

CHAPTER I

INTRODUCTION

1.1 Background of the Project

Politically Nepal is divided into 5 development regions, 75 districts, 14 zones, 58 Municipalities and 3913 Village Development Committee (VDC). Among 58 municipalities, there is one metropolitan city viz. Kathmandu Metropolitan City (KMC), four Sub-Metropolitan Cities and remaining are Municipalities. VDC and Municipalities are divided into 9 to 35 Wards. The Distinct Development Committee (DDC), VDC and Municipality are called local government as the local representatives form these local government units (CBS, 2007:2).

KMC is a local level city government. It has been provided the specific rights and duties by the specific laws. KMC is formed and run by the Local Self Government (LOSEGO) Act, 1999, its Regulation, 2000 and Local Body Financial Administration Regulation (LOBOFAR), 2007. Under the legal provisions, KMC has carried out the development and concurrent activities. The said laws have provided the powers of revenue collection at local level as government units. The level of exercising the power of revenue collection affects the execution of development project and qualitative and innovative city services.

Tax is the major source of the central as well as the municipal (local) government revenues. Since concept of welfare government was introduced, the available limited internal resource did not meet the huge amount of expenditure on infrastructure development and for social activities like free education, medical treatments, employment and national defiance and securities.

The house and land tax were collecting under the House and Land tax act, 1962 by the central government till the year 2000 when this power was devaluated to the municipalities and urbanizing VDCs. Municipalities and VDCs are collecting the House and land tax under the provisions of LOSEGO act 1999, Regulation 2000 and Finance

Act 2000. By the statutory provision, Municipalities have got the big chunk of local resources to enjoy its financial autonomy. After shifting the power of house land tax collection to the municipalities, it is supposed to strength municipal fund. It is expected that the additional resources would bridge the gap between the local resources and the expenditures required for local development and providing city cervices.

Property tax, House and land tax so far Nepal is concerned, has considerably contributed to the tax revenues of local government like municipalities of both developing and developed countries. In Nepal, municipality has been collecting the House and Land (H&L) tax under the LOSEGO Act its regulation, House and Land tax Act and its regulations, since 2000. The income generated from the house land tax has showed considerable proportion in comparison with total tax revenues of the municipalities like KMC in Nepal.

1.2 Theoretical Concept

Tax is a sum of money collected from people. It is a collection from the people with out direct benefits to them as their contribution. It is made by the laws compulsory for the public. The constitution, general laws and other special laws provided the rights to the levels of government collecting the taxes form the people.

Taxes are grouped in various bases. Some taxes imposed upon the tax payers who bear it themselves and others can transfer it to another. Tax is imposed on income, property, goods and services, production and foreign trade etc. Whether the burden of payers can be shift to others is depended on the nature and types of taxes.

1.2.1 Concept of Tax

Taxes are major source of the government revenue, which are collected by the state for the public welfare. All government revenues are not taxes but all taxes are government revenues. It means government collects the fees and charges but that are not compulsory payment like taxes. Fees and charges are imposed on the goods and services provided to the people. Unlike fees, "taxes are compulsory payment to government without

expectation of direct return in benefit to tax payers" (Taylor, 1968:252). There is no direct benefit while paying tax. However, government provides the public services, securities and the opportunities equally whether they are taxpayers or not.

“Tax means sum of money to be paid by people of business to a government for public purpose" (Oxford Advance Learner’s Dictionary, 1992:557). In the meaning of tax, the definitions are given by the economist and tax experts in their words may be differ in the series of the words but the meaning of it can not be find difference. Emphasizing the need of tax for the delivery of public goods, the tax is defined as "a share of the income of citizens which the state appropriates in order to procure for itself the means necessary for the production of general public services" (Antonio, 1952:111).

Tax is collected to fulfill the specific objectives. In this regard, "a tax is a compulsory contribution to public authorities for public purpose" (Ramakrishna, 1953:9). In Author S.E. Thomas argued that a tax is a compulsory charge imposed by the state of public authorities in respect of which no specified services to individual is rendered in returns.

1.2.2 Classification of Taxes

There are different types of taxes that can be classified by their characters, nature, forms and incidence to taxpayers. They are collected from incomes, property, transfer of goods and services and tariff. The state introduces the different types of taxes based on its economic, political and social status of the country. Simply the types of taxes are as followings;

- a. Income Tax
- b. Property Tax/Wealth tax
- c. House and Land Tax
- d. Value added Tax (VAT)
- e. Sales Tax
- f. Contract Tax
- g. Hotel Tax
- h. Entertainment Tax

- i. Export/Import Tax
- j. Excise duties
- k. Gift Tax
- l. Expenditure tax
- m. Death Tax
- n. Land Tax/ Revenue
- o. Interest Tax
- p. Rent Tax/House and land Rent Tax
- q. Vehicle Tax.
- r. Local Taxes (Taxed on Business& Profession, Property, Advertising, Vacant land, Entertainment, Natural resources uses etc.)

Regarding the character and the nature of taxes, they are mainly grouped into two: direct taxes and indirect taxes. Direct taxes are collected from the taxpayers who cannot shift the incidence of the tax burden to others. The direct tax decreases the real wealth of the taxpayer because the taxpayers bear the burden of tax. Unlike direct taxes, indirect taxes can be shifted partly or whole to others.

The direct taxes are listed as following:

- a) Income Tax
- b) House and Land Tax
- c) Property Tax (Wealth Tax)
- d) House and Land Rent Tax (Rent Tax)
- e) Land Tax/Revenue
- f) Gift Tax
- g) Vehicle Tax
- h) Advertisement Tax
- i) Interest Tax
- j) Local Taxes (Taxed on Business& Profession, Property, Advertising, Vacant land. Entertainment, Natural resources uses etc.)

The indirect tax consists of as following taxes:

- a. Value Added Tax (VAT)
- b. Sales Tax
- c. Hotel Tax
- d. Contract Tax
- e. Custom Duties,
- f. Excise Duties,
- g. Export Import Duties,

In addition to tax revenues the government mobilizes the non-tax revenues such as fees, charges, royalties, proceeds from goods and services they produced, interest, dividend, penalties etc. As the development and financially self-autonomous aspect of local bodies, the local authority also collects some local tax and non tax revenues such as business/profession tax, house & land tax, rent tax, property tax, entertainment tax, land tax/revenue, animal tax, parking fees, building permit fees, property valuation fees, and other charges and fees.

