

Tax to be deducted at Source (TDS)

Sec	Payments	FY 2020/21 (2077/78)
Sec 87 (1)	Income from remuneration	As per Schedule 1 Sec 1
Sec 88 (1)	Interest payment having source in Nepal	15%
Sec 88 (1)	Natural source, royalty , service fee, commission, sales bonus, retirement payment	15%
Sec 88 (1) and Sec 92 (1) (h)	Meeting fee, payment for occasional teaching, Payment for question setting and examination of answer sheet	15%
Sec 88 (1) (1) Sec 65	Retirement payment of by Nepal Government and contributory based retirement payment by approved retirement fund Remaining balance after deducting maximum of Rs. 500,000 or 50% of retirement payment	5%
Sec 88 (1) (2)	Commission payment made by resident employment company to non resident individual	5%
Sec 88 (1) (3)	Lease payment for aircraft	10%
Sec 88 (1) (4)	Payment for service to the resident service provider individual registered in VAT, or Resident entity exempt from VAT registration	1.5%
Sec 88 (1) (5) Sec 92 (1) (b)	Payment for rent of Land , building and fittings and equipment connected to them to the natural person other than business	10%
Sec 88 (1) (5)	Payment for rent having source in Nepal by the resident individual	10%
Sec 88 (1) (5) (a)	Payment of rent of vehicle to the individual doing business in renting vehicle registered in VAT	1.5%
Sec 88 (1) (6)	Distribution of return by Mutual fund <ul style="list-style-type: none"> • To natural person • Pay Other individual 	5% 15%

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Sec 88 (1) (7)	Payment by resident individual for the use of Satellite , bandwidth, optical fibre, telecommunication equipment or electricity transmission line	10%
Sec 88 (1) (8)	Payment for transportation service or rent of vehicle for transportation	2.5%
Sec 88 (1) (8)	Payment to the person registered in VAT, doing business for transportation service or providing transportation vehicle on rent	1.5%
Sec 88 (1) (9)	Interest payment on foreign loan taken by resident bank and financial institution to invest in the sectors prescribed by Nepal Rastra Bank (Central Bank of Nepal)	10%
Sec 88 (2) (a)	Dividend	5%
Sec 88 (2) (b)	Gain from Investment insurance	5%
Sec 88 (2) (c)	Payment of gain from unapproved retirement fund	5%
Sec 88 (3)	Interest on Deposits /Debentures /Govt bond from Resident Bank, Financial institutions, Cooperative, other entity issuing bonds or listed companies to the natural person from source in Nepal and not related to business.	5%
Sec 88 (a) (1)	Windfall gain	25%
Sec 89 (1)	Contract - Payments above Rs.50,000 (Note#3)	1.5%
Sec 89 (3) (a)	Payment for contract to non-resident person by a resident person under a contract or agreement	5%
Sec 89 (3) (b)	Payment for premium to non resident insurance company or Payment received for commission on reinsurance premium from non resident insurance company	1.5%

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Sec 89 (3) (c)	Other payment to non resident individual	As per written notice by the Inland Revenue Department
Sec 89 (3Ka)	Payment for work done through Consumer committee exceeding Rs. 5,000,000	1.5%
Sec 88 (1) (5)(b)	House rent payment received by natural person	No TDS
Sec 88 (1) (10)	Incentive payment to consumer for payment of goods and service through electronic payment card, e-money (wallet), mobile banking etc.	No TDS
Sec 88 (4) (a)	Payment other than business related by resident natural person	No TDS
Sec 88 (4) (a1)	Payment for articles published in newspaper	No TDS
Sec 88 (4) (b)	Payment for interest to resident bank or resident financial institution	No TDS
Sec 88 (4) (c)	Tax exempted payment received	No TDS
Sec 88 (4) (d)	Interregional exchange fee to credit card issuing bank	No TDS
Sec 88 (4) (e)	Payment for dividend and interest to mutual fund	No TDS
Sec 88(a) (2)	Prize money upto Rs. 500,000, received from national and international level for contribution made in the sectors of literature, arts, culture,	No TDS
Sec 95 (A) (1)	Advance tax to be collected on profit and gain from a person trading on commodity future market by the entity operating commodity future market business.	10%
Sec 95 (A) (2) (a)	Payment for gain on disposal of listed shares to the resident natural person	5%
Sec 95 (A) (2) (a)	Payment for gain on disposal of listed shares to the entity	10%

Sec	Payments	FY 2020/21 (2077/78)
Sec 95 (A) (2) (a)	Payment for gain on disposal of listed shares to others	25%
Sec 95 (A) (2) (b)	Payment for gain on disposal of non-listed shares to the resident natural person	10%
Sec 95 (A) (2) (b)	Payment for gain on disposal of non-listed shares to the entity	15%
Sec 95 (A) (2) (b)	Payment for gain on disposal of non-listed shares to others	25%
Sec 95 (A) (5) (a)	Land revenue office shall collect advance tax on the capital gain from the disposal of (Non business chargeable assets) land or private building of natural person whose ownership on such assets is five years or more	2.5%
Sec 95 (A) (5) (b)	Land revenue office shall collect advance tax on the capital gain from the disposal of (Non business chargeable assets) land or private building of natural person whose ownership on such assets is less than five years	5%
Sec 95 (A) (6)	Land revenue office shall collect advance tax at the the of registration on disposal value of land or building under the ownership of any person other than mentioned in sec 95 (ka) (5)	1.5%
Sec 95 (A) (6a)	Foreign exchange service by resident bank or financial institution for Language test and standardize test fee to students going abroad for study . This shall to be collected at the time of providing foreign exchange service.	15%
Sec 95 (A) (7)	Advance tax on commercial import of buffalo, fresh and frozen fish, goat, sheep	5% of custom value
Sec 95 (A) (7)	Live , fresh and frozen fish	5% of custom value
Sec 95 (A) (7)	Fresh fruits	5% of custom value
Sec 95 (A) (7)	Fresh vegetables , potatoes, onion, dry vegetables, garlic, baby corn	5% of custom value
Sec 95 (A) (7)	Commercial import of meet	2.5%
	Commercial import of dairy products, egg, honey	2.5%

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	Commercial import of flour, wheat flour .	2.5%
	Commercial import of Herbs , sugarcane,	2.5%
	Commercial import of forest products	2.5%

Final Withholding Tax Payment (Sec 92).

Following payment is treated as final withholding tax payment:

S. No.	Payment
(a)	Dividend payment by resident company or partnership firm
(b)	Rent payment to a natural person other than payment in the course of business, for land, or building and equipment attached to it, having source in Nepal.
(c)	Payment of gain by resident person from investment insurance
(d)	Payment by resident individual for gain on unapproved retirement fund
(e)	Payment of interest by Bank, Financial institution or other institution issuing bond or listed companies or Cooperative u/s 88 (3) <ul style="list-style-type: none"> • to natural person having source in Nepal, not related to business. • to tax exempt organization under section 2 (dha)
(f)	Taxable payment to non resident individual under Sec 87, Sec 88 , Sec 88 (Ka) or Sec 89
(g)	All types of retirement payment made by Government of Nepal or Approved Retirement Fund or Unapproved retirement fund except payment of pension on regular basis
(h)	Meeting fee upto Rs. 20,000/- per meeting, payment for occasional teaching and preparation for questions papers or examination of answer papers
(i)	Payment of Wind Fall gain.
(j)	Distribution of return by mutual fund to natural person
(k)	Payment of rent for vehicles or freight service of natural person other than sole proprietorship firm.

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