

Tax rates for natural person

Tax rate for resident natural Person NFY 2077 78 (2020/21)			
Individual	Couple	Rate	FY 2077/78 (2020/21)
Taxable income upto Rs. 400,000	Taxable income upto Rs. 450,000/	1%	***
Above Rs.400,000 Upto Rs. 500,000	Above Rs.450,000 Upto Rs. 550,000	10%	<ul style="list-style-type: none"> • For Individual- Rs. 4,000 Plus 10% of (above Rs.400,000-upto Rs. 500,000) • For Couple –Rs. 4,500 plus 10% of (above Rs.450,000 upto Rs. 550,000)
Above Rs.500,000 and Upto Rs. 700,000	Above Rs.550,000- and Upto Rs. 750,000	20%	<ul style="list-style-type: none"> • For Individual- Rs. 14,000 plus 20% of (Above Rs.500,000 and Upto Rs. 700,000) • For Couple – Rs. 14,500 plus 20% of (Above Rs.550,000- and Upto Rs. 750,000)
Above Rs. 700,000 and upto Rs. 2,000,000	Above Rs. 750,000 and upto Rs. 2,000,000	30%	<ul style="list-style-type: none"> • For Individual-Rs. 54,000 plus 30% of (Above Rs. 700,000 and upto Rs. 2,000,000) • For Couple-Rs. 54,500 plus 30% of (Above Rs. 750,000 and upto Rs. 2,000,000)
Above Rs. 2,000,000	Above Rs. 2,000,000	36%	<ul style="list-style-type: none"> • For Individual- Rs. 444,000 plus 36% of (Above Rs. 2,000,000) • For Couple –Rs. 429,500 plus 36% of (Above Rs. 2,000,000)

For natural person having sole proprietorship firm only

For Natural person having sole proprietorship firm only-NFY 2077 78 (2020/21)			
Individual	Couple	Rate	FY 2077/78 (2020/21)
Taxable income upto Rs. 400,000	Taxable income upto Rs. 450,000	Not applicable	***
Above Rs.400,000 Upto Rs. 500,000	Above Rs.450,000 Upto Rs. 550,000	10%	<ul style="list-style-type: none"> • For Individual- 10% of (above Rs.400,000 upto Rs. 500,000) • For Couple – 10% of (above Rs.450,000 upto Rs. 550,000)
Above Rs.500,000 and Upto Rs. 700,000	Above Rs.550,000 and Upto Rs. 750,000	20%	<ul style="list-style-type: none"> • For Individual- Rs. 10,000 plus 20% of (Above Rs.500,000 and Upto Rs. 700,000) • For Couple – Rs. 10,000 plus 20% of (Above Rs.550,000 and Upto Rs. 750,000)
Above Rs. 700,000 and upto Rs. 2,000,000	Above Rs. 750,000 and upto Rs. 2,000,000	30%	<ul style="list-style-type: none"> • For Individual-Rs. 50,000 plus 30% of (Above Rs. 700,000 and upto Rs. 2,000,000/-) • For Couple-Rs. 50,000 plus 30% of (Above Rs. 750,000 and upto Rs. 2,000,000/-)
Above Rs. 2,000,000	Above Rs. 2,000,000	36%	<ul style="list-style-type: none"> • For Individual- Rs. 440,000 plus 36% of (Above Rs. 2,000,000/-) • For Couple –Rs. 425,000 plus 36% of (Above Rs. 2,000,000/-)

*** In case of natural person registered as sole proprietorship firm, income from pension and contribution made by a natural person on contributory based pension fund and social security fund, 1% tax shall not be applicable. (Ref. Schedule 1 Sec 1).

***In case couple is depositing contributory based pension fund and social security fund, then such 1% tax as per schedule 1(1) (2) (a) shall not be applicable.