Local taxes are not different with taxes collected by the state or central government. If the taxes that previously collecting by state are now collected by the local representatives, that taxes are called the local taxes. The state provides the power of collecting some taxes to local government. The tax collection power is given to local government to meet the local expenditures. Nepal has no longer practices in local taxation. This practice is in initial and introduction stage till the date.

In tax system, any taxes cannot be imposed and collected with out consent of people's representatives, legislative authority of the state. Taxes are collected under the laws only. Local body or authority can make laws of collect local taxes but the government or legislature of the state has to provide the rights to local representative body or local government. "We often hear the expression, rates and taxes and it is just as well to know the difference apart from the fact that taxes are levied by parliament and rates by local authorities. A tax may be put of almost anything - wages, salaries, profits, dividends,

petrol, cigarettes, and whisky, fur wets, jewelers- the list is endless. Rates however, can only be charged on immovable property, which the taxpayer either owns or occupies"(Merret, 1967:95).

1.2.3 Local Taxation

Government has an inherent power to impose and collect tax from people. The government has to expenses in varies activities for the welfare of the people. Money needed for public expenditure comes from internal and external resource. The tax revenue is important resource because it is not collected against direct any benefit to taxpayers. The external resources of government like loan and grants are liability to the government. As result the strong government realizes the internal resources like taxes for quality and certainty of public services and works.

The legislative body of government only exercises the power of taxation in democratic and modern state. The characteristic of modern state is to decentralize the power and duties to the local level government. The duties and responsibility is shifted to the local government along with the power of colleting some taxes. When tax colleting power is given to the local government and it collects the local taxes, this is called the local taxation. In other words, local level tax administration and taxing procedures are called local taxes. The taxes, which are collected by the local level govnrnemtn, is said to be local taxes. Local level government has no inherent power of local taxation but they exercise the delegated power, which is given by the parliament of the state.

In Nepal local level government, municipalities, DDCs and VDCs, have got the delegated power to collect the taxes. Such local level government has tax administration and tax collection procedures, which is called the local taxation. The Local Self-Governance (LOSEGO) act, 1999 and its Rules provided the following taxation power to the local level government of Nepal. The Municipalities, one tire of local level government can collect the following taxes:

- a. Land Revenue (Tax) (25% of total to be shared to the concerned DDC)
- b. House and Land Tax

- c. Rent Tax
- d. Business tax
- e. Enterprise tax
- f. Vehicle tax
- g. Property tax
- h. Entertainment tax
- i. Commercial tax
- j. Advertisement tax

The LOSEGO act has also provision of collecting the service charges from the city services provided and managed by the municipalities. District level local government, DDCs can collect the taxes, fees, services charge and sales revenues under the LOSEGO act. The taxes collecting by the DDCs are as follows:

- a. Taxes on roads, bridges, irrigation and ponds made by or transferred to DDC.
- b. Taxes on local inputs like wool, turpentine, herbs, worn and torn goods, stones, slates, sand and bone, horn, wing, leather etc. of the animal except those prohibited.

Up to 35 to 50 percent of the amount obtained from the taxes shall have to be provided to concerned Municipality and VDC.

Beside the taxes, DDC can impose the services charges on the services provided at the rate approved by council of DDC. The DDC also collect some Fees from boats, recommendation other as prescribed. It obtains sales revenue from sand, concrete (*roda*), stones, soil etc. in its area. DDC again get additional internal revenue from revenue allocation. The sources of revenues allocation of DDC are house and land registration fees (5 to 90 percent), royalty of mines and petroleum products (50 % of total amount), forest (10% of total amount), water resources (50% of total amount). Similarly entrance fees to be obtained by Nepal government for entry of tourist into the DDC area are shared 30 % of its total amount.

Village Development committee (VDC), lower tier of local level government, can collect the taxes, fees, service charges and sales revenues under the LOSEGO act. The taxes collecting by the VDCs are as follows:

- a. House and land tax
- b. Land revenue (Tax) (25% of total to be shared to the concerned DDC)
- c. Temporary weekly market (*Haat Bazaar*) tax
- d. Vehicle tax
- e. Entertainment tax
- f. Rent and Tenancy tax
- g. Advertisement tax
- h. Business tax
- i. Commercial video tax
- j. Natural resource utilization tax (other natural resources subject not to address by DDC's tax bracket)
- k. Local product collection and storage tax.

VDC has other internal resource along with tax resources. It can impose services charge on the facilities like sanitation and waste management, tourist area, park, picnic spot, view tower, entertainment, provided by VDC. It can realize the internal resources from fees, which are charged on licensing and renewal of television and video, approval and recommendation. It can mobilize additional internal resources i.e. sales revenue from the sales of soil, product of public pond and garden, assets of VDC, forest products like dried timber, twinges, roots straw and grass.

1.2.4 House and Land Tax

House and Land tax is imposed on houses and its compounded land area. This tax is collected from the house and land, which are built in municipalities in Nepal. This is also called House & Compound tax, property tax or wealth tax. In regards with house & land taxation, land is not a separate unit. The land means the area where house is built and its compound, which is required for housing standard or voluntarily use as a compound of a

house or building. The house and land tax is levied on the value of house and its compound. This is direct tax because incidence of this tax burden cannot be transferred to others. House and land tax is

"It is broadest meaning the general property tax is a tax upon all wealth, tangible and intangible, which possesses exchange value" (Horold, 1955:43). Both developed and developing countries have introduced and practicing it. But this tax is collecting by local level government in almost countries. As we study the system of property tax in the world, it is collected by the local or state government rather than central government.

In USA, the local government authority exercises the property taxation. John and Ann State that: "The property tax is one principal from of a boarder category of wealth taxes-taxes related to the wealth persons have to any particular time, rather than the income that receive over a period of time, the amount they spend on consumption or other measure" (Due and Friedlander, 1994:434).

The contribution of house and land tax is important in respect of local. It has also considerable impact on national tax revenue. However it seems small portion in respect to national resource; Incase of local resource mobilization house and land tax's contribution to local revenue is noticeable.

The local bodies of the developing countries like Nepal collect the tax mainly imposed on real state (House and land) of city and urban areas. In Nepal the house and land tax was introduced in 1959. This tax was imposed on urban house and land area covered by it under the Fiscal Act, 1959. This tax has been collection till under the laws regarding the house and land taxation today.

