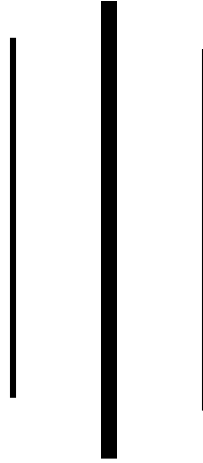


TAXATION UNDER BUSINESS INCOME IN NEPAL: PAST & PRESENT



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A Thesis Submitted to:
Office of the Dean
Faculty of Management
Tribhuvan University

In partial fulfillment of the requirements for the degree of
Master of Business Studies (M.B.S.)

Kathmandu, Nepal
March, 2009

RECOMMENDATION

This is to certify that the Thesis

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Entitled

TAXATION UNDER BUSINESS INCOME IN NEPAL: PAST AND PRESENT

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

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VIVA-VOCE SHEET

We have conducted the viva-voce examination of the thesis

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And found the thesis to be the original work of the student and written according to the prescribed format. We recommend the thesis to be accepted as the partial fulfillment of the requirements for

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DECLARATION

I hereby declare that the work reported in this thesis entitled “Taxation Under Business Income in Nepal: Past & Present” submitted to Patan Multiple Campus, Faculty of Management, Tribhuwan University, is my original work done in the form of partial fulfillment of the requirements for the Master’s Degree in Business Studies (M.B.S.) under the supervision of Mr. Dinesh Malego, Assistant Campus Chief of Patan Multiple Campus

Sincerely,

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ACKNOWLEDGEMENT

This study entitled “Taxation Under Business Income in Nepal : Past & Present” is essentially an output of partial requirement for the degree of Master in Business Studies, Tribhuvan University prepared under the supervision of Assistant campus chief Mr. Dinesh Malego, Patan Multiple Campus.

In this study, effort has been made to bring two acts, the present income tax act, 2058 and previous income tax act, 2031, at a place and the differences in the provisions have been tried to locate in one particular part of the whole act.

This study has not happened over day or night; it is indebted to many benevolent creditors who sacrificed their precious time willingly in guiding me, in providing information imperative to study.

I am in truth indebted to respected sir Mr. Dinesh Malego who not only guided me but also directly involved in the subject matter as if he is the researcher of this study. I would like to express my sincere gratitude to Mr. Yuvraj Bhattarai for his valuable guidelines and suggestions in queries made during the study

I would like to express my sincere gratitude to all those respondents related to the different organizations and bodies as tax payers, tax administrators and tax experts who have considerably helped by one or another means in preparing this dissertation

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In spite of genuine efforts made during the preparation period, probability of sampling and human error is always there so may have in this thesis. And I am the person who is solely responsible for this omission if any.

Sudish Kumar Kushawaha
May, 2009

TABLE OF CONTENTS

Viva-Voce Sheet	i
Recommendation	ii
Declaration	iii
Acknowledgement	iv
List of Tables	v
Acronyms	vi

Title: **Page No.**

CHAPTER I: INTRODUCTION

1.1 General Background	1
1.2 Statement of the problem	8
1.3 Objectives of the Study	10
1.4 Hypothesis	11
1.4 Focus of the study	12
1.5 Rational of the study	12
1.6 Limitation of the study	13
1.6 Organization of the study	14

CHAPTER II: REVIEW OF LITERATURE **16**

Part A: Review of Act	16
------------------------------	-----------

2.1 Introduction	16
2.1.1 Historic Background of Income Tax	16
2.1.2 Meaning and Nature of Business Taxation	18
2.1.3 Definition and Sources of Income	19
2.2 An Overview of Income Tax Act, 2058 (2002)	20
2.2.1 Defects of Income tax act, 2031	21
2.2.2 Objectives of income tax act, 2058	22
2.2.3 Features of income tax act, 2058	22
2.2.4 Definition of Related terms	23
2.2.5 Heads of Income	26
2.2.6 Income from Business	26
2.2.7 Inclusions in calculating Income from Business	26
2.2.8 Deductible Expenses	26
2.2.9 Business Exemptions, Exempt Amounts and other Concessions	30
2.2.10 Other Provisions Regarding the Business Exemption	31
2.2.11 Common Deductions	32
2.2.12 Provisions of Losses from Business	32
2.2.13 Expenses Not Allowed for Deduction	33
2.2.14 Tax Accounting and Timing	34
2.2.15 Quantification, Allocation and Characterization of Amounts	35
2.2.16 Information about Tax Deduction and Payment	36
2.2.17 International Taxation	37
2.3 An Overview of Income Tax act, 2031	37
2.3.1 Taxable Income under ITA, 2031	38
2.3.2 Non-Taxable Income under ITA, 2031	39
2.3.3 Allowable Deduction	39
2.3.4 Expenses not allowed for Deduction	40
2.3.5 Some other Provisions of the Act	41

