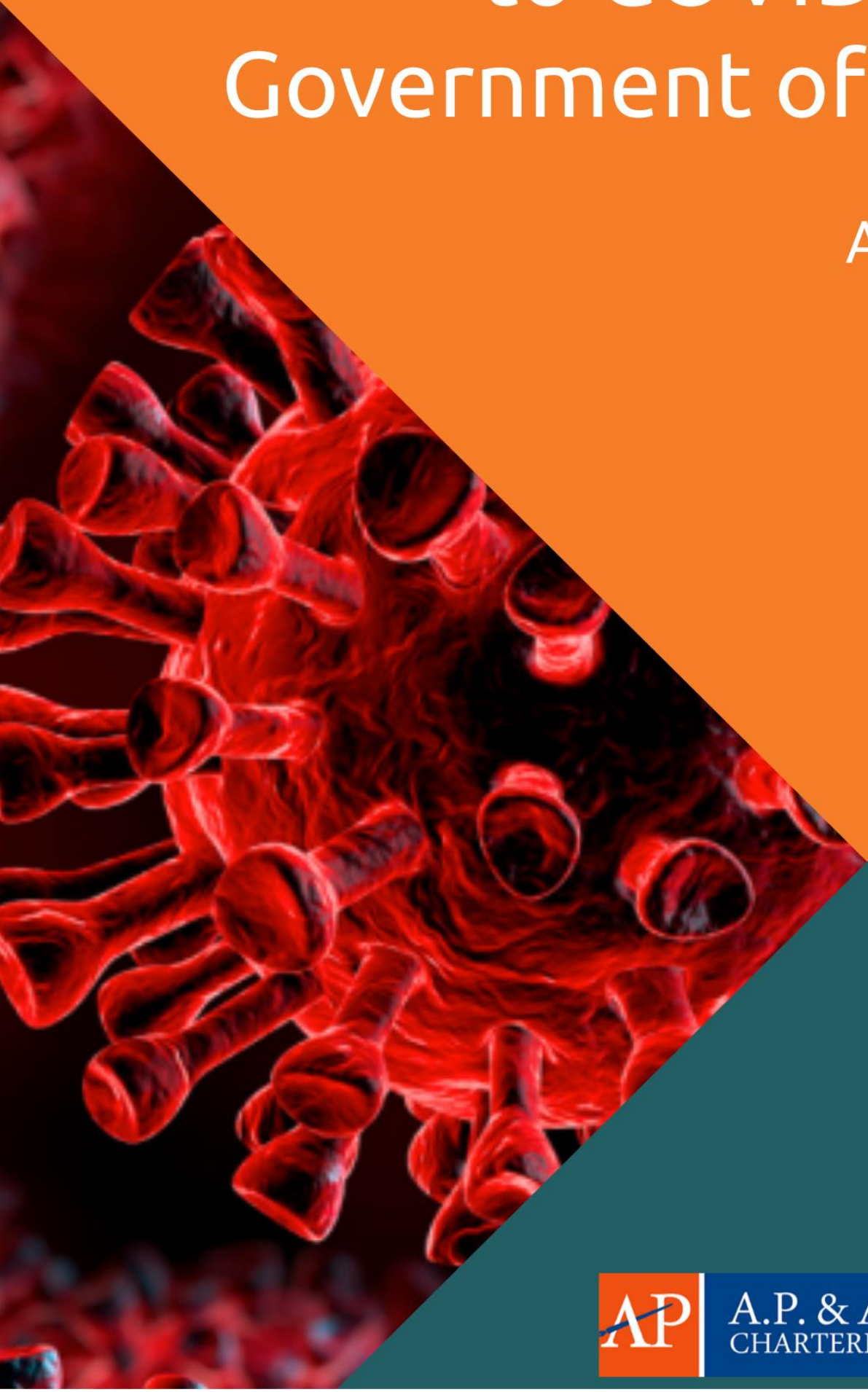


Measures in response to COVID-19 by Government of Nepal

April, 2020



A.P. & ASSOCIATES
CHARTERED ACCOUNTANTS

I. Tax Relief Measures

A. Direct tax

- Due date for the payment of **Tax Deducted at Source (TDS) and filing of TDS e>Returns** for the month of Falgun, 2076 (Feb 13-March 13, 2020) has been extended up to Baisakh 25, 2077 (May 7, 2020)
- The deadline for payment of 2nd **Instalment of Advance Tax** [i.e.70% of the estimated tax for Financial Year (FY) 2076-77] and submission of Estimated Tax Returns, due on Chaitra 30, 2076 (April 12, 2020) has been extended up to Baisakh 31, 2077 (May 13, 2020).
- Amount contributed by a person during FY 2076-77 to the '**Corona Infection Prevention, Control and Treatment Fund**' set up by the Federal or State Government of Nepal shall be allowed as a deductible expense while calculating taxable income for that fiscal year.



