1,003.2	13.35	6,170.20	342.70	0.00	6,512.90	86.65
1999/00	8,951.50	4.60	1,011.30	1,015.90	11.35	7,420.60	515.00	0.00	7,935.60	88.65
2000/01	10,159.40	5.10	607.80	612.90	6.03	9,114.00	432.50	0.00	9,546.50	93.97
2001/02	10,597.50	0.80	1,131.00	1,131.80	10.68	8,903.70	562.00	0.00	9,465.70	89.32
2002/03	10,105.80	0.00	1,414.30	1,414.30	13.99	7,966.20	559.50	165.80	8,691.50	86.01
2003/04	11,912.60	0.00	1,697.50	1,697.50	14.25	9,245.90	700.60	268.60	10,215.10	85.75
2004/05	13,071.80	0.00	1,799.20	1,799.20	13.68	10,159.40	806.50	306.70	11,272.60	86.32
2005/06	13,968.26	0.00	2,181.10	2,181.10	15.61	10,373.86	847.60	565.70	11787.16	84.38
2006/07	18,462.58	0.00	2,253.50	2,253.50	12.21	14,516.28	995.00	697.80	16209.08	87.79

Sources: Economic Survey 2006/07

Composition of Direct Tax revenue presented in figure 4.6 below:

Figure 4.6: Composition of Direct Tax
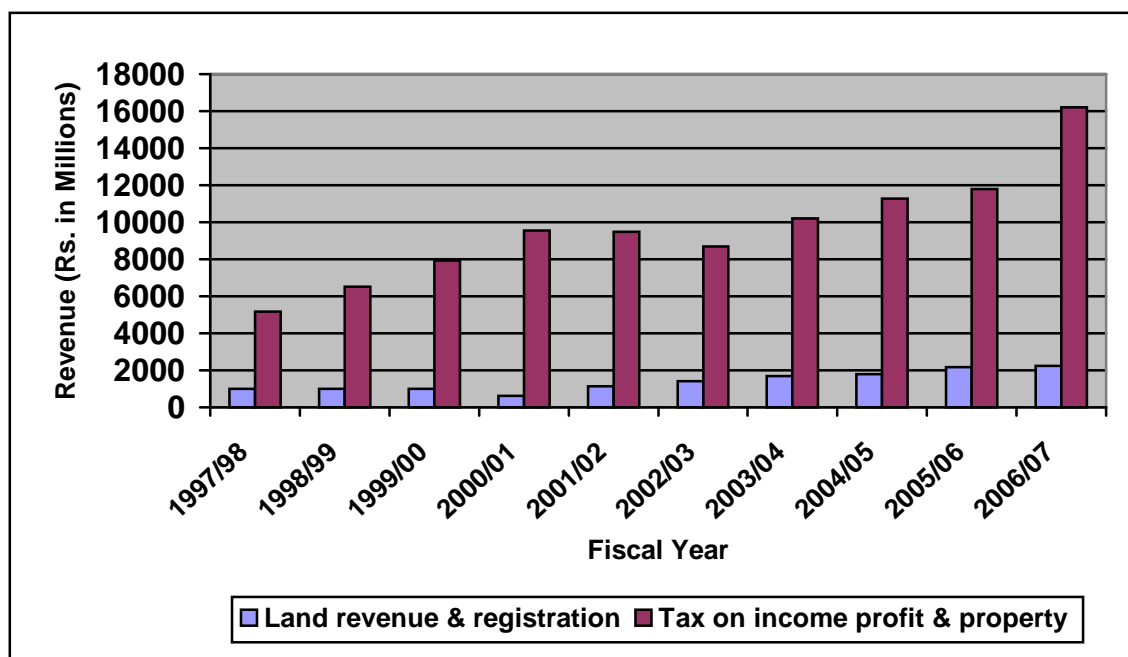
In the above table and figure, direct tax is classified into land revenue and registration and tax on property, profit and income tax and interest. Land revenue and registration is further classified into land revenue and house and land registration. House and land revenue registration is higher than land revenue in each year. The share of land revenue is Rs 3.6 million and house and land registration is Rs 1000.60 million in FY 1997/98.These taxes are less fluctuates over the study period. And land revenue is continuously decreased to zero level from FY 2001/02. Land revenue and registration contribution to direct tax revenue is 6.03% to 16.23%.

Another source of direct tax revenue is tax on property, profit and income. The contribution of property, profit and income tax to direct tax revenue is 83.77% to 93.97% over the study period. This revenue is increasing continuously except in the FY 1991/92, 2002/03 and 2003/04. Average contribution of land revenue and registration: tax on income, profit and property is 12.75% and 87.25% respectively.

4.1.9 Contribution of Land Revenue to the Gross Domestic Product (GDP)

The table shows the contribution to the GDP of Nepal. There is various serious condition of land revenue because land revenue contribution to the FY 1985/86 is Rs 76.9 million to total tax revenue but in the FY 2004/05 its contribution is Rs zero, same as the condition of land revenue to the GDP. Land revenue contribution to the GDP in the beginning of the study period is 17.30% and in the ending of the study period is zero percent. Contribution of land is everywhere. Without land we cannot sustain in the world. But its contribution to GDP is nothing. So this is the very serious condition for the nation.

Table 4.9: Contribution of Land Revenue to GDP

Rs. in '000000

F/Y	GDP	Total land Revenue	% of Land Revenue on GDP
1997/98	289,798.00	3.6	0.0012422
1998/99	330,018.00	1.4	0.0004242
1999/00	366,251.00	4.6	0.001256
2000/01	413,428.70	5.1	0.0012336
2001/02	430,396.60	0.8	0.0001859
2002/03	460,325.30	0.0	0
2003/04	500,699.10	0.0	0
2004/05	548,484.70	0.0	0
2005/06	611,088.50	0.0	0
2006/07	675,484.00	0.0	0

Sources: Economic Survey 2006/07

Above table showed land revenue contribution to the FY 1997/98 was Rs 3.6 million to total tax revenue but in the FY 2002/03 – FY 2006/07 its contribution is Rs zero; same as the condition of land revenue to the GDP. Land revenue contribution to the GDP in the beginning of the study period was 0.0012% and in the ending of the study period was zero percent.

