

CHAPTER-I

INTRODUCTION

1.1 Background of the Study

Tax is any compulsory levy from individuals, households and firm to central or local government. It is simply a liability to pay an amount to the government. It is a compulsory contribution from the tax payer. Tax is computed and paid as prescribed in the law.

Findlays Shrrra defined tax as a compulsory contribution to public authorities to meet the general expenses of the government which have been incurred for the public good and with out reference to special benefits.

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 taxation. 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 from government or agencies, registration fees, fines and penalties charges for postage, electricity, water etc.

According to Professor Plehn "Taxes are general contributions of wealth received upon persons, natural or corporate to defray expenses incurred in conforming common benefits upon the residents of states." (Agrawal, 2037)

From the above statement, every state needs sources of revenue. Another source of revenue is the tax revenue. Customs duty, excise duty, value added tax, corporate and personal tax, land and tax are 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, gift tax, interest tax, death tax, contract tax, vehicle tax are some example of direct tax. Indirect taxes are value added tax, sales tax, entertainment tax, passenger tax, hotel tax, import duty, export duty, excise duty etc.

1.2 Rationale of the Study Area

The tradition of tax has been stated very late in the context of Nepal. During the Lichavi and Malla Periods, the main source of government revenue was land revenue and land registration tax. At that time water revenue, religion tax and purification of caste were the major sources of 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 were no systems of income tax. There were 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 collected from Royal place, central government and local administration, and all in the forms of goods and cash. The main sources of revenue were timber export, land revenue custom duty and excise duty etc.

Land taxation has been one of the important historical sources of government revenue. 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 was 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 changes 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 major 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, reduction of institutional and administrative

inefficiencies, land revenue collection is now being done through concerned village development committees (VDC's) and municipalities since 1st Falgun 2052 B.S. as per the Local Self Governance Act 2055. 25% of the total collection is to be deposited into the fund of district development committees (DDC's) and 75% into VDC's fund for local development activities.

1.3 Statement of the Problem

Land revenue administration is managed by the Central Land 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 is due to lack of modern cadastral survey and up to date records. Land classification was 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 are familiar problems reacted with land revenue administration.

The following statement of the problems can be stated:–

- a) What is the contribution of land revenue in the entire Government revenue?
- b) It also considers the land registration mechanism in Nepal

1.4 Objectives of the Study

The main objectives of the study are as follows

1. To study and explore the detail information about land revenue and land registration tax.
2. To study and evaluate the contribution of the Land revenue in Nepal.

3. To identify and analyze the problems of land revenue and registration Tax.
4. To provide necessary suggestions to improve Land revenue registration Procedure on the basis of study findings.

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 necessary attention towards the good policy of land revenue system. This 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 from this study. Moreover, the persons involved directly and indirectly with land revenue are influenced by the government policies and programmes. 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 is therefore is an attempt to understand the reality of our specific role of land revenue and its most important aspects.

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

1. It helps to high light the problems regarding the land revenue and land registration above given are the main importance or significance of the study.
2. It helps to know about the government activities towards land revenue and land registration.
3. 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.
4. It helps to high light the problems regarding the land revenue and land registration above given are the main importances or significance 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 follows:

1. It is based on land revenue administration of Nepal only.
2. Secondary data for the analysis have been used rigorously with the support of primary data
3. Some data are dependent upon verbal information which may not be sufficient for the purpose for research better for future response.
4. Lack of appropriate criteria to determine small and marginal tax payers.
5. Lack of trained and educated manpower.
6. Time constraint and financial crunch.
7. Questionnaires are filled up from the respondents of Kathmandu valley only which does not cover the contribution land revenue as a whole.
8. Due to Lack of modern survey using modern technology the record provided may not provide sufficient or reliable information

1.7 Organization of the Study

The study is organized according to the prescribed format. In five chapters.

1. Introduction

The first chapter of the thesis includes general background, historical background, statement of the problem, objectives of the study, significance of the study and, limitations of the study.

2. Literature Review

The second chapter of the study is literature review. It discusses about the review of supportive texts and previous related researches. It also includes the findings the actual information and reality about the land revenue and registration in Nepal.

For detail we classified Literature Review to Two Part such as

- A. Review of supportive texts and
- B. Review of previous related researches

First chapter is based on theories and behaviors of land revenue and registration tax. The second chapter based is on all those published researches and thesis as well.

3. Research Methodology

This is the third chapter which includes research design, data collection procedure and data analysis tools. Research design is the guide line of the research. Research design is based on primary data as well as secondary data.

4. Presentation and Analysis of Data

The fourth Chapter deals with the Presentation analysis and interpretation of data. To analyze the data, various tables, figures and statistical tools are used. It is the actual information about the thesis.

5. Summary. and Conclusion and Recommendations

It is the fifth and last chapter of the thesis in which result of study, summary, conclusion and recommendations are included.

CHAPTER- II

REVIEW OF LITERATURE

2.1 Background

This chapter highlights upon the existing literature and research related to the present study with a view to functioning out what had already been explained and how the present research is different from previous dimensions. Especially it attempts in co-operating as well as practicing all those studies inside the country.

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 has devised different methods of taxation."

This chapter has been grouped into two parts: i.e. (i) Review of supportive texts and (ii) Review of previous related researches.

2.2 Review of Supportive Texts

This chapter of the thesis describes about the theories and behaviors of land revenue and registration tax.

2.2.1 Taxation in Ancient Nepal

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, Tax and religious moment preservation

taxes were levied in the time of the king Anshuman of Nepal. There was tax for purification of castes as well as cremation of the dead.

In ancient Nepal, even in the economic policy of Anshuman, agriculture was the main primary profession of the people of Nepal. The government was 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 1/12. These taxes are determined in the nature and degree of productivity or cultivation.

In ancient Nepal, taxes were levied in the form of kind, cash and labour. Specific portions of agricultural products were payable in gold. Fixed taxes were levied in the villages. Compulsory manual work from all artisans and labourers was also a common way of paying taxes. The nature of taxation was temporary & taxes were levied 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', fish, fowls, pigs and on woods and leaves also. In those days, tax-free land enjoyed by the officials instead of salary. (Khadka, 2059)

2.2.2 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 export of forest products, birds, animals and various levies and fines.

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 levies like 'darshan-bhet', 'salami' and 'walk', etc.

In 1826, King Prithvi Narayan Shah (Architect of Modern Nepal) of Gorkha laid the foundations of the present kingdom of Nepal by conquering the Kathmandu valley. Within the next two decades, more than 60 petty kingdoms and principalities in the hilly region came under the authority of the new power. Expansion towards the plains of northern India was checked only after the Anglo-Nepal war of 1814-16. 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 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 religious life of the people in several parts of both the eastern 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. In these days, serra and kipat appear to have covered a relatively small area, however, as most land was under the Raikar, Birta and Guthi forms of land terms. (Regmi, 2059, p.55)

2.2.3 Taxation during Rana Regime

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, needs and unions of the then ruling prime minister were imposed. Income & expenditure of the state were not made public. No budget was ever framed during that period. There was no difference between the income of the state and the income of the then prime minister. (Timalina, 2062, p.6)

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 felling of trees, royalty on supply of porters & 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 was not 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. (Timalina,2062,p.7)

2.2.4 Taxation in Modern Nepal

The 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 were brought in use. Except these taxes salute tax was collected from the monthly salary of Government servant entertainment tax was only for entertainment purpose. House and land registration fees were 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. (Timalina,2062,p.7)

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 through contractor. Likewise in collection of taxes inside the nations different order was given and in different place a mediator, which is 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 2015 B.S. then excise duty tax was collected from, 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 contract Tax system, in Nepal, income tax, urban area house and land tax, and foreign investment tax are brought in use In this FY 2016/17 Birta abolition program was brought in use.(Timalsina,2062,p.8)

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. (Timalsina,2062,p.10)

2.2.5 Land Tax

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 Babylonia in 3800 B.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. (Chaudhary, 2057B. S. p.64)

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 some 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. (Chaudary, 2057B.S. p.67).

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. (Dhakal, 2058, p.10).