House and land tax in Nepal is in developing stage. Sometime it was in past introduced as property tax that consists of bank balance, vehicles, gold, Silver, household property, investment on securities along with the house and land of urban and urbanizing areas. As property tax provision has complications in property tax execution property house and land of urban areas, are only make the subjected to property as well as house and land tax. Sometime in Nepal the property tax also consists of only the house and land.

Now House land tax collected is under the Self Governance Act 1998 rule 1949, Finance Act 2004, the House and Land tax act 1962 and its rules 1963 and government circulars made on house and land tax execution.

1.2.5 Local Authority

There are two types of authority in public sector in Nepal: One is central and next is local authority. The authority hold by the central government is called central authority and an authority made by the local people's representatives is called the local authority.

The local authorities of Nepal are municipality, (VDC, DDC. The Self-Government Act, 1998 and its Rule, 1999 has made the provision of local authority. This Act declared the local authorities as the autonomous bodies. There are 75 DDCs, 58 municipalities and 3913 VDCs, which are called local authorities.

The local authority runs developing activities and provides the public services to the local people in day-to-day basis. Central authority of the country needs the support of local authority to implement the people welfare programme. Local authority collects taxes and fees from the people more efficiently. The relation between central and local authorities is very important for local level democracy and national building.

Local authority is also defined as local government. There are some arguments on the concept of local government. One views on it in that "Local government is the infra-sovereign geographic Sub-divisions of a sovereign nation or quasi-sovereign state, providing public services in particular area" (Humes, 1961:72). It has three components-people, representatives and notified area where people are lived. The local council is bound with the people-from the cradle to the grave-and with their surroundings. The council is principally the main representative organ at a unit of local government.

There are levels of government such as central (first) and local (second) level. "The second level is often called the local government. It has certain similarities with central government but, in the main, it is a vastly different affair. Indeed, it is very doubtful whether it can properly be called 'Government', because its main purpose is not to make

laws and order people about. It is much concerned with helping people than with controlling them" (Merret, 1967:4).

1.3 House and Land Tax Practices in Historical Prospective

1.3.1 Origin and Evolution of House and Land Tax

Urban house land taxation as a property taxation was introduced in European countries. Then the system of taxes on house land and other invisible properties was adopted in other countries as per their needs and requirements. In Nepal, Finance act introduced firstly house and land taxation as Property taxation in 1959. Before declaration of this tax land tax (revenue) was in enforcement. The first elected government declared such taxes to increase the internal resources. The fiscal Act had a tax rate of Rs. 30 for first 70,000 after 25000 exemption and then Rs. 12 per thousand. This act had a provision that if house was rented out, the tax rate could be surcharged 50 % more than general tax rate.

The fiscal Act, 1959 had also introduced the tax on foreign investment along with the urban house and land. The act had a provision that the government could declare the urban area for taxation purpose. It had also the provision of valuation procedures. Government could form a valuation committee to carry out the valuation of urban house and land and foreign investments. In recommendation of the valuation committee, the government could declare the values of urban house and building.

The general characteristic of fiscal act is to impose and collect the taxes and charges under the existing laws. In this regards the fiscal act only could not able to administrate the property taxation. Therefore the government declared specific laws for property taxation viz. Property Tax Act, 1960. This act covers properties like foreign investments and urban house and land. In 1962 separate tax laws are made for urban house and land and foreign investments. The House and Land act, 1962 and Foreign Investment act, 1962 replaced the Property Tax act, 1960.

In 1963 the House and Land Rules was announced to implement the House and Land Tax act, 1962. Since house and land tax laws were in enforcement, government imposed and

collected house and land tax. The yearly issued fiscal acts used to adjust and enforce the legal provision of house land taxation in particular ways. This provision remained continue till the declaration of property tax act, 1990 and fiscal act, 1991.

After restoration of multi party system in Nepal, government again tried to introduce the property taxation. The Property Tax, introduced in 1990, brackets all properties whether they are visible or invisibles. Bank balance, precious metals, investments along with urban house and land are the component of the property government levy tax on such properties. In absence of proper information of invisible properties, unpopularity in property disclosures and lengthy as well as complicated procedures for tax assessment, the property taxation practice was completely failed. Almost proportion and valuation of property was covered by the urban house and land only. It resulted the downward trend of tax collection while collecting the property taxation in comparison to house and land taxation as property taxation had tax incentives whereas house land taxation enjoy no incentives.

When the government attempts were not being successes, the house and land taxation again introduced after 5 years of introducing property taxation in Nepal. The Fiscal act, 1995 made such provision that House and Land Tax act and rules came in enforcement withholding the Property Tax act 1990. Then government imposed and collected the house and land tax till the FY 1999/2000 when this power has been shifted to local level government like municipalities.

Finance Act, 2000 had no rights to the central government to imposed and collect tax on urban house and land. The budget speech had made a provision that the house land tax collection power would be shifted to the local level government. Since the FY 2000/2001 Municipalities have been collecting the house land tax under the provision provided by the LOSEGO acts, 1999 and its regulations, 2000, government circulars and existing Nepal laws regarding house and land taxation. Today this tax has played an important role in internal resources mobilization of municipalities like KMC.

1.3.2 House and Land Tax Laws

The laws, which affect the house and land taxation, are called the house and land tax laws. As we are discussing the historical perspectives, we have to trace out the legal system of house land taxation since its introduction. The Laws regarding the house and land is separately discussed in following paragraphs.

a) Fiscal Acts

Fiscal acts declared the tax rate, tax authority and the special provisions to implement the tax acts and its regulations. These acts could to postpone the existing tax acts wholly or partially. It could substitute the existing provision of the tax laws.

Fiscal Act, 1959 is milestone for the house and land taxation in the history of Nepal. It firstly introduced the tax on urban house and land. These acts declare the power to the government to levied tax on urban house and land. This act also had a provision of valuation procedure, tax rate. The finance act provided the power to the government to declare the urban areas of the country. Fiscal act, 1961 has define separate tax rate schedule as follows:

<u>Valuation in NRS</u>	<u>Tax amount in NRS.</u>
First 50000	Tax exempted
Then after for 10000	1
Then after for 10000	2
Then after for 10000	3
Then after for 10000	4
Then after for 10000	5
Then after for 10000	6
Amount with out limit	7

The fiscal act, 1961 has also declared that the above tax rate would be applied for FY 1959/60 and 1960/61 provided by anything by the fiscal act, 1959. The provision made by the fiscal act, 1959 of excess 50% more tax for rental house was dismissed by the fiscal act, 1962.