4.1.10 Contribution of Land Revenue to the Total Revenue

Total revenue constitutes tax and non-tax revenue. In the Nepalese government revenue structure, tax revenue has occupied the most part of public revenue that is about two third parts in total revenue. Contribution of land revenue to total revenue has fluctuated from 0.011% to zero percent.

Table 4.10: Contribution of Land Revenue to the Total Revenue

Rs in '000000

F/Y	Total revenue	Total land revenue	% of Land Revenue on Total Revenue
1997/98	32,937.90	3.6	0.011
1998/99	37,251.30	1.4	0.004
1999/00	42,893.70	4.6	0.011
2000/01	48,893.90	5.1	0.010
2001/02	50,445.60	0.8	0.002
2002/03	56,229.70	0.0	0
2003/04	62,311.00	0.0	0
2004/05	70,122.70	0.0	0
2005/06	70,765.56	0.0	0
2006/07	82,301.66	0.0	0

Source: Economic Survey 2006/07

As per the table said, the position of the Land Revenue to the total revenue is decreased by the passing of time. In F/Y 1997/98 the contribution of Land Revenue to the Total Revenue was 0.011% but in the present situation (taking last five F/Y's) its contribution is zero.

4.1.11 Contribution of Land Revenue to the Total Tax Revenue

Total tax revenue constitutes direct and indirect tax revenue. There is dominant role of indirect tax in the Nepalese tax revenue structure. The contribution of land revenue to the direct tax revenue is 2.44% in the initial period of the study but in the last period its contribution is zero percent. The average contribution of land revenue to the total tax revenue is only 0.64% over the study period.

Table-4.11: Contribution of Land Revenue to the Total Tax Revenue

Rs in `000000

F/Y	Total tax revenue	Total land revenue	% of land revenue on total tax revenue
1997/98	25,939.80	3.6	0.01
1998/99	28,752.90	1.4	0.005
1999/00	33,152.10	4.6	0.01
2000/01	38,865.10	5.1	0.01
2001/02	39,330.60	0.8	0.002
2002/03	42,587.00	0.0	0
2003/04	48,173.00	0.0	0
2004/05	54,104.70	0.0	0
2005/06	57,430.74	0.0	0
2006/07	67,644.00	0.0	0

Sources: Economic Survey 2006/07

In the F/Y 1997/98 Total Tax Revenue and Total Land Revenue was Rs. 25939.80 million and 3.6 million respectively. Its percentage of Land Revenue on Total Tax Revenue was found 0.01%. By the passing of time total Tax Revenue found upward sloping where as Total land Revenue found fluctuating, which affects the percentage to reduce respectively. From FY 2002/03 to FY 2006/07 it is zero continuously.

4.1.12 Contribution of Land Revenue to the Direct Tax Revenue

The contribution of land revenue to the direct tax revenue in Nepal is on serious condition. Average percentage share of land revenue on direct tax revenue is 3.54% over the study period. In the beginning of the study period its contribution is 13.74% but in the final of the study period its contribution is 0%.

Table 4.12: Contribution of Land Revenue to the Direct Tax Revenue

Rs. in '000000

F/Y	Direct tax Revenue	Total Land Revenue	% of Land Revenue on Direct Tax Revenue
1997/98	6,187.90	3.6	0.06
1998/99	7,516.10	1.4	0.02
1999/00	8,951.50	4.6	0.05
2000/01	10,159.40	5.1	0.05
2001/02	10,597.50	0.8	0.01
2002/03	10,105.80	0.0	0.00
2003/04	11,912.60	0.0	0.00
2004/05	13,071.80	0.0	0.00
2005/06	13,968.26	0.0	0.00
2006/07	18,462.58	0.0	0.00

Sources: Economic Survey 2006/07

The portion of the Land Revenue on Direct Tax Revenue is also found downward sloping. Direct Tax Revenue and Total Land Revenue in F/Y 1997/98 was Rs. 6187.90 and 3.6 million. In F/Y 1998/99 they were Rs. 7516.10 and Rs. 1.4 million where as in FY 2006/07 Direct tax revenue was 18462.58 million and Total Land Revenue was nil.

4.1.13 Surplus (Deficit) from Land Revenue

Income and expenditure from land revenue for last six years are shown in the table. This table shows land revenue collection is nominal but its expenditure is very high. So this is not a sufficient stage of the nation.

Table 4.13: Composition of Surplus (Deficit) from Land Revenue

Rs in '000000

F/Y	Land Revenue	Current Expenses	Fixed Expenses	Total Expenses	Surplus (Deficit)
1999/00	4.6	152.4	0.2	152.6	(148.0)
2000/01	5.1	162.4	0.1	162.5	(157.4)
2001/02	0.8	195.5	0	195.5	(194.7)
2002/03	0	197.4	0	197.4	(197.4)
2003/04	0	202.3	1.3	203.6	(203.6)
2004/05	0	222.6	1.6	224.2	(224.2)
2005/06	0	252.9	1.6	254.5	(254.5)
2006/07	0	268.1	3.1	271.2	(271.2)

Source: Economic Survey 2006/07

Above table carries the data relating last eight years only describing the total expenses (variable + fixed) as compared to land revenue. In each f/y mentioned in the table showed the higher of total expenses than land revenue. This is why, the column of the table showed deficit in each fiscal year. From the above table deficit in increasing each FY. Surplus and deficit can be calculated as:

∵ Surplus (Deficit) = Land Revenue-Total Expenses

4.1.14 Land Tax Assessment Rates

Land tax assessment rates on Terai, Hilly region and Kathmandu Valley ;in different types of land (Abal, Doyam, Seem, Chahar) is shown in appendix 2 and 3 respectively, Also rate structure of the Bhumi kar as the category of id (A, B, C, D, E and F) is shown in the appendix 4. These rates are shown in end of the text.