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 some vital changes with respect to the abolition of zamindari 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 2022 B.S. In this report the project has been shortly analyzed 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 Shamsheer's premiership.

A list of land holdings in each Tarai district is available in the respective Mal adda. Records of land holdings in the hill districts are consolidated in the Lagat Pliant Adda in Kathmandu were the Mal 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 Mal 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 kingdom 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 keeping 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 them 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(1959) 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 Government of Nepal (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 flaws in revenue administration and as it is felt that if such flaws 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.

Fiscal Policy of (GON) 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.

2.2.5.1 Nature of Land Tax

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 2017 B.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.(Timalsina,2062,p.10)

2.2.5.2 Importance of Land Tax.

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.(Timalsina,2062,p.11)

2.2.5.3 Land Tax Management in Nepal

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 'fiave 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.(Timalsina,2062,p.11)

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 abolition act; Land (administration) act and land (revenue) act, 2034.

2.2.5.4 Administrative Aspects of Land Tax in Nepal

In Nepal, at present land tax has been very little and this sector's contribution in total of government revenue is nominal. The amount of 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.(Timalsina,2062,p.12)

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 is 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 programme 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 'cultivated 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 working 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 VDCs and municipalities under Local Self-Governance Act since Falgun 1, 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. (Timalsina,2062,p.14)

2.3 Review of Previous Literatures

Various studies and researches have been conducted in different aspects of this thesis. Especially this thesis study on land revenue Taxation and Agriculture Taxation , land ownership , house tax , income tax , value added tax etc are already done by the various researchers . they are mentioned below briefly .

Amatya (2022) prepared a book "Nepal ma Aayakar ko Byabastha". He has tried to describe about income tax and provision regarding income tax. His contribution was first in this field. Basically he analyzed legal aspect of income tax in Nepal at that period.

Melford (2023) has been prepared 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.

Rai (2034) has been prepared a thesis report of economics degree, "Land Tax as a Source of Revenue for Economic Development of Nepal." This thesis report is very useful to know about the different types of land tax and land tenure system in Nepal. It is also very important to know about impact of land tax to economic development.

Regmi (2035) prepared a book 'land tenure and taxation in Nepal'. He has tried to describe about historically different types land tenure system in Nepal. His contribution in this field is very important to know about Nepalese land tenure system.

Pradhan (2036) has prepared a masters degree thesis entitled, "A study on agricultural land tax in Nepal". She has tried to describe about significant role of agricultural land tax to develop Nepalese economy. She has also tried to describe about to solve different types of agricultural land tax problem.

Pokharel (2048) has been prepared 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 VDCs. 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 non-agricultural 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 non-agricultural 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) associate professor of T.U. has prepared 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.

Chaudhary (2057) has 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) prepared 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 prepared 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 reason 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) prepared a book "Nepal ko Birta Byabastha chunauti tatha Ranauti". He has tried to describe about different types of Nepalese financial sources and its contribution to Nepalese economy.

Kandel (2060) has prepared a text book, "Tax laws & Tax planning in Nepal". He has tried to give depth knowledge about income tax act, 2058. He has also described about different type of legal provision to compute taxable income through numerical examples.

Timalsina concludes 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 landowner and voluntary compliance on the part of taxpayers.

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.

CHAPTER-III

RESEARCH METHODOLOGY

3.1 Background

This chapter is devoted to the research methodology applied in the study to achieve the goals. Both primary and secondary sources of data were used in the study. Opinion survey technique was adopted while collecting primary data. Questionnaires were distributed to income tax experts and employees so as to know their opinion towards various aspects of income from resident person. Economic survey was used as the major source of secondary data. Different statistical tools were used as the major source of secondary data. Different statistical tools were used to analyze the data. In this study mean and correlation has been used to analyze the collected data.

3.2 Research Design

The over all plan of any proposed activity can be seen in design of the study. Research design is the guide line 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.

3.3 Source of Information for the Study

The information is basically based on the field work procedure. Mainly two important primary sources as well as secondary sources were taken during the study. Primary sources were used for primary data and secondary sources will be used for secondary data.

Primary Data

Primary data are original data generated by researcher for the Preparation of 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

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 used Magazine and papers were also consulted for detail information as well as different publications of central bureau of statistics (CBS).

3.4 Selection of the Respondents

After a careful study of the subject a set of questionnaire was developed and distributed to two respondent groups' viz, tax experts and employees. Tax experts comprises of chartered accountants, lawyers, professor and policy makers of ministry. Employees comprises of employees of government organizations and other private organizations.

3.5 Data Collection Procedure

Primary data were collected with the help of questionnaire method. But mostly used data were secondary data which were collected from secondary sources, is mentioned above.

3.6 Population and Sample

All the experts and tax payers in Nepal were considered as total population. Out of them, the experts and taxpayers in Kathmandu valley were 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 Experts | 60 |
| 2 | Land Owners | 60 |
| | Total | 120 |

3.7 Nature and Sources of Data

Both primary and secondary data were used in the study. The primary data were the opinion of experts and employees regarding employment tax. Primary data were obtained through questionnaire method followed in most cases face to face interview/discussions with the selected persons included in the purposive sample.

The secondary sources of data were the statistic relating to tax published by the Government of Nepal. They are obtained from Economic Survey, bulletins etc.

3.8 Weight-age of the Choice

The questionnaire asked for either to give yes/no response or give their opinions. Respondents were also given alternatives to rank. In this case, the first preferred choice got the highest point and the last preferred choice got the lowest point. The total points got by each alternative were converted in to percentage of total points available to the all alternatives. The alternative with the highest percentage was ranked as most important and the alternative with the lowest percentage was ranked as the least important. For example, if there were five point's alternatives, the most important ranked by the respondents got five points and the least important alternatives ranked by the respondents got one point. The alternative, which was not ranked, does not get points.

3.9 Profile of Respondents

Questionnaires were distributed to 120 respondents: tax officers and land owners. All of them, questionnaires were received from both 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 Experts | 60 | 50 | 60 | 50 |
| 2. | Land Owners | 60 | 50 | 60 | 50 |
| Total | | 120 | 100 | 120 | 100 |

Source: Primary Data

3.10 Tools Used

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 of subject matter.

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

3.10.1. Mean

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

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

Where,

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

n = Number of Observations

X = Variables Involved

3.10.2 Coefficient of 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:

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

Where,

R= Rank Correlation Coefficient given by spearman

$\sum d^2$ = 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

DATA PRESENTATION

AND ANALYSIS

4.1 Background

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.

This very chapter is classified into two parts. They are:

4.2 Analysis of Primary Data

4.3 Analysis of Secondary Data

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 two groups like tax officers and land owners. Most of the respondents were graduates from different universities and gazetted officers as designation. But some they were under certificate level and they found some problems to fill the questionnaire. Tax officers consist 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 120 respondents were enquired about the questionnaire. The questionnaire includes 12 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 two different groups' tax officers and land owners. 50% respondents out of 60 are tax Experts and rests of them are land owners. All respondents responded all questions in the questionnaire. Responses of respondents in various questions are tabulated below:

Table 4.1

Frequency Analysis of Respondents

| Respondents | Frequency | % |
|--------------|------------|---------------|
| Tax Experts | 60 | 50.00 |
| Land owners | 60 | 50.00 |
| Total | 120 | 100.00 |

Source: Field Survey 2008

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 4.2

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: Field Survey 2008

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 4.3

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

| Response | Frequency | % |
|--------------|-----------|---------------|
| Yes | 15 | 25.00 |
| No | 45 | 75.00 |
| Total | 60 | 100.00 |

Source: Field Survey 2008

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 4.4

Response for the exemption in land revenue to the remote area as compared to the metropolitan area

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

Source: Field Survey 2008

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 4.5

Response for the difficulties to determine land revenue as per the act

| Response | Frequency | % |
|--------------|-----------|---------------|
| Yes | 35 | 58.33 |
| No | 25 | 41.67 |
| Total | 60 | 100.00 |

Source: Field Survey 2008

4.2.6 Opinion Regarding to the Motivating Factor to Pay Land Revenue on Time

To know the opinion regarding to the motivating factor to pay land revenue on time, the question was asked, "Are the Land owners motivated to pay land Revenue timely?" The following table shows Yes/No response from the respondents.

