

An Overview on Effectiveness of VAT Implementation in Nepal

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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 (MBS)

Siddharthanagar, Rupandehi

August, 2010

RECOMMENDATION

This is to certify that the thesis

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Entitled

**"An Overview on Effectiveness of VAT implementation
in Nepal"**

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

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DECLARATION

I hereby declare that this thesis entitled "**An Overview on Effectiveness of VAT Implementation in Nepal**" submitted to Tribhuvan University, Faculty of Management, is my original work done in the form of partial fulfillment of the requirements for the Degree of Master of Business Studies (MBS) under the supervision and guidance of **Mr. Narendra Raj Pandey**, MBS Program Co-ordinator and Thesis Supervisor **Mr. Krishna Prasad Ghimire** of Bhairahawa Multiple Campus.

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ACKNOWLEDGEMENT

Every nation should create a strong fund of revenue to perform its activities. Different types of taxes are the major source of government revenue. Tax, in itself, is a complex issue. It needs change and reform with the change of time. In this context, Value Added Tax has played a vital role in the Nepalese tax structure after its implementation. This thesis entitled "An Overview on Effectiveness of VAT Implementation in Nepal" is concerned with VAT aspect of Taxation. Contribution of Value Added Tax in revenue, comparative study of the VAT with the Sales Tax, and its implementation part also has been examined and analyzed in this study.

I am very much indebted to my respected teachers, Lecturer and Coordinator of MBS Mr. Narendra Raj Pandey and thesis supervisor Mr. Krishna Prasad Ghimire for direct guidance, kind help and encouragement in preparing this thesis in time. Their kind cooperation and support in completing this thesis is much appreciable.

I would also like to thank my respected teacher, Lecturer of Saraswati Multiple Campus Mr. Kul Prasad Aryal for providing different materials and sincere support in writing this thesis. All of my friends of Bhairahawa Multiple Campus, especially, Mr. Gyan Raj Upadhyay and employees and friends of IRD are very much thankful for their help in data collection procedures.

Last but not the least, my family members and staffs of Bhairahawa Multiple Campus are highly valued for their great support, cooperation and encouragement in preparing this thesis.

Lal Prasad Sharma

August, 2010

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ABBREVIATIONS

BC	:	Before Christ
B.S.	:	Bikram Sambat
CEDA	:	Centre for Economic Development and Administration
CNI	:	Confederation of Nepalese Industries
CV	:	Coefficient of Variation
DANIDA	:	Danish International Development Assistance
DG	:	Director General
Dr.	:	Doctor
e.g.	:	for example
FNCCI	:	Federation of Nepalese Chamber of Commerce and Industries
FY	:	Fiscal Year
GDP	:	Gross Domestic Product
GNP	:	Gross National Product
GST	:	Goods and Service Tax
GTZ	:	German Technical Cooperation
HIID	:	Harvard Institute of International Development
i.e.	:	that is
IMF	:	International Monetary Fund
Inv	:	Investment
IRD	:	Inland Revenue Department
ITC	:	Input Tax Credit
MODVAT	:	Modified Value Added Tax
MoF	:	Ministry of Finance
NCC	:	Nepal Chamber of Commerce
NRB	:	Nepal Rastra Bank
PAN	:	Permanent Account Number
Prof.	:	Professor
Rs.	:	Rupees
RST	:	Retail Sales Tax
SAARC	:	South Asian Association for Regional Co-operation
S.D.	:	Standard Deviation
TPIN	:	Taxpayer Identification Number
UDCs	:	Underdeveloped Countries
UN	:	United Nations Organization
UNDP	:	United Nations Development Program
USA	:	United States of America
USAID	:	United States Agency for International Development
VAT	:	Value Added Tax
viz.	:	namely
WTO	:	World Trade Organization