4.2 Analysis of Primary Data

This chapter attempts to analyze the data on various subject matters directly collected from the respondents. The respondents were requested to fill the pre-structured questionnaire designed after the extensive preview of literature. Respondents were selected from various government and non government bodies of Kathmandu valley. Respondents are divided into four groups like tax administrators, tax experts, employees and tax payers. Most of the respondents were graduates from different universities and gazeteed officers as designation. But some they were under certificate level and they found some problems to fill the questionnaire. Tax related respondents consists each level of employee, regarding land revenue office and land reforms office. It also includes chartered accountants, auditors, tax administrators and experts as well.

Altogether 60 respondents were enquired about the questionnaire. The questionnaire includes 8 questions in total related to the study. Most of questionnaire was in objective form including various responses: (a) yes/No response (b) Ranking response (c) Statement response

After the completion of filled questionnaire the data were entered in the data processors for the further processing. Collected were attempted to present in table as well as chart and diagram.

4.2.1 Frequency Analysis of Respondents

Respondents are selected from four different groups. 50% respondents out of 60 are tax administrators, tax experts, employees and rest of them are tax payers. All respondents responded all questions in the questionnaire. Responses of respondents in various questions are tabulated below:

Table 4.14: Frequency Analysis of Respondents

S. No.	Respondents	Frequency	%
1	Tax administrators	15	25
2	Tax experts	15	25
3	Employees	15	25
4	Tax payers	15	25
	Total:	**60**	**100**

Source: Opinion Survey 2006/07

4.2.2 Opinion Regarding to the Inclusion of Land tax on Property Tax Act 2047

To know the response regarding to the inclusion of land tax act, the question was asked, "Has the property Tax Act 2047 included land Revenue Tax completely?" The following table shows Yes/No response from the respondents.

Table 4.15: Response for the inclusion of land tax on property tax act 2047

Response	Frequency	%
Yes	20	33.33
No	40	67.67
Total	**60**	**100.00**

Source: Opinion Survey 2006/07

4.2.3 Opinion Regarding to the Provision of Land Registration Tax on Property Tax Act 2047

To know the response regarding to the provision of land registration tax on property tax act 2047, the question was asked, "Is there any provision of Land Registration Tax in Property Tax Act 2047?" The following table shows Yes/No response from the respondents.

Table 4.16: Response for the provision of land registration tax on property tax act 2047

Response	Frequency	%
Yes	55	91.67
No	5	8.33
Total	**60**	**100.00**

Source: Opinion Survey 2006/07

4.2.4 Opinion Regarding to the Exemption in Land Revenue to Remote Area as Compared to Metropolitan Area

To know the response regarding to the exemption in land revenue to the remote area as compared to metropolitan area, the question was asked, "Is there any exemption in Land Revenue to remote area as compared to Metropolitan area?" The following table shows Yes/No response from the respondents.

Table 4.17: Response for the exemption in a land revenue to the remote area as compared to the metropolitan area

Response	Frequency	%
Yes	38	63.33
No	22	36.67
Total	**60**	**100.00**

Source: Opinion Survey 2006/07

4.2.5 Opinion Regarding to the Difficulties to Determine Land Revenue as per the Act

To know the opinion regarding to the difficulties to determine land revenue as per the act the question was asked, "Are there any difficulties to determine Land Revenue as per the Act?" The following table shows Yes/No response from the respondents.

Table 4.18: Response for the difficulties to determine land revenue as per the act

Response	Frequency	%
Yes	32	53.33
No	28	46.67
Total	**60**	**100.00**

Source: Opinion Survey 2006/07

4.2.6 Opinion Regarding to the Factors Describing the Condition of Land Revenue Practice in Nepal

To know the opinion regarding to the factors describing the condition of land revenue practice in Nepal, the question was asked, "Rank the following statement which best describes the condition of Land Revenue practice in Nepal? (Rank from 5 to 1)" The following table shows Rank response from the respondents.

Table 4.19: Factors describing the condition of land revenue practice in Nepal

Alternative or statement	%
A. Good	15.50
B. Fair	24.50
C. Poor	19.00
D. Average	40.00
E. None	01.00
Total	**100.00**

Source: Opinion Survey 2006/07

4.2.7 Opinion Regarding To the Effectiveness of Land Revenue and Land Registration Tax in Nepal

To know the opinion regarding to the effectiveness of land revenue and land registration taxation in Nepal, the question was asked to the

respondents, "Is land revenue and land registration taxation in Nepal effective?" The following table shows response from the respondents.

Table 4.20: Effectiveness of land revenue and land registration tax

Response	Frequency	%
Effective	15	25.00
Not effective at all	45	75.00
Total	**60**	**100.00**

Source: Opinion Survey 2006/07

4.2.8 Opinion Regarding to the Factors Describing the Present Government Policy Regarding the Land Revenue and Land Registration

To know the opinion regarding to the factors describing the present Government policy regarding the land revenue and land registration, the question was asked, "Which of the following statement best describes the present Govt. policy regarding land Revenue and land registration?" The following table shows response from the respondents.

Table 4.21: Factors describing the present Government policy regarding the land revenue and land registration

Statement	%
A. Policies are too restrictive	30.00
B. Policies are neutral	08.00
C. Policies are liberal	12.00
D. Policies are satisfactory	50.00
Total	**100.00**

Source: Opinion Survey 2006/07

4.2.9 Opinion regarding to the relevant to the requirement to change present tax policy?

To know the opinion regarding to the relevant to the requirement to change present tax policy, the question was asked to the respondents,

"How relevant to the requirement to change present tax policy?" The following table shows response from the respondents.

Table 4.22: Response about the Motivational factor to Tax payers for paying Land Revenue on Time

Response	Frequency	%
Yes	45	75
No	15	25
Total	**60**	**100**

Source: Opinion Survey 2006/07

Interpretation

After seeing the above mentioned table, we come know that mixed of results are obtained from the respondents. Expected results are collected from the tax administrators, tax experts and employees but from the tax payers it is satisfactory. Among the tax administrators, tax experts and employees 50% viewed that property Tax Act 2047 does not covet land revenue and land registration respectively. 63.33% of the respondents concluded that there is exemption in land revenue to remote area as compared to metropolitan area. More or less equal response is obtained in determining land revenue as per the Act. Majority of the respondents say that tax payers are motivated to pay land revenue timely.