Table 4.6

Response for motivating factor to pay land revenue on time

| Response | Frequency | % |
|--------------|-----------|---------------|
| Yes | 48 | 80.00 |
| No | 12 | 20.00 |
| Total | 60 | 100.00 |

Source: Field Survey 2008

4.2.7 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 4.7

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: Field Survey 2008

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 4.8

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: Field Survey 2008

4.2.9 Opinion Regarding to the Habit of Payment of Land Revenue by the Land Owners

To know the opinion regarding to the habit of payment of land revenue by the land owners, the question was asked to the land owners, " Do you pay the land revenue timely to the government?" The following table shows Yes/No response from the respondents.

Table 4.9

Payment of land revenue to the government on time

| Response | Frequency | % |
|--------------|-----------|---------------|
| Yes | 42 | 70.00 |
| No | 18 | 30.00 |
| Total | 60 | 100.00 |

Source: Field Survey 2008

4.2.10 Opinion Regarding to the Present Tax Policy about Promotional Policy

To know the opinion regarding to the present tax policy about promotional policy, the question was asked to the land owners, " Do you think that the present tax policy is promotional policy?" The following table shows Yes/No response from the respondents.

Table 4.10

Response for present tax policy as promotional policy

| Response | Frequency | % |
|--------------|-----------|---------------|
| Yes | 25 | 41.67 |
| No | 35 | 58.33 |
| Total | 60 | 100.00 |

Source: Field Survey 2008

4.2.11 Opinion Regarding to the Utilization of Land Revenue Rebate (Discount)

To know the opinion regarding to the utilization of land revenue rebate (discount), the question was asked to the land owners, " How well do you

utilize the land revenue rebate (discount) from your side in present situation?"
The following table shows response from the respondents.

Table 4.11

Utilization of land revenue rebate

| Response | Frequency | % |
|---------------------|-----------|---------------|
| Well utilized | 35 | 58.33 |
| Under utilized | 14 | 23.33 |
| Not utilized at all | 11 | 18.34 |
| Total | 60 | 100.00 |

Source: Field Survey 2008

4.2.12 Opinion Regarding to the Requirement for Changing Present Tax Policy

To know the opinion regarding to the requirement for changing present tax policy, the question was asked to the land owners," How relevant to the requirement to change present tax policy?" The following table shows response from the respondents.

Table 4.12
Requirement for changing present tax policy

| Response | Frequency | % |
|---------------------|-----------|---------------|
| Extremely relevant | 12 | 20.00 |
| Generally relevant | 28 | 46.67 |
| Not very relevant | 12 | 20.00 |
| Not relevant at all | 08 | 33.33 |
| Total | 60 | 100.00 |

Source: Field Survey 2008

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 experts but from the land owners it is satisfactory. Among the tax officers (employees, administrators and auditors) 67% and 75% viewed that property Tax Act 2047 does not covet land revenue and land registration respectively. 92% of the officers 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 tax officers say that land owners are motivated to pay land revenue timely.

Among the land owners of the study area 70% of them said that they pay land revenue timely and out of them 58% utilize the rebate (or discount) regarding land revenue. 58% land owners said that the present tax policy is not very promotional that is why 46% of them think that it is necessary to change present tax policy generally.

4.2.13 Cross Tabulation of Primary Data

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

4.2.13.1 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 almost all tax administrators or auditors (86%) responded negatively and few respondents (14%) responded positively. In the case of employees, most of the respondents (60%) viewed positive. Only 40% employees responded negatively towards the questions.

Table 4.13

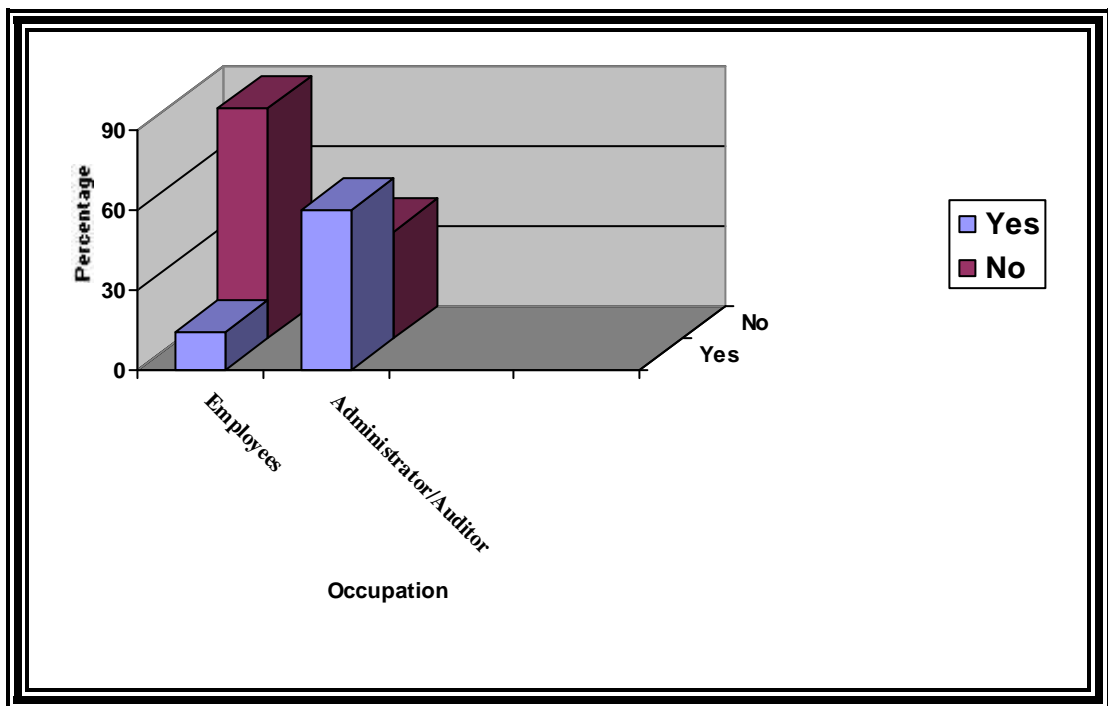
Official Response about the inclusion of Land Revenue Tax

| Responses | Administrators/Auditors | | Employees | |
|--------------|-------------------------|---------------|-----------|---------------|
| | Frequency | % | Frequency | % |
| Yes | 5 | 14.28 | 15 | 60.00 |
| No | 30 | 85.72 | 10 | 40.00 |
| Total | 35 | 100.00 | 25 | 100.00 |

Source: Field Survey 2008

Figure 4.1

Official Response about the inclusion of Land Revenue Tax



4.2.13.2 Respondents' View Regarding to the Provision of Land Registration Tax in Property Tax Act 2047

Official respondents were asked whether the property Tax Act has any provision of land registration tax or not. 91% out of 35 respondents from tax administrator/ auditor group responded negative. Whereas from the group of employees 52% said no.