B. Indirect tax

- Due date for the payment of **VAT and filing of the monthly/bi-monthly/quarterly VAT returns** for the month of Falgun, 2076 (Feb 13-March 13, 2020), Magh & Falgun 2076 (Jan 15-March 13, 2020), Mangsir to Falgun 2076 (Nov 17, 2019- March 13, 2020) has been extended up to Baisakh 25, 2077 (May 7, 2020).
- Due date for the payment of **Excise duty and filing of the returns** for the month of Falgun, 2076 (Feb 13-March 13, 2020) has been extended up to Baisakh 25, 2077 (May 7, 2020).
- If the time limit for making application for **refund of VAT** u/s 25 (gha) of VAT Act, 2052 has crossed its due date, it shall be extended to Baisakh 31, 2077 (May 13, 2020).
- Due date for the payment of **Telecommunication Service Charges, Education Service Fee & Telephone Ownership Charges** has been extended till Baisakh 25, 2077 (May 7, 2020).
- All applicable custom duty under Part (Ma) of Section 2 of Custom Act, 2064 **on import of medicines, medical/ health Supplies and medical equipment** approved and notified by Ministry of Health & Population for prevention, control & treatment of infection of COVID-19 shall be exempt vide section 18 (1) of Finance Act, 2076.
- The applicable custom duty **on donations received in the form of medicines, medical/ health supplies and medical equipment** by health institutions/persons on the recommendation of Ministry of Health & Population shall be exempt.
- Custom duty levied on **Face Mask** (sub heading 63.07.90.90), **Sanitizer** (sub heading 38.08.94.00) & **Surgical Gloves** (sub heading 40.15.11.00), **Induction Stoves** (sub heading 85.16.60.00) shall be exempted vide Section 18(1) of Finance Act, 2076.
- All the above exemption **on custom duty** shall be applicable only if the materials arrives at the custom point on or **before Baisakh 15, 2077 (April 27, 2020)**.
- The aforementioned goods which are imported without paying the custom duty should be sold after fixing a clear and **visible date of supply, at a price not more than the maximum retail price (MRP)** set by Ministry of Health and Population.
- If the goods which are imported without paying the custom duty are **misused** or used for other than notified purposes, all the exempt duty, fee and tax shall be recovered. The **penalty equal to the taxes** shall also be levied.

II. Relief Measures to Bank and Financial Institution (BFIs)

- The **loans and advances need not be classified to lower categories** due to the reason of delay or non-collection of principal or interest if such amount being due on Chaitra, 2076(April 12, 2020) are collected till Ashadh 31, 2077(July 15, 2020).
- Size of **refinancing fund** set up by NRB has been increased to NPR 60 billion from existing NPR 50 billion
- The limit for import of essential medicines, medical supplies & equipment, food supplies and other necessary items for daily consumption has been **increased to USD 100,000 from the existing USD 30,000** if there are made through Telegraphic Transfer
- **Cash Reserve Ratio (CRR)** for Class A, B and C BFIs has been reduced to 3% of total deposit liability from existing 4%.
- **Bank Rate (Interest rate)** on loan disbursed by NRB to BFIs has been reduced to 5% from 6%.
- **Classification of loan under watch list on the basis of non-renewal of loan is not mandatory** if such loans were due for renewal during the month of Chaitra, 2076(April 12, 2020). The renewal of loan in working capital in nature shall be extended for 60 days.
- Contributions by BFIs to the **Coronavirus Control and Treatment Fund** created by **federal or state government** can be treated as **CSR Activities**.
- Loan disbursed to the **private health institutions** willing to expand and upgrade the services to enable them for the treatment of COVID 19 can be classified as **loan to priority sector**.
- **No penalty** will be imposed in case of non-compliances of various **regulatory/supervisory ratios** to be complied in Chaitra, 2076(April 12, 2020).
- The **counter cycle buffer** requirement as provided in the Capital Adequacy Framework, 2015 has been deferred.
- The ceiling limit of **interest corridor** has been reduced to **5% from 6%**, **repo rate** reduced to **3.5% from 4.5%** and **lower limit for collection of deposit** has been reduced to **2% from 3%**.
- Service charge on various facilities, which are essential for online transactions like password reset, pin reset, authentication, verification, card renewal etc. shall not be levied until Ashadh31,2077 (July 15,2020).
- Service charge will not be levied on transactions made via mobile/internet/any other electronic means until further notice. It will also be not levied on the use of a bank's card at the ATMs of another bank.
- Transaction fee will not be levied on "Connect IPS" service provided by Nepal Clearing House.