Among the tax payers of the study area 75% respondents said that the land revenue and land registration taxation in Nepal is not effective at all but 25% said it is effective.

4.2.10 Cross Tabulation and Hypothesis Testing of Primary Data

The collected information from the questionnaire method can also be analyzed with cross tabulating and hypothesis testing as mentioned below:

4.2.10.1 Respondents View Regarding to Inclusion of Land Revenue Tax in Property Tax Act 2047

The respondent who were asked whether the property Tax Act 2047 included land Revenue completely or not. In the responds among administrators 46.67% responded negatively and 53.33% responded positively but in the case of tax experts 60% responded negatively and 40% responded positively. In the case of tax payers and employees, most of the respondents (80%) viewed negative. Only 20% tax payers and employees responded positively towards the questions.

Table 4.23: Response about the inclusion of Land Revenue Tax

Respondents/Responses	Yes		No		Total	
	Nos.	%	Nos.	%	Nos.	%
Tax Administrators	8	53.33	7	46.67	**15**	**100**
Tax experts	6	40	9	60	**15**	**100**
Employees	3	20	12	80	**15**	**100**
Tax payers	3	20	12	80	**15**	**100**
Total	**20**		**40**		**60**	**100**

Source: Field Survey 2006/07

Figure 4.7: Response about the inclusion of Land Revenue Tax

Chi-Squire (t ^{2}) Test

H_0: There is no significant difference in view among tax administrators, tax experts, employees and tax payers' view regarding to inclusion of land tax on property Tax Act 2047.

H_1: There is significant difference in view among tax administrators, tax experts, employees and tax payers' view regarding to inclusion of land tax on property Tax Act 2047.

Decision:

The calculated value of ^{2} is 5.4, (Annex-1) which is less than the tabulated value, so null hypothesis is satisfied, and it is conclusion that; there is no significant difference in the opinion of tax administrators, tax experts, employees and tax payers' view regarding to inclusion of land tax on property Tax Act 2047.

4.2.10.2 Respondent Opinion Regarding to the Exemption in Land Revenue to Remote Area as Compared to Metropolitan Area

Respondent were asked whether there is any exemption in land revenue to remote area as compared to metropolitan area or not out of 60, 38

respondents responded the question positively. And 22 respondents answered negatively.

Table 4.24: Response about the exemption in Land Revenue in the Remote Area

Respondents/Responses	Yes		No		Total	
	Nos.	%	Nos.	%	Nos.	%
Tax Administrators	12	80.00	3	20.00	15	100
Tax experts	10	66.67	5	33.33	15	100
Employees	8	53.33	7	46.67	15	100
Tax payers	8	53.33	7	46.67	15	100
Total	**38**		**22**		**60**	**100**

Source: Field Survey 2006/07

Figure 4.8: Response about the exemption in Land Revenue in the Remote Area
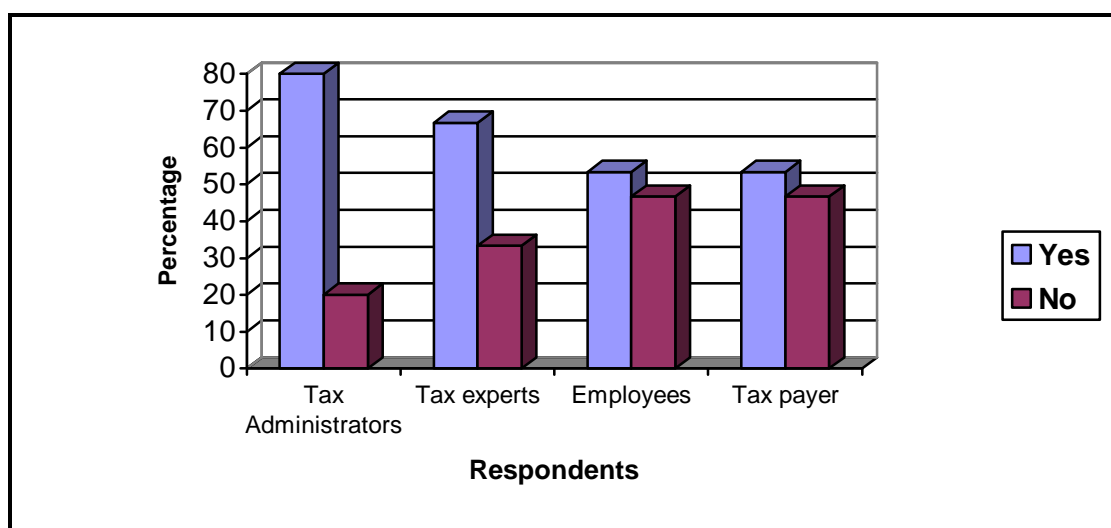
Chi-Squire ($\chi 2$) Test

H$_0$: There is no significant difference in view among tax administrators, tax experts and employees view regarding to the exemption in land revenue to remote area as compared to metropolitan area.

H$_1$: There is significant difference in view among tax administrators, tax experts and employees view regarding to the exemption in land revenue to remote area as compared to metropolitan area.

Decision:

The calculated value of χ^2 is 2.80, (Annex-2) which is less than the tabulated value, so null hypothesis is satisfied, and it is conclusion that; there is no significant difference in the opinion of tax administrators, tax experts, employees and tax payers' view regarding to the exemption in land revenue to remote area as compared to metropolitan area.

4.2.10.3 Respondent Opinion Regarding to the Motivational Factor to Tax payers for Paying Land Revenue Timely

The result on percentage is different. Out of 60 respondents 75% respondents respond positively and 25% respondents respond negatively.

Table 4.25: Response about the Motivational factor to Tax payers for paying Land Revenue on Time

Respondents/Responses	Yes		No		Total	
	Nos.	%	Nos.	%	Nos.	%
Tax Administrators	13	86.67	2	13.33	**15**	**100**
Tax experts	13	86.67	2	13.33	**15**	**100**
Employees	13	86.67	2	13.33	**15**	**100**
Tax payers	6	40.00	9	60.00	**15**	**100**
Total	**45**		**15**		**60**	**100**

Source: Field Survey 2006/07

Figure 4.9: Response about the Motivational factor to Tax payers for paying Land Revenue on Time

Chi-Squire (t 2) Test

H_0: There is no significant difference in view among tax administrators, tax experts and employees view regarding to the motivational factors to tax payers for paying land revenue timely.