Table 4.14

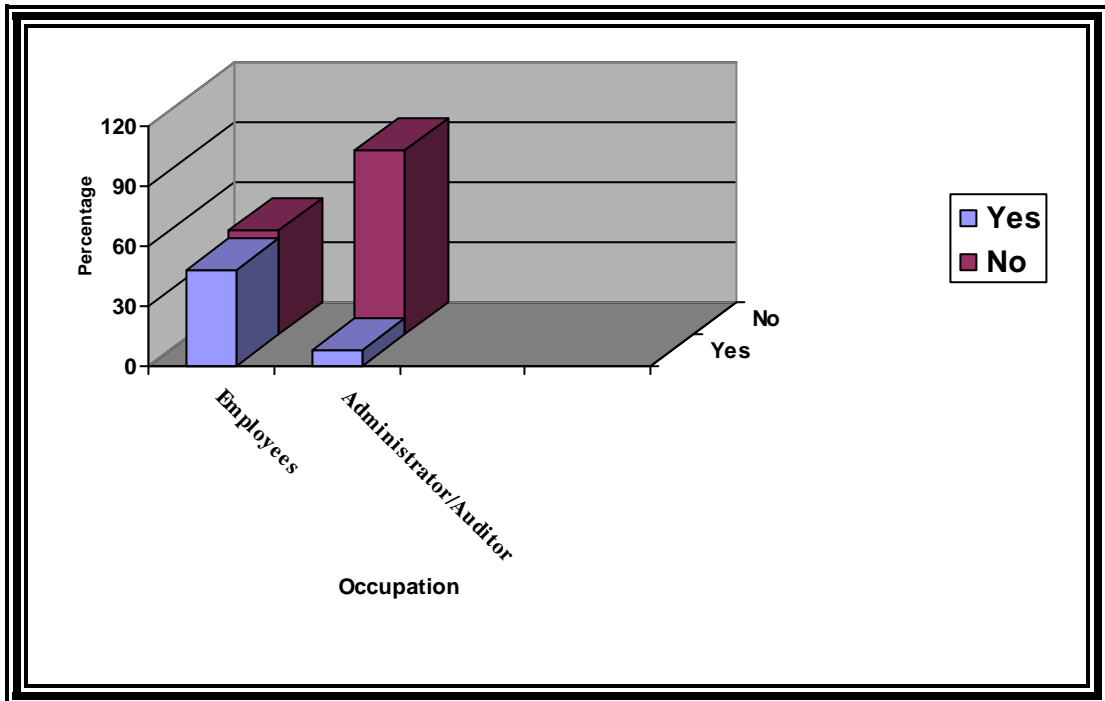
Official Response about the Provision of Land Registration Tax on Property Tax ACT 2047

| Responses | Administrators/Auditors | | Employees | |
|--------------|-------------------------|---------------|-----------|---------------|
| | Frequency | % | Frequency | % |
| Yes | 3 | 8.57 | 12 | 48.00 |
| No | 32 | 91.43 | 13 | 52.00 |
| Total | 35 | 100.00 | 25 | 100.00 |

Source: Field Survey 2008

Figure 4.2

Official Response about the Provision of Land Registration Tax on
Property Tax ACT 2047



4.2.13.3 Respondent Opinions 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. 97.14% out of 35 respondents form tax administrator/ auditor group responded the question positively. And 84% out 25 respondents from employee group answered positively.

Table 4.15

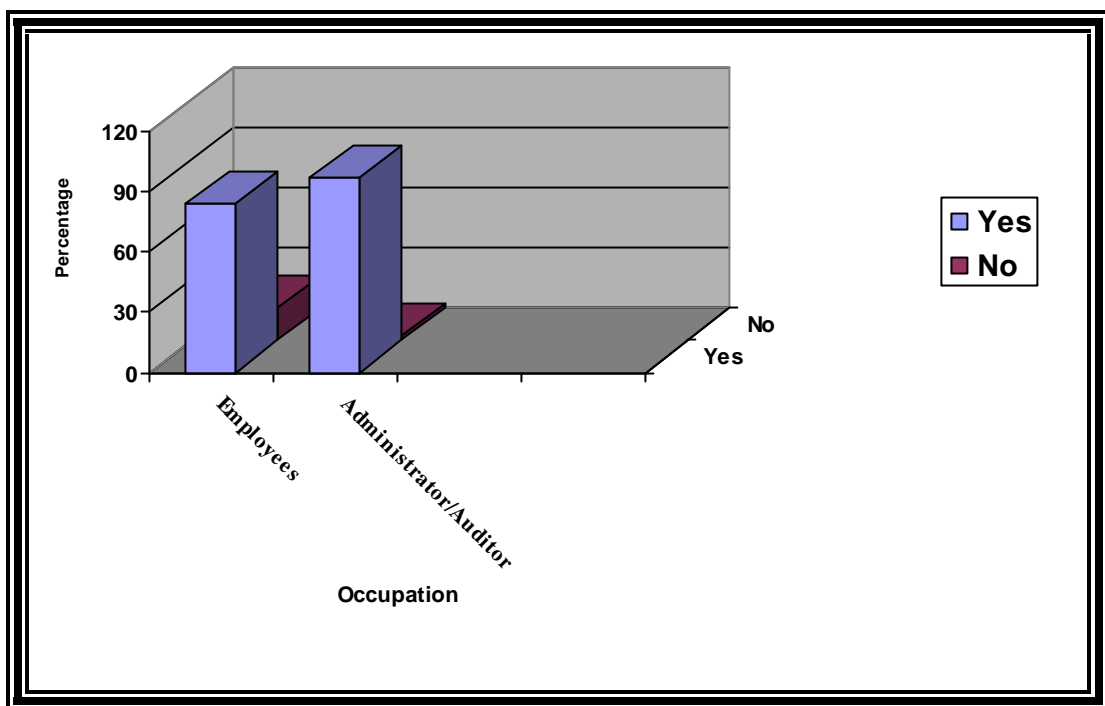
Official Response about the exemption in Land Revenue in the Remote Area

| Responses | Administrators/Auditors | | Employees | |
|--------------|-------------------------|---------------|-----------|---------------|
| | Frequency | % | Frequency | % |
| Yes | 34 | 97.14 | 21 | 84.00 |
| No | 1 | 2.86 | 4 | 16.00 |
| Total | 35 | 100.00 | 25 | 100.00 |

Source: Field Survey 2008

Figure 4.3

Official Response about the exemption in Land Revenue in the Remote Area



4.2.13.4 Respondents Opinions Regarding to the Difficulties to Determine Land Revenue as per the Act

In the response of question whether there are any difficulties to determine land revenue as per the act, 60% respondents from administrator/auditors group responded positively. But group of employee 56% answered yes.

Table 4.16

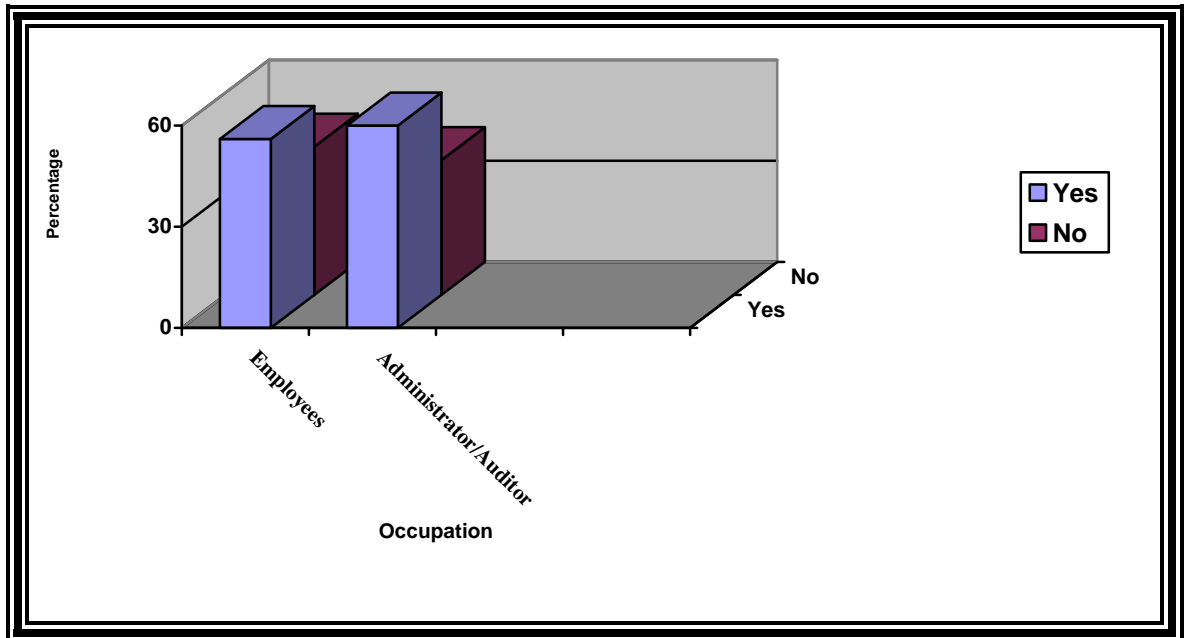
Official Response about the difficulties to determine Land Revenue as the Act

| responses | Administrators/Auditors | | Employees | |
|--------------|-------------------------|---------------|-----------|---------------|
| | Nos. | % | Nos. | % |
| Yes | 21 | 60.00 | 14 | 56.00 |
| No | 14 | 40.00 | 11 | 44.00 |
| Total | 35 | 100.00 | 25 | 100.00 |

Source: Field Survey 2008

Figure 4.4

Official Response about the difficulties to determine Land Revenue as the Act



4.2.13.5 Respondent Opinions Regarding to the Motivational Factor to Land Owners for Paying Land Revenue Timely

The result on percentage is quite same of both groups of tax officials. 80% out of 35 from tax administrator/auditors groups and again 80% out of 25 from employee group answered yes.