Part B: Thesis & Book Review

Resource Gap	46
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CHAPTER III: RESEARCH METHODOLOGY

3.1 Research Design	47
3.2 Populations and Sampling	49
3.3 Sources and Data Collection Procedures	49
3.4 Method of Analysis & Presentation	50
3.5 Tools and Techniques of Analysis	50
3.6 Research Variables	50
3.7 Weight of the Choice	50
3.8 Respondents' Profile	51

CHAPTER IV: PRESENTATION & ANALYSIS DATA

A. PRESENTATION AND ANALYSIS OF SECONDARY DATA	52
4.1 Target and collection of income tax (comparative study for 8 years)	52
4.2 Internal revenue collection in FY 2063/064	55
4.3 Tax/GDP ratio	56
4.4 Findings	57
B. COMPARATIVE STUDY	58
5.1 Background	59
5.2 Comparison in Expenses	59
5.3 Comparison in Income	64
5.4 Comparison between Tax Rates	64
5.5 Computation of Income from Business as per ITA, 2058	
5.6 Computation of Income from Business as per ITA, 2031	66
5.7 Findings	77
C. EMPIRICAL STUDY	78

6.1 Presentations and Analysis of Opinion Survey	79
6.1.1 Acquaintance with Business provisions of New Act	80
6.1.2 Opinion on the appropriateness of capital gain taxation and its process Of taxation	81
6.1.3 Opinions of appropriateness of taxing foreign income of resident under New act	83
6.1.4 Opinions on the appropriateness new provision on interest expenses	84
6.1.5 Opinions on whether pollution control cost and research and Development cost have benefited the Organization	85
6.1.6 Opinions regarding the pool system of depreciation	86
6.1.7 Opinions in the provision of separation of offences from penalty	87
6.1.8 Opinions on carry forward of losses of Business globally	88
6.1.9 Opinions on whether the business exemption, rebate and concessions Given in the act are enough	89
6.1.10 Opinions on whether the present tax structure is appropriate	91
6.1.11 Opinions on the appropriateness on new income tax act, 2058 for Effective taxation system in Nepal	92
6.2 Findings on opinion survey	94
CHAPTER V: SUMMARY, CONCLUSION & RECOMMENDATIONS	96
7.1 Summary	96
7.2 Conclusion	98
7.3 Recommendation	101
7.4 Further Area of Research	104
Bibliography	105
Appendix	107

LIST OF TABLES

Topics	Page No.
2.1 Depreciable Assets and rate of depreciation	30
2.2 Nature of payment and rate of withholding tax	38
3.1 Group of respondents and sample size	49
3.2 Respondents' profile	51
4.1 Comparative study of income tax structure and its collection for 8 years	53
4.2 Internal revenue collection for fiscal year 2063/64	55
4.3 Contribution of tax revenue and income tax revenue in GDP of Nepal	56
6.1 (a) Group of the respondents	
(b) Respondents' Profile	79
6.1.1 Acquaintance with business provision of new act	80
6.1.2 Appropriateness of capital gain taxation and its process of assessment	81
6.1.3 Appropriateness of new provision of interest expenses	84
6.1.4 (a) Provision of pollution control cost and R & D cost and its benefit	85
(b) Reason of not taking advantage of PC and R & D facility	85
6.1.5 Views in the pool system of depreciation	86
6.1.6 Appropriateness of decision of separating offences from penalty	87
6.1.7 Appropriateness of global carry forward of business loss	88
6.1.8 Opinions on business exemptions and concession given in the act	89
6.1.9 Opinions on tax structure under new act	92
6.1.10 Opinions in the income tax act, 2058	93

ACCRONYMS USED

AC	Absorption Costing
BBS	Bachelor of Business studies
BTP	Big Tax payer
CA	Chartered Accountant
CEDA	Center for economic development & administration
CIT	Citizen Investment trust
CT	Column total
CTO	chief tax officer
DBM	Diminishing balance method
FIFO	First in first out
FY	Fiscal year
GDP	Gross Domestic Product
IY	Income year
IRD	Inland revenue department
ITA	Income tax act
MBA	Master of Business Administration
MBS	Master Business Study
MOF	Ministry of Finance
NAS	Nepal accounting standard
NRB	Nepal Rastra Bank
OUP	Oxford University
PCC	Pollution Control Cost
PMC	Patan Multiple Campus
R & D	Research & Development
RT	Row Total
SLM	Straight Line Method
TDS	Tax Deduction at Source
TR	Tax Revenue/Total Revenue
TU	Tribhuvan University
VAT	Value Added Tax
VC	Variable Costing
WDV	Written Down Value
WTO	World Trade Organization