H_1: There is significant difference in view among tax administrators, tax experts and employees view regarding to the motivational factors to tax payers for paying land revenue timely.

Decision:

The calculated value of ^{2} is 12.6135, (Annex-3) which is greater than the tabulated value, so alternative hypothesis is satisfied, and it is conclusion that; there is significant difference in the opinion of tax administrators, tax experts, employees and tax payers' view regarding to the motivational factors to tax payers for paying land revenue timely.

4.2.10.4 Opinion Regarding To the Effectiveness of Land Revenue and Land Registration Tax in Nepal

The result on percentage is different. Out of 60 respondents 25% respondents respond positively and 75% respondents respond negatively.

Table 4.26: Response about the Effectiveness of Land Revenue and Land Registration Tax in Nepal

Respondents/Responses	Yes		No		Total	
	Nos.	%	Nos.	%	Nos.	%
Tax Administrators	3	20.00	12	80.00	**15**	**100**
Tax experts	2	13.33	13	86.67	**15**	**100**
Employees	4	26.67	11	73.33	**15**	**100**
Tax payers	6	40.00	9	60.00	**15**	**100**
Total	**15**		**45**		**60**	**100**

Source: Field Survey 2006/07

Figure 4.10: Response about the Effectiveness of Land Revenue and Land Registration Tax in Nepal
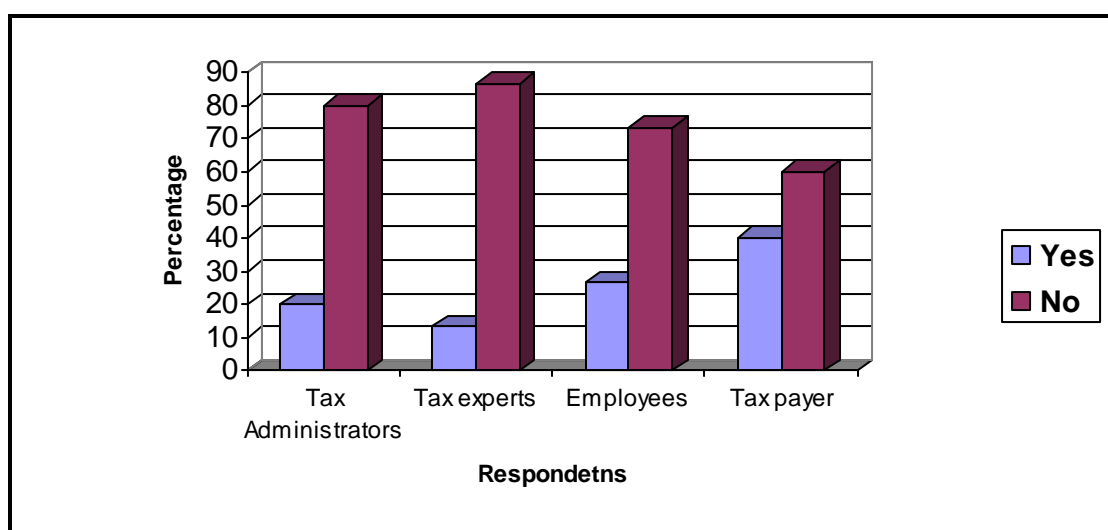
Chi-Squire (ᵗ 2) Test

H_0: There is no significant difference in view among tax administrators, tax experts and employees view regarding to the Effectiveness of Land Revenue and Land Registration Tax in Nepal.

H_1: There is significant difference in view among tax administrators, tax experts and employees view regarding to the Effectiveness of Land Revenue and Land Registration Tax in Nepal.

Decision:

The calculated value of ^{2} is 3.69, (Annex-4) which is lower than the tabulated value, so null hypothesis is satisfied, and it is conclusion that; there is no significant difference in the opinion of tax administrators, tax experts, employees and tax payers' view regarding to the motivational factors to tax payers for paying land revenue timely.

4.2.10.5 Correlation Analysis

Among the total questionnaires, there is a question which has objective answer having ranking response. Respondents were categorized into 2 groups: tax experts and other. Both of them had different response towards the questions. The collected rankings responses of both groups were tested whether they have positive or negative relation. To test the degree of relationship between the responses of two groups, Spearman's rank correlation coefficient was applied.

Table 4.27: Correlation Table of Rank Statement describing the best condition of Land Revenue Practice in Nepal

Alternatives	Response in% from Tax Expert	Response in % from other	Rank for response of tax expert (R_1)	Rank for response of other (R_2)	$d=R_1-R_2$	d^2
A. Good	17.00	14.00	3	4	-1	1
B. Fair	30.00	19.00	2	3	-1	1
C. Poor	10.00	28.00	4	2	2	4
D. Average	12.00	38.00	1	1	0	0
E. None	1.00	1.00	5	5	0	0
	100.00	100.00			d X0	d^2 X6

Where,

n = no of alternatives = 5

d = difference between two ranks (d X0)

d^2= squire of difference between two ranks (d^2 X6)

We have formula,

$$R = 1 Z \frac{6 \quad d^2}{n \{n^2 Z1\}}$$

$$= 1 Z \frac{6 \mid 6}{5 \mid 24}$$

$$= 1-0.3$$

$$= 0.7$$

The calculated rank correlation coefficient indicates that there is high degree of positive correlation between tax experts and other` ranking

regarding to the statement which best describes the condition of land revenue practice in Nepal.