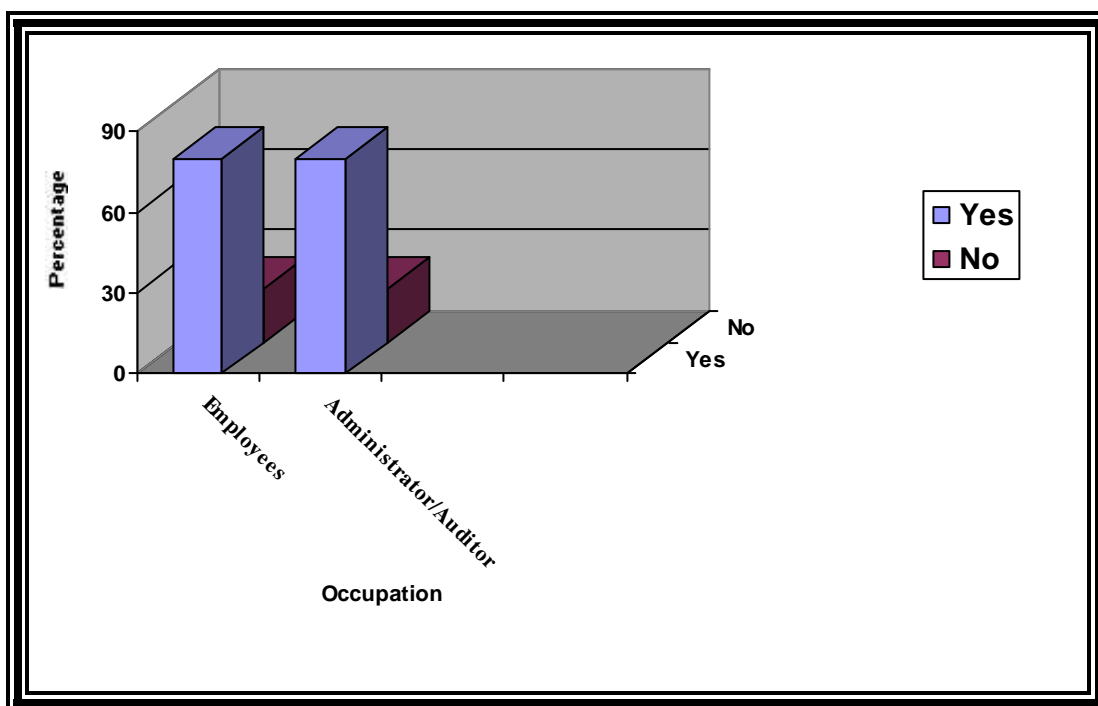
Table 4.17
Official Response about the Motivational factor to Land Owners for
paying Land Revenue on Time

| Responses | Administrators/Auditors | | Employees | |
|--------------|-------------------------|---------------|-----------|---------------|
| | Frequency | % | Frequency | % |
| Yes | 28 | 80.00 | 20 | 80.00 |
| No | 7 | 20.00 | 5 | 20.00 |
| Total | 35 | 100.00 | 25 | 100.00 |

Source: Field Survey 2008

Figure No 4.5

Official Response about the Motivational factor to Land Owners for
paying Land Revenue on Time



4.1.13.6 Correlation Analysis

Among the total questionnaires, there is a question which has objective answer having ranking response. Tax officials were categorized into 2 groups: tax experts and employees. 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 response of two groups, Spearman's rank correlation coefficient was applied.

Table 4.18

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

| S.N. | Alternatives | Response in% from Tax Expert | Response in % from Tax employee | Rank for response of tax expert (R ₁) | Rank for response of tax employee (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 |

Where

n = no of alternatives = 5

d = difference between two ranks ($\sum d = 0$)

d² = square of difference between two ranks ($\sum d^2 = 6$)

We have formula,

$$\begin{aligned}
 R &= 1 - \frac{6\sum d^2}{n(n^2 - 1)} \\
 &= 1 - \frac{6 \times 6}{5 \times 24} \\
 &= 1 - 0.3 \\
 &= 0.7
 \end{aligned}$$

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

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

4.3 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.

4.3.1 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.

4.3.2 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.

Table 4.19

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)} |
|---------|-----------------------|-------------------|---------------------------------|--------------------|-------------------------------------|------------------|---------------------------------------|
| 1990/91 | 23549.80 | 10729.90 | 12819.90 | 2164.80 | 10655.10 | 6256.70 | 4398.40 |
| 1991/92 | 26418.20 | 13512.70 | 12905.50 | 1643.80 | 11261.70 | 6816.90 | 4444.80 |
| 1992/93 | 30897.70 | 15148.40 | 15749.30 | 3793.30 | 11956.00 | 6920.90 | 5035.10 |
| 1993/94 | 33597.40 | 19580.80 | 14016.60 | 2393.60 | 11623.00 | 9163.60 | 2459.40 |
| 1994/95 | 39060.00 | 24575.20 | 14484.80 | 3937.10 | 10547.70 | 7312.30 | 3235.40 |
| 1995/96 | 46542.40 | 27893.10 | 18649.30 | 4825.10 | 13824.20 | 9463.90 | 4360.30 |
| 1996/97 | 50732.70 | 30373.50 | 20359.20 | 5988.30 | 14370.90 | 9043.60 | 5327.30 |
| 1997/98 | 56118.30 | 32937.90 | 23180.40 | 5402.60 | 17777.80 | 11054.50 | 6723.30 |
| 1998/99 | 59579.00 | 37251.00 | 22328.00 | 4336.60 | 17991.40 | 11852.40 | 6139.00 |
| 1999/00 | 66272.50 | 47893.80 | 23378.70 | 5711.70 | 17667.00 | 11812.20 | 5854.80 |
| 2000/01 | 79835.10 | 48893.60 | 30941.50 | 6753.40 | 24188.10 | 12044.00 | 12144.10 |
| 2001/02 | 80072.20 | 50445.50 | 29626.70 | 6686.10 | 22940.60 | 7698.70 | 15241.90 |
| 2002/03 | 84006.10 | 56229.80 | 27776.30 | 11339.10 | 16437.20 | 4546.40 | 11890.80 |
| 2003/04 | 89442.60 | 62331.00 | 27111.60 | 11283.40 | 15828.20 | 7627.00 | 8201.20 |
| 2004/05 | 102560.4 | 70122.7 | 32437.7 | 14391.2 | 18046.5 | 9266.1 | 8780.4 |
| 2005/06 | 110889.2 | 72282.1 | 38607.1 | 13827.5 | 24779.6 | 8214.3 | 16565.3 |
| 2006/07 | 133604.6 | 87712.1 | 45892.5 | 15800.8 | 30091.7 | 10053.5 | 26038.2 |

Source: Economic Surveys of various Years, Gon

Note: The expenditure heads till FY 2005 /06 were classified ad regular and development. Since FY 2006/07 the expenditure has been classified as recurrent, capital and principal repayment. The expenditure heads and sub heads since 1998 99 through 2005-06 May not tally with previous heads sub heads as these have been presented here by reclassified as recreant capital principal repayment .