The fiscal act, 1991 has postponed the house land taxation and exercised the Property Tax act, 1990. Since FY 1991/1992, property tax had been collecting in the substitution of house and land tax by the fiscal act 1991.

The fiscal act, 1991 has declared the following tax rates.

Tax ceiling		Tax Rate
First	Rs. 25, 00,000	exempted
Then after	Rs. 50, 00,000	0.25% of valuation amount
Then after	Rs 100,0000	1% of valuation amount

The valuation of house and land was declared under the recommendation of valuation committee before the FY 1992/93. Since fiscal year 1992/93 Fiscal act, 1992 has declared valuation rate of the houses as followings. This valuation has been enforced since FY 1992/93 (2049/50 BS).

<u>House Type</u>	<u>Value/ Sq.ft.</u>	<u>Dep.Rate</u>	<u>Life in year</u>
a. Raw brick	150	3%	25
b. Brick and mud	200	2%	30
c. Brick and cement	230	1%	70
d. R.B.C	240	0.75%	100

Fiscal act, 1993 has made following provisions regarding the house types and valuation as:

<u>House Type</u>	<u>Value/ Sq.ft.</u>	<u>Dep.Rate</u>	<u>Life in year</u>
a. Raw brick	300	3%	25
b. Brick and mud	350	2%	30
c. Brick and cement	380	1%	70
d. R.B.C	400	0.75%	100

For the land valuation, the Fiscal Act, 1993 (2050) had a provision of local land valuation committee. This committee has consists of following members.

- a. Local Chief district officer – Coordinator
- b. Chief of land revenue officer – member
- c. Chief of public works section - member
- d. Municipal mayor - member
- e. Chief of tax officer - member-secretary

The fiscal act, 1993 had a additional provision that the land which would not valued by the committee would be valued as per district land revenue office's land valuation rate which is determined for the purpose of land registration (transformation of ownership).

The Fiscal act, 1993 (2050BS) has made following tax rates.

1. First	Rs. 10 Lakh	exempted
2. Then after upto	Rs. 10 Lakh	Rs. 300
3. Then after upto	Rs. 30 Lakh	0.05%
4. Then after upto	Rs. 50 Lakh	0.25%
5. Then after upto	Rs. 100 Lakh	0.5%
6. Then after all		1.5%

Fiscal act, 1995 (2052) has postponed the Property Tax act and the House and Land Tax act again exercised since fiscal year 1995/96 (2052/53). This act has made provisions of taxes levied on the urban house and land.

Fiscal act, 1995 (2052) had a provision that the house land tax has been introduced again in the substitution of property tax for fiscal year 1995/96 (2052/53 BS). This act also had a provision of a alternative choices that tax payer might pay property tax or house land tax for the previous FYs 1990/91 to 1994/95 (2047/48 to 2051/52BS).

The Fiscal act, 1996 has changed the valuation rate of houses for the FY 1996/97 (2053/54) as:

<u>House Type</u>	<u>Value/ Sq.ft.</u>	<u>Dep.Rate</u>	<u>Life in year</u>
a. Raw brick	450	3%	25

b. Brick and mud	525	2%	30
c. Brick and cement	575	1%	70
d. R.B.C	625	0.75%	100

Fiscal Act, 1997 had a provision of imposing house and land tax on urbanization VDCs of the countries. Along with the municipalities the VDCs came to the tax bracket of house and land tax. For FY 1997/98 (2054/55) some and all wards of 43 VDCs of 13 districts are taxed and this area is extended into 14 districts and 44 VDCs later.

Fiscal act, 1998 (2055) had a special provision of house and land taxation as:

- a. Land revenue office might not transfer the ownership if the house and land tax clearance certificate is not issued.
- b. If the taxpayer paid tax within first three months of FY, they would get 10 % rebate in assessed tax amount.

Since FY 2000/001 power of house and land tax has been shifted to local level government, the fiscal acts have no provision regarding house and land tax since then.

b) House and land Tax Act, 1962

In 1962, House and land Tax act was announced to levy tax on urban house and land in Nepal. This act was introduced for the purpose of increasing the national income for national development. Under the provision of this act the government has specified the taxable urban areas and this tax has been collecting accordingly.

The main provisions of House & Land tax act, 1962 are as follows.

1. Submission of Statements

A person, who has house and land in urban area, has to submit the statement before ending Aswin month (within Oct 15) each year. The statements along with the documents of land and house transfer, building permit certificate, source of property should be attached with the certain notified application form has to be

submitted to tax office. Any one can submit the application to the tax office if the owners are two or more than two.

2. Tax assessment:

Tax assessment has to be completed within the three months after submitting the statement. A person, who owned house and land on July 17, (Srawan 1) is being levied tax on house and land. Tax assessment is carried out based on ownership nature, i.e. like, joint or single unit.

3. Payment of tax

Taxpayer has to pay tax within the 35 days when they receive the tax assessment direction. If the tax is not paid in time, the taxpayer has to pay penalties 15 per cent on tax amount.

4. Legal right

If the tax payer has no satisfaction of direction of tax officer's direction like, house and land valuation for tax purpose, he or she may go to tax tribunal for legal remedies. The law has given this right to the taxpayer.

Fine and punishment

If the taxpayer does not submit statement or submit false statement of house and land within the prescribed time, tax officer can order to fine up to NRS 5000. Similarly if taxpayer does not obey the order of tax officer submitting the statement of house and land, he could be penalized up to NRS 5000 or to postpone the said house and land for registration (ownership transfer etc.).

6. House and land concessions

The Act provides the power to the government to give tax concession wholly or partly if the a house that is not suitable to live, very old and damaged and the

houses used as temple, religious purpose, house or building of public school, public trust, public hospital, orphanage and house for philanthropic purpose.

7. House and land tax exempted

The act has declared the following house and land and its parts or place of it is excluded in tax assessment.

-) Nepal government's house and land
-) VDCs', municipalities' and DDC's house and land
-) Foreign governments' house and land
-) House land of mill and factory where main machine is erected
-) The specified land where raw material are kept
-) Workers' residence and sheds
-) Hotel's certain costumer living and eating space of building and parking area, gardens.

8. Correction of error

If any notice is received or to be founded out that tax amount previously assessed is differ to actual, this could be corrected within the two years.

9. Other provisions:

A person, who gives the information about tax evasion, has to be subjected as rewards.