4.3 Major Findings

Major findings relating to this study are as follows:

o It has annual increasing trend of resources gap in Nepal. So that foreign grants and loan are must be necessary to fulfill the gap of resource. Because there is not available sufficient resource to fulfill the gap of resource. Because there is not available sufficient resource to fulfill annual needs of the nation.

o The major resources of the Nepalese Government revenue is categorized in two parts i.e. Tax revenue and (b) Non tax revenue. Role of tax revenue to total revenue is dominant to non-tax revenue. But the contribution of tax revenue to total revenue is on decreasing trained.

o Contribution of the tax revenue is not so more. Because tax- GDP ratio is only 9.34% in average. Also total government revenue to GDP (i.e. revenue GDP ratio) is also low percentage i.e. only 11.91%.

o Custom duty and sales tax have played a vital role in the comparison of indirect tax revenue to the Government revenue. Excise duty and other taxes contribution are nominal. But in the context of globalization there is must be necessary to reduce custom duty so the role of excise duty must be necessary to increase. The VAT substitutes another side role of other indirect tax.

o Total tax revenue is involved direct tax and indirect tax revenue. Contribution of indirect tax is more than 70% of the total tax revenue. But its trained is decreasing. In other side the trained of

direct tax is increasing but its contribution to total tax revenue is less than 30% of the total tax revenue.

o   The collection of land revenue is in zero level. That's why in the context of direct tax revenue, there is so many problems shown in our study. Land revenue is the historical sources for government revenue. Without land we cannot sustain in the world but its contribution is not sufficient. So there is necessary to change the land revenue collection system.

o   Land revenue collection to total revenue is also zero. Because there is no systematic collection pattern in the field of land. Causes of decentralization, its management system is dismissed;

o   Contribution of land revenue to GDP is 0% nowadays but its contribution to the beginning of this study was more than 0.0012%. Because there is no collection land revenue through central government and its auditing and systematic management is very weak. In the field of land revenue collection there is not trained manpower is involved.

o   Contribution of land revenue to total tax revenue is nominal, because of unsystematic pattern of collecting land revenue.

o   The collection of land revenue and land registration tax is the core concept of this study because the whole study of the tax system there is the contribution of land revenue to total Nepalese economy is nominal of zero . But the contribution of land to humanity is not measurable. So this study is mainly focused to the land revenue.

o   Land revenue contribution to the direct tax revenue is nominal or zero. In the beginning of the F/Y 1997/98 its contribution was more than 0.05%. But recently its contribution is 0%.

CHAPTER-V

SUMMARY, CONCLUSION AND RECOMMENDATIONS

Nepal is one of the developing countries in the world. Above 80% of the total population are directly or indirectly involved in the agriculture. Nepal cannot successfully and properly develop over five decades in the planned development period. Nepal cannot successful to solve the problem of poverty, hunger, diseases, unemployment, and heavy dependence on agriculture, low-income level and socio-political and geo-graphical condition over the various planned development period. There is lack of adequate different types of industries to fulfill the demand of different types of population. Yet, the Nepalese economy is suffering from in effective & effortless plan, programmed, and policy of development and is also fighting against whatever bottlenecks identified before the starting of planned development system. There is necessary to identify vision wise objectives to develop the nation strategically. Without strategy, goal and vision our country cannot suffer to develop different sector. There is also necessary to develop the mind of people positively.

5.1 Summary

In the study of the history of different time period of national development, there is vital role played by the land revenue to develop the nation. Land revenue is collect through land owner is justifiable. Because, the land owners has been used such type of land in different ways. But there is necessary to classify uses of land in different ways. Without classification of land, the collection of land revenue through such land will be not justifiable or equitable. So there is necessary to collect such type of land revenue through the classification of different uses of land.

In developing countries like Nepal, these countries has been facing adequate financial problem to economic development. Nepal has been facing serious problem of resource gap and higher dependency of foreign loan. Resource gap has been increasing day by day faster continuously. Resource gap is increasing continuously with the increment of total expenditure in respect to total revenue collection. To solve such type of problem, there is necessary to collect 'larger amount of resources through own country. Such type of resource will be collect through land revenue & other taxes.

The collection of land revenue is very weak after the decentralization of such type of revenue collection programmed. There are so many difficulties to pay land revenue to the government by the landowner. Because, there is more than 80% of the useful land of the nation are owned by below 20% people of the nation. But more than 80% people of the nations have less than 20% land of the nation. Such a way there is scattered in different part of the country such type of below 20% of the people. They have very difficulty to pay land revenue to local bodies. So to collect more amount of land revenue, there is necessary to develop the system of land revenue collection through central government but not ignore the land revenue collection system through decentralization programmed.

The relation of land to the people is too much close. Without land people can not sustain in the world. But the contribution of land revenue, now a days in zero level and use of land is very high level to the comparison of before industrial development in Nepal. So the land revenue is necessary to collect through landowner by the nation.

5.2 Conclusion

There are no records with the land revenue offices; how much land owned by whom? Causes of unscientific cadastral survey there is land classified under four categories: abal, doyam, seem, chahar. But this classification of land is not on the basis of productivity. Also lack of scientific cadastral survey there is difficulty to identify uniform land tax rates in different region.

There is also difficult to determine real valuation of land in different purposes. To solve such types of problem, there is necessary to complete scientific cadastral survey firstly. Also, in the context of land revenue there are not available sufficient physical infrastructures and other facilities. There are involved untrained and un-educated manpower in the field of land revenue. Such as undesirable posting and transfers system of personnel's in this field.

There is no any programme taken by the land revenue administration to encourage taxpayer to pay tax timely and properly. Corruption, fear, duress, and fines have been familiar with the administration of land revenue. From this causes taxes are not collected properly and timely. To solve these types of problem there is necessary to restructure the land revenue administration and to place out right man in right place and right job. Whereas the service tax of land registration is found satisfactory but even there is necessary to restructure the policy regarding land registration tax.

5.3 Recommendations

After the study of land revenue, the land revenue be played vital role to develop the economy of the nation. After looking forward history of Nepal, there is only one main sources of government revenue. That is land revenue. In that time, the country was very developed. But now a day, here is various types of taxes are imposed but the development of nation is decreasing and collection of land revenue is also decreasing to zero level. So, these types of history are also Remember able to the policies and plan makers of the nation.

The following recommendations are made for to collect land revenue and registration service charge properly:

❖ After finishing the cadastral survey, there is necessary to classify different range of landholders in different ways.