The above table showed the resource gap' of Rs23549.80million in F/Y (FY) 1990/91 (expenditure) reached to Rs 10729.90 million in the FY Revenue in same year which shows the good result and good resource gap . It is continuously increasing trend. And suddenly resource gap`' is in decreasing again from 04 Resource Gap is increasing and it 06-07 and it reached in Rs. 45892.5 million. Likewise Foreign Grants is also increasing in every years which is good condition for the country it also help us to our budget as well. Resource gap ^h (after considering foreign grants) is Rs 10655.10 in the starting year and further widen up to Rs 22940.60 million in the FY 2001/02. It was decreasing trend from that years and in FY 2006/07 it increasing and it reached in the Rs 30091.7 million. The government takes internal and external loans meet deficit finance. Foreign loan reached Rs 6256.70 million in the FY 1990/91 and Rs 8780.4 million in 2004/05.After foreign loan financing resource gap is Rs 4398.40 million in the FY 1990/91 and increased to Rs 26038.2 million in the FY 2006/07.

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.

4.3.4 Nepalese Government Revenue Structure

Government collects revenue from different sources like as tax fees, penalty etc. These revenues are classified basically into tax and not tax revenue. Tax and non-tax revenue composition is shown in table 4.20 and figure 4.6 below.

Table 4.20
Composition of Total Tax Revenue

Rs. in '000000

| F/Y | Total tax Revenue | Direct Tax Revenue | | Indirect Tax Revenue | |
|---------|-------------------|--------------------|------------------|----------------------|------------------|
| | | Amount | % as tax Revenue | Amount | % as tax Revenue |
| 1990/91 | 8177.40 | 1369.70 | 16.75 | 6807.70 | 83.25 |
| 1991/92 | 9875.60 | 1595.20 | 16.15 | 8280.40 | 83.85 |
| 1992/93 | 11662.50 | 2036.20 | 17.46 | 9626.30 | 82.54 |
| 1993/94 | 15371.50 | 2855.30 | 18.58 | 12516.20 | 81.42 |
| 1994/95 | 19660.00 | 3849.30 | 19.58 | 15810.70 | 80.42 |
| 1995/96 | 21668.00 | 4655.90 | 21.49 | 17012.10 | 78.51 |
| 1996/97 | 24424.30 | 5340.00 | 21.86 | 19084.30 | 78.14 |
| 1997/98 | 25939.80 | 6187.90 | 23.85 | 19751.90 | 76.15 |
| 1998/99 | 28752.90 | 7516.10 | 26.14 | 21236.80 | 73.86 |
| 1999/00 | 33152.10 | 8951.50 | 27.00 | 24200.60 | 73.00 |
| 2000/01 | 38865.10 | 10159.40 | 26.14 | 28705.70 | 73.86 |
| 2001/02 | 39330.60 | 10597.50 | 26.94 | 28733.10 | 73.06 |
| 2002/03 | 42587.00 | 10105.80 | 23.73 | 32481.20 | 76.27 |
| 2003/04 | 48173.00 | 11912.60 | 24.73 | 36260.40 | 75.27 |
| 2004/05 | 54104.7 | 13071.8 | 24.16 | 41032.90 | 75.84 |
| 2005/06 | 57430.4 | 13968.1 | 24.32 | 43462.30 | 75.68 |
| 2006/07 | 71126.7 | 18980.3 | 26.69 | 52146.4 | 73.31 |

Source: Economic Surveys of various Years, Gon

Above table the amount of direct revenue is Rs 1369.7 million in the FY 1990/91. It is increasing each year and has reached to Rs 18980.3 million in 2006/07. But percentage contribution of direct tax to total tax revenue is fluctuation over the period from 16.15% to 27.00%.

The amount of indirect tax revenue is Rs.6807.70 million in the FY 1990/91. It is also increasing each year and has reached to Rs 52146.4 million in 2006/07. The percentage contribution of indirect tax to total tax revenue is fluctuating over the study period from 73% to 83.8%. Trend of the total tax revenue, direct tax and indirect tax is shown in figure 4.8.

4.3.5 Composition of Tax Revenue in Nepal

Tax Revenue is the principal sources of the government revenue. However its contribution differs significantly to mobilize internal resources effectively and properly as it has been dominating the government revenue by contributing of the tax revenue. Tax revenue in Nepal constitutes direct and indirect tax revenue. The figures of direct and indirect revenues from FY 1990/91 to 2006/07 are presented in the table 4.21 and figure 4.8

Table-4.21

Composition of Total Revenue in Nepal

Rs. in '000000

| F/Y | Total | Tax revenue | | Non-tax revenue | |
|---------|---------|-------------|-----------------|-----------------|-----------------|
| | Revenue | Amount | % Total Revenue | Amount | % Total Revenue |
| 1990/91 | 10730.9 | 8177.4 | 76.2 | 2553.5 | 23.8 |
| 1991/92 | 13512.7 | 9875.6 | 73.1 | 3637.1 | 26.9 |
| 1992/93 | 15148.4 | 11662.5 | 77.0 | 3485.9 | 23.0 |
| 1993/94 | 19580.9 | 15371.5 | 78.5 | 4209.4 | 21.5 |
| 1994/95 | 24605.1 | 19660.1 | 79.9 | 4945.1 | 20.1 |
| 1995/96 | 27893.1 | 21668.0 | 77.7 | 6225.1 | 22.3 |
| 1996/97 | 30373.5 | 24424.3 | 80.4 | 5949.2 | 19.6 |
| 1997/98 | 32937.9 | 25939.8 | 78.8 | 6998.1 | 21.2 |
| 1998/99 | 37251.3 | 28752.9 | 77.2 | 8498.1 | 22.8 |
| 1999/00 | 42893.7 | 33152.1 | 77.3 | 9741.6 | 22.7 |
| 2000/01 | 48893.9 | 38865.0 | 79.5 | 10028.6 | 20.5 |
| 2001/02 | 50445.5 | 39330.6 | 78.0 | 11114.9 | 22.0 |
| 2002/03 | 56229.9 | 42587.0 | 75.7 | 13642.9 | 24.3 |

| | | | | | |
|---------|----------|---------|-------|---------|------|
| 2003/04 | 62331.0 | 48173.0 | 77.3 | 14158.0 | 22.7 |
| 2004/05 | 70122.70 | 54104.7 | 77.1 | 16018. | 22.8 |
| 2005/06 | 72282.10 | 57430.4 | 79.4 | 14851.7 | 20.5 |
| 2006/07 | 87712.10 | 71126.7 | 81.09 | 16585.5 | 18.9 |

Source: Economic Survey, Published Year 2007-08

Sub: Financial controller General office Page: 14-15

As shown in the above table, the tax revenue of FY 2006/07 was 81.09% as compared to 76.2% in FY 1990/91. It is Massive increase %. The share of Non Tax revenue in FY 2006-07 is 18.91% as compared to 23.8% of 1990-91. This indicates the role of Tax Revenue is very important in Mobilization of Nepal to meet the government expenditure. The Total tax revenue is FY 1990-91 is Rs.8177.07 million. Which is massively increasing in 2006-07 it reached to Rs.71126.7 (Not included Best before the eight Months). But in percentage on the total revenue has been fluctuating from 76.2% to 81.09%. The highest percentage contribution of tax revenue to total revenue 81.09% in FY 2006-07 and the Lowest percentage contribution 1991-02 73.1%

From the FY 1990-91 to 2006-07 the amount of Non tax revenue found increasing with the amount Rs.2553.5 to Rs.16585.5 Million. Highest percentage Contribution of 1991.1992 26.9% and the lowest percentage Contribution is 18.9% is 2006/07. The share of tax revenue is always greater than Non tax revenue.