The regulation can be made by the government is also the provision of this act.

c. Local Self Governance (LOSEGO) Act, 1999

LOSEGO act is announced for the purpose of enjoyment of the fruits of democracy through the utmost participation of the sovereign people in the process of governance by way of decentralization and having their institutional development of local bodies capable of bearing responsibility, by providing such responsibility and power at local level as it necessary to formulate and carry out plans. This law has given certain

power local level self-governance bodies (government) to carry out the duties and responsibility.

Local level government like municipalities are given power of imposes and collects the tax, fees and charges. House and land tax is one of them. Along with house and land tax, property tax provision also included in LOSEGO act.

Like municipalities, VDCs also could collect the house and land tax under this act. However, it does not meet the nature of house land taxation. The legal provision for louse and land taxation of VDCs is seemed like roof tax so it is not maintained here as discussion. Municipal House land taxation under the act is discussed below.

1. Tax imposition and collection

The section 136 of LOCEGO act has the provision of House and land taxation. This section is referred to municipalities only. According the section read out that ' the municipality may levy house and land tax, as prescribed, on each house and land within its jurisdiction on the basis of the size, type, design, construction and structure of the house and compounded and area covered by house, as approved by municipal council'.

2. Provision of Property taxation

The section 140 of the act has a provision of property tax. The section read out that 'the municipality may levy an integrated property tax with in its jurisdiction at the prescribed rate'.

3. Tax exemption

The section 146 has a provision of exemption of taxes, fees, charges etc. The section has such provisions as: Notwithstanding anything contained in this act, the Municipality shall not be entitled to imposed taxes, charges fees, duties etc except the services charges chargeable for the services provided by the municipality to Nepal

government, foreign diplomatic missions or agencies and non profit making organizations.

4. Prohibited to levy taxes fees etc.

The section 147 of LOSEGO act read out as 'The municipality shall not be entitled to collect any kinds of taxes, fees, charges or duties/tariff contrary to this act or the Rules made hereunder; and if so collected. Nepal government may order to stop that act and to refund the amount of taxes, fees, charges of duties so collected to the concerned person.

5. Power of municipalities to punish

Section 165 of the act has a general provision of punishment penalties. The sub section (2) of this section read out that 'if one does not pay the taxes, fees, charges, tariffs amount due and payable to it, the municipality may take action as follows: -

(a) If any one does not pay the taxes, fees, charges, which may be collected under this Act and other amounts due and pay write to the concerned body to stop the transfer of ownership of the moveable, immovable property of such person, may seal or lock up the trade, profession, and withhold the transitions including expert and import.

(b) If the amount which the municipality is entitled to collect under this Act could not be covered up even from the stoppage of the house, land, transaction or assets of the concerned person pursuant to clause (a), the Municipality may recover it by auctioning his house, land or other assets, if any.

The sub section (4) of this section read as 'If any one does not pay taxes, fees, charges, duties, tariffs and any other amount due and payable under this Act, the municipality may stop the services provided by it, in regarded to such person.

The sub section (5) of this section provision of fines up to one thousand rupees if any prescribed elsewhere in this act, and if punishment is nit so prescribed. The sub

section (6) has provisions of double fine if any one who has already been punished under this section commits the same offence again.

6. Appeals against the municipal decision

The sub section (7) of the section 166 has provision of appeal against the municipal decision. Any party who is not satisfied with the punishment imposed by the Municipality under this section may appeal to the concerned District Court within thirty-five days of the date of knowledge of such a decision.

d. Local Self Governance (LOSEGO) Regulation, 1999

The LOSEGO Rules, 1999 has defined the provision of house land taxation that could impose and collected by the local level governments VDCs and municipalities. This Rules the following provisions and procedures of house and land taxation.

1. Tax Rate

VDC could impose the house and land tax an annual amount from five rupees to one hundred rupees per house on the basis of the location, area, structure and stories of a concrete house under the annex 4 of LOSEGO Regulation, 1999.

In annex-8 of LOSEGO Regulation, 1999 the tax rate and valuation rate of the house are tabled. Under the given table the rate of the house & land tax to be levied by a Municipality in its area is as follows.

Price of House-Land	Rate of the tax
1. Up to the first one million rupees	None
2. Up to the one million thereafter	Rs. 300 Lump sum
3. Up to the three million thereafter	0.05%
4. Up to the five million thereafter	0.25%
5. Up to the ten million thereafter	0.5%
6. For the remaining amount	1.5%

2. Method of Valuation of House- Land

2.1 Valuation of Houses

The following shall be the classification of the structure and valuation for the areas in which the house and land tax is levied: -

(i) Classification of structure of the house:

1. All kinds of houses built with raw bricks inside and outside and attached with soil, and the house made of wood only;
2. All kinds of houses built with strong bricks or stone inside and outside and attached with soil;
3. All kinds of houses built with strong bricks or stone inside and outside and attached with cement or other strong materials;
4. The house having been built by R.C.C frame structure.

(ii) Valuation of Houses

Structure of Houses	Average cost	Annual Dep.	Total Years
	Per sq. Feet	rate	of Dep.
House referred to NRS 450 (i) 1.		3.0	25
House referred to NRS 525 (i) 2.		2.0	30
House referred to NRS 575 (i) 3.		1.0	70
House referred to NRS 635 (i) 4.		0.75	100

(iii) No Valuation shall be made of the house having used raw bricks or wall or soil or of bamboo or of wood and having the roof made of hay.

(iv) While valuating the front side (main auditorium) of Cinema Halls, valuation shall be made by giving 25 % discount in the aforesaid rates.

2.2 Valuation of land

While Valuating the land in the area where house land tax is levied, it shall be as prescribed by the local committee constituted for the purpose. If no such prescription has been made, valuation shall be made as per the valuation of the land made by the land revenue office for registration purpose.

