

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

has been prepared as approved by this Department on the prescribed format  
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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

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