Both subject tell us exact figure of the country

4.3.6 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 evasion, 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 4.22

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 | % |
| 1990/91 | 6807.70 | 3044.30 | 44.72 | 2026.10 | 29.76 | 1200.20 | 17.63 | 537.10 | 7.89 |
| 1991/92 | 8280.40 | 3358.90 | 40.56 | 2840.70 | 34.31 | 1414.30 | 17.08 | 666.50 | 8.05 |
| 1992/93 | 9626.30 | 3945.00 | 40.98 | 3438.20 | 35.72 | 1452.80 | 15.09 | 790.30 | 8.21 |
| 1993/94 | 12516.20 | 5235.00 | 41.83 | 4693.10 | 37.50 | 1592.50 | 12.72 | 995.60 | 7.95 |
| 1994/95 | 15810.70 | 7018.10 | 44.39 | 6031.70 | 38.15 | 1657.30 | 10.48 | 1103.60 | 6.98 |
| 1995/96 | 17012.10 | 7327.40 | 43.07 | 6431.30 | 37.80 | 1944.30 | 11.43 | 1309.10 | 7.70 |
| 1996/97 | 19084.30 | 8309.80 | 43.54 | 7126.50 | 37.34 | 2298.10 | 12.04 | 1349.90 | 7.07 |
| 1997/98 | 19751.90 | 8502.20 | 43.04 | 7122.60 | 36.06 | 2885.80 | 14.61 | 1241.30 | 6.28 |
| 1998/99 | 21236.80 | 9517.70 | 44.82 | 7882.20 | 37.12 | 2953.20 | 13.91 | 883.70 | 4.16 |
| 1999/00 | 24200.60 | 10813.30 | 44.68 | 7854.90 | 32.46 | 13127.60 | 12.92 | 2404.80 | 9.94 |
| 2000/01 | 28705.70 | 12552.10 | 43.73 | 12047.80 | 41.97 | 3771.20 | 13.14 | 334.60 | 1.17 |
| 2001/02 | 28733.10 | 12658.80 | 44.06 | 11964.00 | 41.64 | 3807.00 | 13.25 | 303.30 | 1.06 |
| 2002/03 | 32481.20 | 14236.40 | 43.83 | 13459.70 | 41.44 | 4785.10 | 14.73 | 0.00 | 0.00 |
| 2003/04 | 36260.40 | 15554.80 | 42.90 | 14478.90 | 39.93 | 6226.70 | 17.17 | 0.00 | 0.00 |
| 2004/05 | 41032.9 | 15701.6 | 38.27 | 18885.4 | 46.02 | 6445.9 | 15.71 | 0.00 | 0.00 |
| 2005/06 | 43462.3 | 15344.00 | 35.30 | 21610.7 | 49.72 | 6507.6 | 14.97 | 0.00 | 0.00 |
| 2006/07 | 52146.4 | 16707.6 | 32.04 | 26095.6 | 50.04 | 9343.2 | 17.92 | 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

Source: Economic Survey Published years 2007/08

Above table shows that the contribution of the custom duties to the total indirect tax is more than 40.56% in each year under the study period. Its contribution in the FY 1990/91 is 44.72%. It is fluctuating over the study period. Its contribution in the FY 2006/07 is 32.04%. It is decreasing the contribution to total indirect tax is higher than other tax.

Contribution of sales tax (VAT) to Fluctuating in every years which reached 2006/07 is 50.04 % to which is highest percentage of the over the years , Which percentage showed that government collected good sales tax from the public. Amount of excise duty is increasing each year fluctuating percentage.

Same thing we found is excise duty as well there is massive change in the percentage of Excise duty in FY 200/07 and its contribution only 17.92%

4.3.7 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 4.23

Table 4.23
Composition of Direct Tax

Rs. in '000000

| F/Y | Total Direct Tax | Land Revenue & Registration | | | | Tax on Income, Profit & Property | | | | |
|---------|------------------|-----------------------------|---------------------------|---------|-----------------------|----------------------------------|-----------------|-------------|----------|-----------------------|
| | | Land Revenue & Registration | House & Land Registration | Total | % of total direct tax | Income Tax | Tax on Property | Other Taxes | Total | % of Total Direct Tax |
| 1990/91 | 1369.7 | 82.10 | 456.60 | 538.70 | 39.33 | 785.00 | 24.1 | 21.90 | 831.00 | 60.67 |
| 1991/92 | 1595.2 | 64.80 | 571.30 | 636.10 | 39.88 | 875.00 | 67.7 | 16.40 | 959.10 | 60.12 |
| 1992/93 | 2036.2 | 69.40 | 685.50 | 754.90 | 37.07 | 1198.20 | 80 | 3.10 | 1281.30 | 62.93 |
| 1993/94 | 2855.3 | 61.00 | 772.20 | 833.20 | 29.18 | 1921.20 | 49.8 | 51.10 | 2022.10 | 70.82 |
| 1994/95 | 3859.3 | 34.90 | 902.80 | 937.70 | 24.36 | 2823.40 | 88.2 | 0.00 | 2911.60 | 75.64 |
| 1995/96 | 4655.9 | 18.20 | 1048.40 | 1066.6 | 22.91 | 3431.40 | 157.9 | 0.00 | 3589.30 | 77.09 |
| 1996/97 | 5340 | 5.90 | 1009.50 | 1015.40 | 19.01 | 4123.40 | 201.2 | 0.00 | 4324.60 | 80.99 |
| 1997/98 | 6183.9 | 3.60 | 1000.60 | 1004.2 | 16.24 | 4894.10 | 285.6 | 0.00 | 5179.70 | 83.76 |
| 1998/99 | 7516.1 | 1.40 | 1001.80 | 1003.2 | 13.35 | 6170.20 | 342.7 | 0.00 | 6512.90 | 86.65 |
| 1999/00 | 8951.5 | 4.60 | 1011.30 | 1015.90 | 11.35 | 7420.609 | 515 | 0.00 | 7935.60 | 88.65 |
| 2000/01 | 10159.4 | 5.10 | 607.80 | 612.90 | 6.03 | 9114.00 | 432.5 | 0.00 | 9546.50 | 93.97 |
| 2001/02 | 10597.5 | 0.80 | 1131.00 | 1131.80 | 10.68 | 8903.70 | 562 | 0.00 | 9465.50 | 89.32 |
| 2002/03 | 10105.8 | 0.00 | 1414.30 | 1414.30 | 13.99 | 7966.20 | 559.5 | 165.80 | 8691.50 | 86.01 |
| 2003/04 | 119126 | 0.00 | 1697.50 | 1697.50 | 14.24 | 9245.90 | 700.6 | 268.80 | 10215.10 | 85.75 |
| 2004/05 | 13071.8 | 0.00 | 1799.2 | 1799.2 | 13.76 | 10988.2 | 995.0 | 697.8 | 12671.00 | 96.93 |
| 2005/06 | 13968.1 | 0.00 | 2181.1 | 2181.1 | 15.61 | 9598.8 | 847.6 | 565.7 | 11012.10 | 78.83 |
| 2006/07 | 18980.3 | 0.00 | 2253.5 | 2253.5 | 11.87 | 9402.4 | 806.5 | 306.7 | 10515.6 | 55.40 |

Sources: Economic Survey published years 2007-08

In the above table, direct tax is classified into land revenue & registration and tax on property, profit & income. 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 82.10 million and house and land registration is Rs 456.6 million in FY 1990/91. These taxes are more fluctuate over the study period. And land revenue is continuously decreased to zero level from FY 2006/07.

4.3.8 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.

4.3.9 Land Registration Charges, Service Charges and Suspend (Rokka) charge on various types of Likhat under Municipality and VDC Region are mentioned in Appendix 6 at the end the Text

4.4 Major Findings

Major findings relating to this study are as follows:

1. It has annual increasing trend of resources gap in Nepal. So that foreign grants & 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.
2. The major resources of the Nepalese Government revenue is categorized in two parts i.e. (a) Tax revenue & (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.

3. Custom duty and sales tax have played a vital role in the comparison of indirect tax revenue to the Govt 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.
4. Total tax revenue is involved direct tax and indirect tax revenue. Contribution of indirect tax is more than 75% 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 25% of the total tax revenue.
5. 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.
6. 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;
7. Contribution of land revenue to total tax revenue is nominal, because of unsystematic pattern of collecting land revenue.
8. 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.

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 can not 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 uneducated manpower in the field of land revenue. Such as undesirable posting and transfers system of personnel's in this field.

There is not 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 play vital role to develop the economy of the nation. After looking forward history of Nepal, there is only one 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:

1. After finishing the cadastral survey, there is necessary to classify different range of landholders in different ways.
2. For the better assessment and manage sufficiently the land revenue administration, there is necessary to finalized the scientific cadastral survey firstly.
3. Place out morally good and capable employees in the field of land revenue administration.