An annex no 12 of LESEGO Regulation, 1999 has a provision of rate of integrated tax, which can be imposed, by municipality within its area. The rate of the integrated property tax prescribed by the annex 12 is as follows:-

Value of the taxable integrated property in NRS	Rate (Annual)
Up to 10,00,000	From 25 to 200
From 10,00,001 to 20,00,000	From 250 to 400
From 20,00,001 to 30,00,000	From 500 to 1000
From 30,00,001 to 50,00,000	From 1200 to 3000
From 50,00,001 to 1,00,00,000	From 3,500 to 10,000
From 1,00,00,001 to 2,00,00,000	From 12,000 to 20,000
From 2,00,00,001 to 5,00,00,000	From 25,000 to 60000
Over 5,00,00,001	2 per thousand

For the integrated property taxation, the valuation rate of houses is not even in the annexes of LOSEGO Regulations. However, the classification of the physical structure is proscribed in the annex 14. Municipality may form a valuation committee comprises of 5 members with technician. The format to be used for valuation is given in annex 15. There are some basis prescribed by the Rules 144 (5) for valuating the house and land of municipality.

e. Circulars and Municipal decisions

A circular of Nepal Government, Ministry of Local Development, and Municipal Management Section dated 15 July 2000 cir. No. 751 has given authority to exercised the has land taxation under LSEGO act, 1999, its regulation, 1999 and other Nepal laws regarding house and land taxation. The ministry has again issued a circular about the

municipalities and DDCs regarding the tax administration of the previous FYs before the FY 2000/2001.

Municipality started to collect the house and land tax after receiving the circular of the concerned ministry regarding house land taxation. Above all, Municipalities have taken necessary decisions to make the tax assessment more efficient, continece and simple. KMC took some importance decision regarding the house and land taxation on 7 February 2001(Magh 24, 2057 BS). The special decision made by KMC board is as follows: -

- i) House and land tax is to be assessed from the FY 1996/97 (2049/50BS) and tax exemption is to be provided for the period of FY 1959/60 to 1995/96.
- ii) In case of the house built varies with house permitted by KMC, tax assessment is to be based on statement submitted by taxpayers.
- iii) If house is built less than the permission taken by KMC, tax assessment is carried out based on ward recommendation report about the building construction status.
- iv) For the house and land taxation, the valuation rate of land is determined as the same rate determined by the office of the government previously.
- v) If any taxpayer wants tax clearance certificate of and before the FY 1995/96, the tax clearance certificate is issued noted as tax concession is allowed for the periods as per KMC board decision.

1.3.3 House and Land Tax Collection Authority

While house land tax was introduced in Nepal, government tax office or spiffed officer collect the tax revenues. In the world such property related taxes are to be collected by the local or state government. It is supposed to be that the local level government can collect such local tax very efficiently. The local representatives are involved in the tax collection and people are very closed and familiar with their local representatives. As

result, the local level government could efficiently collect the property related tax like land tax, house land tax, rent tax etc.

There is strong opposing remark against the local taxation. If local tax administration is not well equipped and tax system is not matured, the rate of tax evasion will be very in local taxation. Local level government should have local elected representatives for maintaining and promoting the financial discipline. If any local level government could promote financial discipline and strong tax administration with trained and motivated personnel, local taxation will be based on canon of local taxation.

In case of Nepal, Before FY 2000/2001 tax offices of central government had been collecting the house and land tax. The government could appoint the officer to exercise the power of house and land tax laws. The officers have rights and responsibilities to assess the tax amount and collect it following the procedures of existing laws. There is a right of taxpayer to appeal to higher level of authority if they are not satisfied with the tax assessment and direction of tax officers. The government could declare the urban area for house and land purpose and the laws could be easily revised through the Fiscal acts, which announced early of each FY. The provision of further discount, exemption, and concession are made by the government decisions as per government interest and necessity.

After FY 2000/2001 the house land taxation has become a part of local taxation. This taxation has been separated with government taxation. The local level government and urbanized VDCs has been collection the house land tax since 2000/20001. In Municipality level, House and Land taxation is enjoying as government taxation. Some municipalities have better tax administration as local people and local representatives support them. However, existing tax laws and the rapid growing economy and demand of fast and quality public services are not able to be satisfied with the municipal taxation.

There is needed updated and well equipped it based tax administration in local taxation. The administration of VDC is the worst one and it could no be felt as tax administration. Even the local people are very interested to pay in local level tax authority as the amount

collected from the tax could be used for local public expenditure. Above all, it is seemed that people's participation is in incremental pace while local authority of local level government has been collecting the house and land tax. Local people could not feel their own entity for government offices but they really feel the local level government office as if it is belong to them (local people).

1.4 Review of Books

Kamal Deep Dhakal (2002) in his book entitled "*Income tax, House and Compound tax law and Accounting with Value Added Tax (VAT)*", has precisely depicts on house and land taxation in Nepal. He focuses on the legal provision and its practices regarding the House and Land taxation. He has explained simply the legal provisions of direct taxation like income tax and house and land tax and indirect taxation like VAT. This book is referred to text book for the campus and university level student, yet those who want to know about the house and land taxation, they could simply get the knowledge and practical solution of house land taxation in depth.

Chandramani Adhikari (1999) in his book named "*Tax planning in Nepal; planning and management*" has content of property tax in Nepal. This content has the details sub contains of property tax and house land taxation in Nepal. The legal and background and practices of houses land and property taxation are clearly explained. The author has collected all the related notice and provision made by the government in house land taxation and property valuation. He exercised the clear example of valuation the house land and assessed the tax liability clearly. This book is very useful to student, researcher as well as these who want to know about the house land tax taxation, the income tax and value added taxation; they could get ample of knowledge and its practices in Nepal.

A report book entitled Public Finance in Japan edited by **Shibata, Tokue** and published by University of Tokyo press in 1990 contains of the Local Public System, which is written by the Shihara Nabuo. Shihara has depicts the Japanese public financial system in his article The Local Public System. He noticed that local authority is guaranteed by the constitution in chapter VIII as local self-government. He furthers focuses that the local

authority law, the basic states concerning the local government system, contains provisions of local tax, finance administration and various other laws such as the Local Finance law, The Local Tax law and the Local Allocation Tax law. As such, his leading article on local public finance explores the system of local financing and the financial relationship between the local and national government, which is specified in Local Financial Law.