- In case of transfer of amount to Social Security Fund established under Contributory Based Social Security Fund Act 2074, from approved retirement fund who is willing to participate in Social Security Fund within Chaitra end 2077, then tax will not be applicable under section 88 of Income tax Act 2058. (Ref. Finance Bill Sec 30).
- Employee is allowed to deduct least of the following from taxable amount if retirement fund is deposited in Approved retirement institution:
 - 1/3rd of the assessable salary
 - Rs. 300,000 and
 - Actual Contributed amount in approved retirement fund.

In case retirement fund is deposited in the Social Security Fund, then the limit as stated above shall be increased to Rs. 500,000. (Income tax Rule 21 amended through Nepal Gazette on 2076.11.12.)

Amount not included in Natural person and exempted expenses**1. Remote Area Allowance- Deductible from taxable income- Schedule 1 (1) (5)**

Area	Amount -Rs
"A"	50,000
"B"	40,000
"C"	30,000
"D"	20,000
"E"	10,000

2. Foreign Allowance deduction -Schedule 1(1) (6)

Seventy five percentage of foreign allowance received by employee working in diplomatic mission of Nepal in foreign country is deductible from taxable income.

3. Facilities / Exemption for disabled person- Schedule 1 (1) (10)

In case resident person is disabled shall get additional fifty percentage on exemption limit.

4. Investment insurance deduction -- Schedule 1 (1) (12)

Resident natural person shall get deduction of minimum of annual premium of investment insurance or Rs. 25,000 from the taxable income.

5. Payment of health insurance premium- Schedule 1 (1) (16)

Resident natural person shall get the deduction of minimum of annual premium or Rs. 20,000 from taxable income in case such person has done health insurance from resident insurance company.

6. Deduction for female having income from remuneration only- Schedule 1 (1) (11)

Resident female natural person having income from employment only, shall get deduction of 10% on tax amount.

Presumptive Tax for tax payer filing D-01 Income statement- Schedule 1 (1) (7)

Resident natural person having income from business upto Rs. 200,000 or business turnover not exceeding Rs. 2,000,000 and not registered in Value Added Tax , tax shall be applicable as follows:

S. No.	Business Area	Tax amount Rs.
1	Metropolitan cities or Sub Metropolitan cities	7,500/-
2	Metropolitan areas	4,000/-
3.	Other than above 1 and 2 areas	2,500/-

Turnover Tax for tax payer filing D-02 Income statement- Schedule 1 (1) (17)

Resident natural person having business income from the source in Nepal and turnover is more than Rs. 2,000,000 and less than Rs. 5,000,000, not registered in Value added tax, and does not include income from consultancy and expert service such as doctor , engineer, shall deposit tax by adding the tax amount as mentioned in Section “a” and Section “b” below:

Section “a”**Business transaction upto Rs. 2,000,000 (Sec 4 (4a))**

S. No.	Business Area	Tax amount Rs.
1	Metropolis cities or Sub Metropolis	7,500/-
2	Municipality	4,000/-
3.	Other area	2,500/-

Section “b”**Business transaction for more than Rs. 2,000,000 and upto Rs. 5,000,000.- Schedule 1 (1) (17)**

S. No.	Business Type	Tax rate
1	Gas, Cigarette etc. upto 3% commission or Person doing transaction on goods by adding margin on cost for business transaction more than Rs. 2,000,000 and upto Rs. 5,000,000	0.25%
2	Other than above mentioned business, for business transaction more than Rs. 2,000,000 and upto Rs. 5,000,000	0.75%
3.	Service business , for business transaction more than Rs. 2,000,000 and upto Rs. 5,000,000	2%

Resident natural person paying tax on turnover basis, shall deposit tax on 2 installments as per sec 94 (1) (a)

Deposit date	Amount to be deposited
Poush end	Tax at the prescribed rate on business transaction upto Poush 20, 2077
Ashadh end	Tax calculated at the prescribed rate on estimated business transaction till Asadh end , 2078 on the basis of actual business transaction upto Ashadh 20, 2078. Remaining tax shall be deposited by deducting tax deposited in Poush end 2077.

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