4. Land uses systems need to be 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.
5. To establish strong panelized system to evasion of land revenue to the personnel and taxpayers.
6. To establish uniform system of land record management to each and every land revenue office.
7. To determine the land tax rate on the basis of land valuation annually for the land tax purposes.
8. 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.
9. To establish appropriate criteria to determine small and marginal tax payers.
10. To established valuation rate of land for different purposes uniformly with the help of different concerned government bodies.
11. 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.
12. 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.
13. To establish citizen charter in each and every office and establish the grievance handling department to check out officers' work.
14. Uniformly record the land act in one place, in the land revenue administration office.
15. 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 in a proper manage.

16. Replace the untrained and uneducated manpower by trained and educated manpower or import necessary training to employs.
17. To stop the corruption, fear, duress and fines with the help of strong management system and act.
18. 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.
19. There is necessary to adopt computerized system to best record system of data. Without computerized system, management system of record cannot be completed properly. It will help to create good MIS system with offices.
20. To start the package programmed to encourage tax payer timely, properly and voluntarily by the related sector.
21. To stop the undesirable posting and transfer of personals .The causes of undesirable of posting and transfer, the personal administration will be unhealthy so a fixed tenure is particular place and position is desirable to all the employees.

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APPENDICES

Appendix- 1

Questionnaire to Tax Experts

Q.1 Has the property Tax Act 2047 included land Revenue Tax completely?

- a. Ye
- b. No

Q.2 Is there any provision of land registration Tax in property Tax Act 2047 ?

- a.Yes
- b.No

Q.3 Is there any exemption in land Revenue to remote areas as compared to metropolitan areas ?

- a.Yes
- b.No

Q. 4 Are there any difficulties to determine land revenue as per the act?

- a.Yes
- b.No

If not, how they are motivated?

(please write below)

.....

Q.6 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.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.8 To what extent are the opportunity to the land owner under present tax policy of the Government ?

- a. There are many opportunity
- b. There are some opportunity
- c. There are few opportunity
- d. There are no opportunity at all

Questionnaires to land owners

Q.9 Do you pay the land revenue timely to the Government ?

- a. Yes
- b. No

Q.10 Do you think that the present tax policy is promotional policy ?

- a. Yes
- b. No

Q.11 How well do you utilize the land revenue rebate (discount) from your side in present situation?

- a. Well utilized
- b. Under utilized
- c. Not utilized at all

Q.12 How relevant to the requirement to change present tax policy ?

- a. Extremely relevant
- b. Generally relevant
- c. Not very relevant
- d. Not relevant at all

Appendix-2

Structure of Land Revenue Terai Region (per Bigha)

| Land holding | Types of Land | | | | |
|-----------------|---------------|--------|--------|--------|-------------|
| | Abal | Doyam | Seem | Chahar | Unclassifie |
| Up to 1.5 Bigha | | | | | |
| Minimum | 6.80 | 6.00 | 4.80 | 3.60 | - |
| Maximum | 34.00 | 30.00 | 24.00 | 18.00 | - |
| Upto 3 Bigha | | | | | |
| Minimum | 8.50 | 6.80 | 5.00 | 4.00 | - |
| Maximum | 42.50 | 34.00 | 25.00 | 20.00 | - |
| Above 3 Bigha | | | | | |
| Minimum | 70.00 | 62.00 | 50.00 | 30.00 | - |
| Maximum | 350.0 | 310.00 | 250.00 | 150.00 | - |

Appendix-3

Structure of Land Revenue

Hilly Region (per Ropani)

Pakho Land

| Land Holding | Types of Land | | | | |
|-----------------|---------------|-------|------|--------|-------------|
| | Abal | Doyam | Seem | Chahar | unclassifie |
| Upto 20 Ropni | | | | | |
| Minimum | 0.38 | 0.25 | 0.12 | 0.10 | 0.03 |
| Maximum | 1.90 | 1.25 | 0.60 | 0.55 | 0.50 |
| Up to 40 Ropani | | | | | |
| Minimum | 0.44 | 0.37 | 0.28 | 0.20 | 0.13 |
| Maximum | 2.20 | 1.85 | 1.40 | 1.00 | 0.65 |
| Above 40 Ropani | | | | | |
| Minimum | 3.10 | 1.80 | 0.60 | 0.60 | 0.20 |
| Maximum | 15.50 | 9.00 | 3.00 | 3.00 | 1.00 |

Appendix-4

Structure of Land Revenue

Hilly Region (per Ropani)

Khet Land

| Land Holding | Types of Land | | | |
|-----------------|---------------|-------|------|--------|
| | Abal | Doyam | Seem | Chahar |
| Upto 20 Ropani | | | | |
| Minimum | 0.50 | 0.38 | 0.25 | 0.20 |
| Maximum | 2.50 | 1.90 | 1.25 | 1.00 |
| Upto 40 Ropani | | | | |
| Minimum | 0.62 | 0.40 | 0.37 | 0.25 |
| Maximum | 3.10 | 2.00 | 1.85 | 1.25 |
| Above 40 Ropani | | | | |
| Minimum | 4.40 | 3.10 | 1.80 | 1.80 |
| Maximum | 22.00 | 15.50 | 9.00 | 9.00 |

Appendix -5

Rate Structure of the Bhumi Kar

| Area | Rates in Rupees as the Category of Land | | | | | | |
|---------------------------------|---|-------|-------|-------|-------|-------|--------------|
| | A | B | C | D | E | F | Unclassified |
| Kathmandu vally (per ropani) | 128.0 | 102.4 | 76.80 | 61.44 | 46.08 | 35.84 | 61.44 |
| Hilly Region (per RoPani) | 5.84 | 30.72 | 25.60 | 20.48 | 15.36 | 10.24 | 20.48 |
| Terai Region (per Katha) | 50.00 | 40.00 | 30.00 | 25.00 | 20.00 | 15.00 | 25.00 |

Appendix- 6

Land Registration Charges, Service Charges & Suspend (Rokka) Charges

| S.N. | Types of Likhat | Registration charge rate | | |
|------|--|-----------------------------------|---------------------------------|--|
| | | Municipality area | VDC area | Both |
| 1 | <u>Rajinama, satta patta & sagolnama</u> a) upto Rs. 10,000 b) from Rs.10,001 to Rs. 25,000 c) Rs. 25,001 & above d) Flat constructed under group residential Planning | Rs.400 Rs. 1.000 6 % - | Rs.200 Rs.500 3 % - | 2 % |
| 2 | Resignation(chod patra) between joint registration Holder | 3 % | 2 % | |
| 3 | <u>Bakas patra ko likhatma</u> a) Grandfather./mother,father/mother,Husband/wife ,Brother/sister, & relatives in law 1) upto Rs 25,000 2) Rs.25,001 & above b) Donation 1) Upto Rs. 10,000 2) Rs. 10,001 & above | Rs.500 2 % Rs. 1000 10 % | Rs.200 1 % Rs.500 5 % | |
| 4 | <u>Ansabanda ko likhatma</u> a) Upto Rs. 50,000 b) Rs 50,001 to 2,00,000 c) Rs. 2,00,001 to Rs 5,00,000 d) Rs. 5,00,001 to Rs. 10,00,000 e) Rs 10,00,001 to Rs. 50,00,000 f) Rs. 50,00,001 to Rs. 1,00,00,000 g) Rs 1,00,00,001 & above | - - - - - - - | - - - - - - - | No charge Rs. 200 Rs.1,000 Rs 2,000 0.25 % 0.50 % 0.75 % |
| 5 | Mano chuttiyako & Mano jodiyako | Rs. 1500 | Rs. 500 | |
| 6 | Equal land exchange | Rs. 500 | Rs. 100 | |
| 7 | <u>After death</u> a) within 3 generation b) above 3 generation | Rs. 1000 Rs. 2000 | Rs 500 Rs 1000 | |
| 8 | Dristibandaki & Voghbandaki ko likhatma | - | - | 1 % |
| 9 | Adopted son & daughter | Rs 5000 | Rs 5000 | |
| 10 | Adhikarnama, Manjurnama & Akthiyarnama | - | - | Rs 500 |
| 11 | Kapali, Tamasuk & kararnama | - | - | 0.5 % |