Aoki, Taro (1990) has analyzed the situation of Japanese local tax system on his essay- National Taxation System- contented in the book entitled the Public Finance in Japan edited by Shibata Tokue. He added in his article that taxes can be divided into 2 types according to their connecting sources: there are national taxes levied by the national government, and local taxes by prefecture (as such, state or province) and municipal government. He put a Japanese tax structure in his essay. The tax structure given below emphasizes what a large sum of tax is collected by local authority (government). His study also shows an important of direct tax revenues which is three fourth of total tax revenue.

in US\$

Tax authority	Direct tax	Indirect tax	Total tax amount
Nation	22,644	9,359	32,003
Local	<u>15,773</u>	<u>2,856</u>	<u>18,629</u>
Total	38418	12,214	50,632
In percent	75.3%	24.1%	100%

Due & Friendlander (1994) in his book named “*The Environment Finance*” state that they (Local Governments) earn only those taxes that are specially authorized for them by the states. Since they have no inherent taxing power of their own. This is stated in reference to the taxing of USA. He analyzed on his study that the portion of property tax is very high among local taxes in USA. The developed countries like USA have been collection the sufficient proportion of property tax among the local tax revenues. The author would like to present following figure to verify the status of property tax in local taxation. Local Government tax revenue of USA in 1979

<u>Tax Revenue</u>	<u>Billions of US Dollars</u>	<u>percentage of total tax</u>
Property	62.5	78%

Income	4.3	5%
Sales	7.1	9%
Excise	3.5	4%
Other	<u>3.2</u>	<u>4%</u>
Total	80.60	100%

A Book entitled as Direct Taxes: Laws and Practices written by **Bhagwati Prasad (1974)** is prepared for a textbook of university and campus level student. It is based on Indian Tax system and practices with ample of illustration and example for tax assessment. This book has cover broadly two taxes: one is Income tax and another is net wealth tax. The author has clearly defined the legal provisions, valuation method and tax assessment procedures of net wealth tax. This book is not useful for student only but to those who want to obtain knowledge on net wealth taxation and income taxation of Indian Tax system.

H.L. Bhatia (1994), wrote a book entitled Public Finance in reference with Indian Tax system and its practices. This book has rather simply defined the principal and theoretical concept of taxation and its impact in economy, which is the first part of the book. In the second part of the book have a major contain of the Indian tax system. The author analyzes and presents the clear picture of income tax and net wealth tax system of India. While he analyzes the existing tax system, he has come in a conclusion that wealth tax is depended on grounds of checking evasion of income tax and reducing economic inequalities. Author also explored some issues in wealth tax like those of valuation and local bodies (Government) are mostly not well equipped to handle then with integrity and efficiency. He also added that taxes on land and buildings in India are both in the nature of general tax and services charges. He gives example as some municipality charges for streetlight, scavenging, and water supply it. In the basis of house and house land other property situation in the collecting and valuation there of.

A study report of World Bank Institution (WBI) entitled the Development of Property Taxation in economies in Transition: Case Studies form Central and Eastern Europe edited by June H. Malme and John M. Youngman has contented of property tax practices

of post socialist countries like Poland, Russia, Estonia, Czechoslovakia etc. This case studies focus on the issues like categories of property for tax purpose, rate of tax regarding the category of property, and valuation practice. The conclusion of the study was how the additional resource can be mobilized through the property taxation and economic resource can be equitably distributed in the country. Above all, the case studies recommend the valuable suggestions analyzing the economic, social and political status of the countries of east and central Europe.

Above all other research works, books, institutional publication also study thorough this study. Other research works are Analytical Study of Property tax System in Nepal prepared Paudel Bishwa Nath, Effectiveness of Corporate tax in Nepal by Bhattarai Raj Kumar. In addition of this books related to the studies are studied. The other consulting books are A report on The German Tax System Tour by Khadka Rup, Federal finance in Peace and war-1994 by Shirras G. Findlay, Decentralized Planning 1993 by Aziz Abdul, Public Finance System and International Trade by Ojha Bhojraj, Public Finance by Sharp and Sliger, First Principle of Public Finance by Antonio De Viti De Margo and translated by Marget Edith Davlo.

Besides the books and research works following literature are also studied to complete this research work:

- a) House & Land Tax act, 1962 and its Rules, 1963.
- b) Local Self-Governance act, 1999 and its rules 2000.
- c) Fiscal Acts of Nepal
- d) Property Tax Laws of Nepal
- e) Economy Surveys
- f) Government budget speech
- g) KMC's Budget books
- i) Periodicals
- j) Published and un unpublished relevant reports and documents etc.

1.5 Review of Previous Studies

This section presents the review of different dissertations and reports related to the municipal tax.

1.5.1 Review of Reports

Dharan municipality organized a workshop/ seminar on “House Numbering Data Base Linkage with Local Taxation/ fees” in December, 1996 (Fima, 1996). The output of seminar was presented to the gathering municipal councilors, municipal section heads, and observers and invited employees from other municipalities on 27 Dec 1996. The existing procedures followed by municipality to collect roof top tax, professional tax, building permission fees and other fees were discussed, analyzed and several recommendation were made for further implementation by the municipality. During the discussion period, the team used SWOT analysis to find out strengths, weakness, opportunities and threats in the collection procedures. The report was based on primary data. Five percent samples of houses having house number plates were taken as sample. The seminar reached the conclusion that there should be separate computer unit and land revenue tax should be linked with house numbering database. Moreover, seminar concluded that there should be qualified and trained municipal employees, political commitment, systematized house numbering data base, tax and well defined tax base in order to enhance the tax collection efficiency.

A report on the alternative of octroi was prepared in 2052. The report is based on both primary and secondary data. Primary data were gathered from questionnaire about the alternative of octroi tax. On the other side, secondary data were collected from UDLE/GTZ office. The report has concluded that although octroi was a crucial source of municipal revenue, it did not satisfy any principles of local taxation like, autonomy, responsibility, localization of tax burden, investment in local economic activities, constraints tax burden to local people etc. On the other hand, goods brought into the municipal area were hold up at the municipal gates for the purpose of levying octroi. It had destroyed the unnecessary time and fuel. It deprived economy form the benefit of

trade and created misunderstanding between municipality and business community. Therefore, it recommended abolishing it (UDLE/GTZ, 2052).

The Local Fiscal Commission prepared a report on the local government finance in 2057 (B.S.). The objectives of the report were to investigate into the local taxes and resources and to provide policy recommendation for the effective local government finance. The report concluded that the objectives of decentralization should be to provide services to public through the democratically formulated local government. Finance decentralization would satisfy principle of subsidiary recognizing the responsibilities and segregating the revenue source between central level and local level. The report spells out that the problems of resource mobilization in local level are unclear responsibilities, traditional tax base, small geographical area, less financial autonomy, less and unscientific subsidy system, lack of relationship between central and local bodies, lack of supervision and control and inefficient municipal management.