❖ For the better assessment and manage sufficiently the land revenue administration, there is necessary to finalized the scientific cadastral survey firstly.

❖ Place out morally good man in the field of land revenue administration.

❖ Land uses systems are also be necessary to classified. The land uses system will be; industrial base, house use base, road use base, agriculture base, and river base etc. in the different region.

❖ To established strong panelized system to evasion of land revenue to the personnel and taxpayers.

❖ To establish uniform system of land record management to each and every land revenue office.

❖ To determine the land tax rate on the basis of land valuation annually for the land tax purposes.

❖ To manage physical infrastructures and other facilities in the field of land revenue. Because, these physical infrastructures and other facilities are very weak in the comparison of other offices.

❖ To established appropriate criteria to determine small and marginal tax payers.

❖ To established valuation rate of land for different purposes uniformly with the help of different government bodies.

❖ Auditing system of land revenue is very weak. So the auditing of land revenue does properly and timely with the help of chartered accountant office.

- ❖ To audit land revenue act and the provision of act which is not desirable in this time to change and defined clearly the provision of land revenue act.

- ❖ To establish citizen charter each and every office. And established the grievance handling department to check out officers' work.

- ❖ Uniformly record the land act in one place, in the land revenue administration office.

- ❖ After classification of land in different base, there will be determined land tax rate on the basis of uses and negative impact to recover it naturally.

- ❖ Replace the untrained and uneducated manpower by trained and educated manpower.

- ❖ To stop the corruption, fear, duress and fines with the help of strong management system and act.

- ❖ Rate of land is necessary to be justifiable and equitable. So, before determining the rate of land tax, there will be necessary to discuss with various person and with various department.

- ❖ There is necessary to adopt computerized system to best record system of data. Without computerized system, management system of record cannot be completed properly.

- ❖ To start the package programmed to encourage tax payer timely, properly and voluntarily by the related sector.

- ❖ To stop the undesirable posting and transfer of personals .The causes of undesirable of posting and transfer, the personal administration will be unhealthy.

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HYPERTEXT DOCUMENTS AND WORLD WIDE WEB

www.mof.gov.np

ANNEX-1

RESPONSE ABOUT THE INCLUSION OF LAND REVENUE TAX

For this following table are presented;

Observed Frequency Table:

Respondents/Responses	Yes		No		Total	
	Nos.	%	Nos.	%	Nos.	%
Tax Administrators	8	53.33	7	46.67	**15**	**100**
Tax experts	6	40	9	60	**15**	**100**
Employees	3	20	12	80	**15**	**100**
Tax payers	3	20	12	80	**15**	**100**
Total	**20**		**40**		**60**	**100**

Source: Opinion Survey

Expected Frequency Table:

Respondents/Responses	Yes		No		Total	
	Nos.	%	Nos.	%	Nos.	%
Tax Administrators	5	33.33	10	66.67	**15**	**100**
Tax experts	5	33.33	10	66.67	**15**	**100**
Employees	5	33.33	10	66.67	**15**	**100**
Tax payers	5	33.33	10	66.67	**15**	**100**
Total	**20**		**40**		**60**	**100**

Source: Opinion Survey & Use of Statistical Tool.

Now, Different table is as;

O_f	E_f	O_f - E_f	$(O_f$ - $E_f)$**2**/ E_f
8	5	3	1.80
6	5	1	0.20
3	5	-2	0.80
3	5	-2	0.80
7	10	-3	0.90
9	10	-1	0.10
12	10	2	0.40
12	10	2	0.40
Total			**5.40**

Source: Opinion Survey & Use of Statistical Tool.

) The test Static is;

$$x^2 = \frac{\left(O_f - E_f\right)^2}{E_f}$$

Where, O_f = Observed Frequency

E_f = Expected Frequency

$$= \frac{RowTotal \mid ColumnTotal}{GrandTotal}$$

) The Degree of Freedom is; (4-1) (c-1) = (4-1) (2-1) = 3.

) Level of Significance ( ) = 5% Level of Significance and 3 Degree of freedom is, 7.815, which is to be tested.

ANNEX-2

RESPONSE ABOUT THE EXEMPTION IN LAND REVENUE IN THE REMOTE AREA

For this following table are presented;

Observed Frequency Table:

Respondents/Responses	Yes		No		Total	
	Nos.	%	Nos.	%	Nos.	%
Tax Administrators	12	80.00	3	20.00	**15**	**100**
Tax experts	10	66.67	5	33.33	**15**	**100**
Employees	8	53.33	7	46.67	**15**	**100**
Tax payers	8	53.33	7	46.67	**15**	**100**
Total	**38**		**22**		**60**	**100**

Source: Opinion Survey

Expected Frequency Table:

Respondents/Responses	Yes		No		Total	
	Nos.	%	Nos.	%	Nos.	%
Tax Administrators	10	66.67	5	33.33	**15**	**100**
Tax experts	10	66.67	5	33.33	**15**	**100**
Employees	10	66.67	5	33.33	**15**	**100**
Tax payers	10	66.67	5	33.33	**15**	**100**
Total	**40**		**20**		**60**	**100**

Source: Opinion Survey & Use of Statistical Tool.

Now, Different Table is as;

O_f	E_f	O_f - E_f	$(O_f$ - $E_f)$2/ E_f
12	10	2	0.40
10	10	0	0.00
8	10	-2	0.40
8	10	-2	0.40
3	5	-2	0.80
5	5	0	0.00
7	5	2	0.80
7	5	2	0.00
Total			**2.80**

Source: Opinion Survey & Use of Statistical Tool.

⌡ The test Static is;

$$^2 = \frac{\int O_f \ Z E_f \ A}{E_f}$$

Where, O_f = Observed Frequency

E_f = Expected Frequency

$$= \frac{RowTotal \mid ColumnTotal}{GrandTotal}$$

⌡ The Degree of Freedom is; (r-1) (c-1)=(4-1) (2-1)=3.

⌡ Level of Significance ( ) = 5% Level of Significance and 3 Degree of freedom is, 7.815, which is to be tested.