1.5.2 Review of Thesis

Mr. Hem Kumar Misra (1983) had conducted a research on local finance of Rajbiraj Town Panchayat in 1983. This study is based on secondary data only and focus on the evolution of municipality and its functions, sources of income, expenditure pattern and development activities of the municipality. He concluded that the income was always higher than expenditure during the study period. The reason of increasing income was the grant not collection efficiency. Tax structure was haphazard and there were many expenses for office maintenance and unproductive purpose. The development plans were not clear, no value of money paid to town panchayat was returned to taxpayer due to much political tug of war among members and the authorities of town panchayat.

Similarly, **Mr. Sanjaya Chapagain (1995)** had carried out a Case Study of Lalitpur Municipality in 1995. The objective of his study was to do the financial analysis. This study is based on both primary and secondary data. He has concluded that the income was always in excess over expenditure. Main source of tax revenue was octroi. Tax structure was haphazard and there was much scope for increasing local revenue. Much of

the expenditure had been done for office maintenance and unproductive purposes. No clear plans were formulated for development. The income had increasing not due to collection efficiency but due to increasing grant from NG, GTZ and TDFB etc.

Mr. Rup Narayan Timsina (1996) had done a study on Municipal Finance of Biratnagar Municipality in 1996. The objectives of the study were to analyze income and expenditure pattern, to explore the issue of financing and various sources of fund other than octroi and to identify an appropriate system for funding. His study is based on primarily on secondary data. He drew the conclusions that financial autonomy should be granted for effective mobilization of financial resources to local bodies. The local bodies could mobilize financial resources in the form of various taxes, service charges and fees. Municipalities were augmenting their financial resources by collecting local taxes such as octroi, vehicle tax, profession tax, roof top tax and rent tax. They were also collecting revenue from non-tax revenue like service charges, fees and rent from property as well as grants and aid from town development fund and other national agencies.

Mr. Bishnu Hari Pahadi (1997) had studied the Jankpur Municipality using both primary and secondary data. The study is based on the financial statement of five fiscal years of Janakpur Municipality since 1991/92 to 1995/96 A.D. The data processing and interpretations are based on non-statistical analysis. The objective of the study was to carry out financial analysis of Janakpur Municipality. He concluded that octroi was the most significance revenue source. Vehicle tax was also another important source of revenue. Janakpur Municipality was receiving very low amount of grant from the central government. Overall financial position of the municipality was fluctuating during the study period. Huge amounts of collected resources were spent on building, drinking water project, sanitation, road, other town development project and salaries. The regular expenditure was always higher than development expenditure. This clearly indicates that the municipality could not able to utilize and develop the budget more effectively.

Mr. Sudhersan Silwal (1998) had conducted a case study of Baglung Municipality in 1998. The objectives of the study were to assess the income and expenditure pattern, to study the potential sources of revenue, to explore the possibilities of raising internal

resources to finance the requirements of the municipality and to make policy recommendation for the improvement of financing of the Baglung Municipality. The study is based on primary as well as secondary data adopting descriptive analysis. He concluded that municipality should play a crucial role for the local development of the country. Octroi was the most important source of local revenue because it is politically painless, easy to collect and requires less manpower. Vehicle tax was found other important sources of the Baglung Municipality. The revenue and expenditure are fluctuating and always, regular expenditure is in excess of development expenditure.

Mr. Girdhari Subedi (2005) had done a case study of Pokhara Sub-Metropolitan city in 2005 relating to the self-governance. The objectives of study were to introduce the present and past legal provision of local self-governance in Nepal, to compare the power and functions of Nagar Panchayat Act and then Municipality Act and to point out the solution for the sub-metropolis in its jurisdiction. He has concluded that development was an act of proper mobilization of local resources. In case of Nepal, except the government grants, local bodies do not have any reliable access to the resources. The provision of local bodies has also given a definite boundary, out of which they can hardly raise their fund. Economically, local bodies still are handicapped by the central government. Although, after the restoration of democracy, Interim Government has promulgated many political rights to local bodies but economically they were still weak. They have not been granted the fiscal autonomy at all.

Mr. Bharat Neupane (2006) had carried out a research on municipal finance of Tulsipur Municipality in 2006. The study based on primary as well as secondary data with the objectives is to assess the socio-economic condition of Tulsipur Municipality. The researcher has concentrated on the analysis of various potential sources of revenue and pattern of expenditure to identify an appropriate system of financing of the municipality. He has concluded that octroi was the major source of revenue, which covered 86.4% to 88.4% of its own sources of revenue. There was a little difference between the average percentage of total internal and external sources during study period i.e. 50.3% and 49.7% respectively. Grants were the main sources of external financing. An average 90.6% of external sources were covered by the grant itself. Although the potential

sources of the revenue were not fully identified, revenue was always excess over than total expenditure. The tax structure has not yet been clearly spelled out and planned. On the other hand, development expenditure was always more than regular expenditure. But less attention had paid toward the social programs. Lastly, his finding was, revenue of the Tulsipur Municipality were increasing due to increase in the revenue from octroi not the reasons of improvement in the efficiency of the fiscal administration.

Mr. Jeevan Prakash Sherstha (2007) had conducted a study on Municipality Finance of Dipayal Silgadhi Municipality in 2007. The main objectives of his study were to analyze the trends in revenue and expenditure pattern and to explore the possibility of raising adequate revenue from internal sources. The researcher has concluded that the overall financial position of the Dipayal-Silgadhi municipality in the study period was not so promising. Even though, collected revenue was significant amount. The expense on social program under development expenditure heading was very low in both absolute and relative term. The municipality though spent adequate resources did not render evens its obligatory social program service like education, forestry, disaster relief etc. Huge amounts of resources were utilized in building constructions, land/building purchasing and other development construction but not in town level projects. Water supply and drainage, sanitation, public health, medical relief was totally neglected. Moreover, the municipality was not able to utilize its financial resources at all. The expenditure trend showed that development budget had not been utilized effectively.

1.6 Research Gaps

The review of above relevant literature has contributed to enhance the fundamental understanding and knowledge, which is required to make study meaningful and purposive. All these research studies mentioned above are mainly concerned with study of entire aspects of the municipal tax of different municipalities. There is need for taxpayers' view regarding house and land tax. KMC has been taken as the specific for such study. However, no one has done a single study on such aspect. Therefore the researcher attempts to study in this area. So, this study will be fruitful to those interested

person, parties, scholars, professor, students, businessperson and government for academically as well as policy perspective.

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