ANNEX-3

RESPONSE ABOUT THE MOTIVATIONAL FACTOR TO TAX PAYERS FOR PAYING LAND REVENUE ON TIME

For this following table are presented;

Observed Frequency Table:

Respondents/Responses	Yes		No		Total	
	Nos.	%	Nos.	%	Nos.	%
Tax Administrators	13	86.67	2	13.33	**15**	**100**
Tax experts	13	86.67	2	13.33	**15**	**100**
Employees	13	86.67	2	13.33	**15**	**100**
Tax payers	6	40.00	9	60.00	**15**	**100**
Total	**45**		**15**		**60**	**100**

Source: Opinion Survey

Expected Frequency Table:

Respondents/Responses	Yes		No		Total	
	Nos.	%	Nos.	%	Nos.	%
Tax Administrators	11	73.33	4	26.67	**15**	**100**
Tax experts	11	73.33	4	26.67	**15**	**100**
Employees	11	73.33	4	26.67	**15**	**100**
Tax payers	11	73.33	4	26.67	**15**	**100**
Total	**45**		**15**		**60**	**100**

Source: Opinion Survey & Use of Statistical Tool.

Now, Different Table is as;

O_f	E_f	$O_f - E_f$	$(O_f - E_f)^2/ E_f$
13	11	2	0.3636
13	11	2	0.3636
13	11	2	0.3636
6	11	-5	2.2727
2	4	-2	1.0000
2	4	-2	1.0000
2	4	-2	1.0000
9	4	5	6.2500
Total			**12.6135**

Source: Opinion Survey & Use of Statistical Tool.

⟩ The test Static is;

$$x^2 = \frac{\left(O_f - E_f\right)^2}{E_f}$$

Where, O_f = Observed Frequency

E_f = Expected Frequency

$$= \frac{RowTotal \mid ColumnTotal}{GrandTotal}$$

⟩ The Degree of Freedom is; (r-1) (c-1)=(4-1) (2-1)=3.

⟩ Level of Significance ( ) = 5% Level of Significance and 3 Degree of freedom is, 7.815, which is to be tested.

ANNEX-4

RESPONSE ABOUT THE EFFECTIVENESS OF LAND REVENUE AND LAND REGISTRATION TAX IN NEPAL

For this following table are presented;

Observed Frequency Table:

Respondents/Responses	Effective		Not effective at all		Total	
	Nos.	%	Nos.	%	Nos.	%
Tax Administrators	3	20.00	12	80.00	**15**	**100**
Tax experts	2	13.33	13	86.67	**15**	**100**
Employees	4	26.67	11	73.33	**15**	**100**
Tax payers	6	40.00	9	60.00	**15**	**100**
Total	**15**		**45**		**60**	**100**

Source: Opinion Survey

Expected Frequency Table:

Respondents/Responses	Effective		Not effective at all		Total	
	Nos.	%	Nos.	%	Nos.	%
Tax Administrators	4	26.67	11	73.33	**15**	**100**
Tax experts	4	26.67	11	73.33	**15**	**100**
Employees	4	26.67	11	73.33	**15**	**100**
Tax payers	4	26.67	11	73.33	**15**	**100**
Total	**20**		**40**		**60**	**100**

Source: Opinion Survey & Use of Statistical Tool.

Now, Different table is as;

O_f	E_f	$O_f - E_f$	$(O_f - E_f)2/ E_f$
3	4	-1	0.25
2	4	-2	1.00
4	4	0	0.00
6	4	2	1.00
12	11	1	0.90
13	11	2	0.18
11	11	0	0.00
9	11	-2	0.36
Total			**3.69**

Source: Opinion Survey & Use of Statistical Tool.

⌡ The test Static is;

$$^2= \frac{\int O_f \ Z E_f \ Å}{E_f}$$

Where, O_f = Observed Frequency

E_f = Expected Frequency

$$= \frac{RowTotal \mid ColumnTotal}{GrandTotal}$$

⌡ The Degree of Freedom is; (4-1) (c-1) = (4-1) (2-1) = 3.

⌡ Level of Significance ( ) = 5% Level of Significance and 3 Degree of freedom is, 7.815, which is to be tested.

QUESTIONNAIRE

Dear Sir/Madam,

I'm a student of TU Nepal Commerce Campus, Studying in the final year of Master of Business Studies (MBS).As you have known that the student of this level have to write a thesis on the Subject of their specialization. Being a student of Accountancy stream, I have decided to present my thesis on Taxation. **"APPLICATION AND EFFECTIVENESS OF LAND REVENUE AND LAND REGISTRATION TAXATION IN NEPAL"** is my topic approved by the University.

I request you to fill up the enclosed questionnaire which is a great importance to my study. I will be indebted if you kindly respond me back in spite of your busy and valuable time schedule. I assure you Sir/Madam that your response will be kept confidential and it is only for the thesis purpose. I am waiting forward to your kind help, coordination and support for the study.

Thanking You,

Sincerely Yours,

…………………..

Rabindra Singh Oli

Nepal Commerce Campus

New Baneshwor, Kathmandu

Q. No. 1 Has the property Tax Act 2047 included land Revenue Tax completely?

    a. Yes

    b. No

Q. No. 2 Is there any provision of land registration Tax in property Tax Act 2047?

    a. Yes

    b. No

Q. No. 3 Is there any exemption in land Revenue to remote areas as compared to metropolitan areas?

    a. Yes

    b. No

Q. No. 4 Are there any difficulties to determine land revenue as per the act?

    a) Yes

    b) No

Q. No. 5 Rank the following statement which best describes the condition of land revenue practice in Nepal (from 5 to 1)

S.N.	Statement	Rank
A	Good	
B	Fair	
C	Poor	
D	Average	
E	None	

Q. No. 6 Is land revenue and land registration taxation in Nepal effective?"

    a. Effective

    b. Not effective at all

Q. No. 7 Which of the following statement best describes the present government policy regarding land revenue and land registration?

a. Policies are too restrictive

b. Policies are Neutral

c. Policies are liberal

d. Policies are satisfactory

Q. No. 8 How relevant to the requirement to change present tax policy?

a. Extremely relevant

b. Generally relevant

c. Not relevant at all