III. Relief Measures to Borrowers/Individuals

- Time limit for **monthly/quarterly loan instalments (including credit card)** which were due in the month of Chaitra, 2076(March 14-April 12, 2020) has been extended till **Ashadh 31, 2077(July 15,2020)**. **No penal interest, penal charges** shall be imposed on such delay.
- The loanee shall be entitled to a **rebate of 10% on interest repayment**, if the payment, that is due in the month of Chaitra, is made within Chaitra 30, 2076 (April 12, 2020). However, such rebate shall not be lower than current base rate. It shall be available on loans taken from all BFIs as well as loans taken from co-operative societies.
- The **time limit of all type of short-term loans** that are due in the month of Chaitra, 2076 (March 14-April 12, 2020) has been extended by **further 60 days** (up to Jestha 29, 2077 i.e. June 11,2020).
- **Tourism or transport operators**, who were regularly paying interest and principal till Poush 29, 2076(till January 14, 2020), **shall be provided with new short-term loans within five days from the date of application**, even if existing loan is outstanding. BFIs shall not charge more than **0.25% processing fee** for such loans.
- Disbursement of new loan to the firm/company shall be made **within five days** if the loan applied is for the purpose of facilitating **the import and sale of essential goods and medicines, food items, listed health care equipment** used in the prevention, control, and treatment of COVID 19.
- BFIs allowing **interest capitalization** on loans up to Poush 29, 2076 (Jan 14, 2020) or Chaitra 30, 2076 (April 12, 2020) with approval of Central Bank can further capitalize the interest up to Ashadh 31, 2077 (July 15, 2020).
- **Small and medium entrepreneurs** affected by COVID -19 shall be prioritized on **refinancing facility** provided by NRB. This facility will also be provided for ongoing working capital loan.
- Institutions issuing bank guarantee may make payment to beneficiary within 7 working days after the date of issuance of notice by GoN in 'Infectious Disease Act, 2020. Also, the **bank guarantee** shall be renewed for such period without renewal charges.
- An arrangement shall be made to provide the **concessional loan within 7 days of application**, to the persons who are unable to go to foreign employment even after getting necessary permission and who are willing to operate an industry/business, after the end of the pandemic.
- **Waiver of fees** levied on transactions made via **RTGS**.
- The due date for the payment of interest and principal on **loans taken from Employee Provident Fund (EPF) and Citizen Investment Trust (CIT)** extended till Baisakh 31, 2077 (May 13, 2020).



IV. Other Measures

A. Payment of salary, contribution to Social Security Fund (SSF)

- **Organized sector enterprises** need, mainly in the tourism industry, to pay wages and salaries to their staffs regularly for the month of Chaitra, 2076 (March 14-April 12,2020). For this purpose, they can however **utilize the staff welfare fund** maintained by them, until the resumption of business.
- **Nepal government shall make arrangement for deposit of contributions** (both for employer and employee being 31% of total basic salary) at the **social security fund** for the month of Chaitra, 2076(March 14 -April 12,2020) **for those organisations who are already registered with SSF.**



B. Filings to Securities Exchange Board of Nepal (SEBON)

- Time limit for the **submission of the reports/statements by the listed companies** as per the provisions of Securities Act, has been extended up to Baisakh 31, 2077(May 13, 2020).
- Time limit to settle the remaining transactions in securities market has been extended up to Baisakh 31, 2077(May 13, 2020).



C. Insurance related measures

- Time limit for the **collection of premiums** of life insurance has been extended to Baisakh 31, 2077(May 13, 2020). No penal interest shall be charged for such delay.
- In case insurance **claims** are received during the crisis period by the non-life insurer via electronic means or otherwise, the **insurer shall deploy the surveyor** for the settlement of claims immediately **after situation returns to normal.**
- In case of **policy expiring during the crisis period**, the policy shall **be renewed** on the written (including email request) request of the insured.
- In case of **expiry of license issued to Insurance agent and surveyor** in month of Chaitra 30, 2076, time period of **renewal has been extended** to Baisakh 31,2077 (May 13, 2020). No penal charges shall be levied for such delay in renewal.



D. Filings to Office of Company Registrar

- The **due date for submission of returns, statements to the Office of Company Register (OCR)** has been extended to Baisakh 31, 2077 (May13, 2020). The extension will also be applicable to the statement or documents sought by OCR.

E. Payment of utility bills

- **No penalty/additional charges** shall be levied if the **utility bills (electricity, water, telephone and internet charges)** for the month of Falgun, 2076 (Feb 13-March 13, 2020) and Chaitra, 2076 (March 14-April 12, 2020) are paid with in Baisakh 31, 2077(May 13, 2020).
- **Manufacturing industries** that consume electricity in the specified time and period above a certain limit shall be allowed rebate **up to 30% to 50%**, depending on the nature of industry.
- Telecom companies (both public and private) to provide **25 per cent discount on internet/data services** throughout the lockdown period.
- **25% discount on electricity tariff for households** with **consumption up to 150 units a month**, for the month of Chaitra, 2076 (March 14-April 12, 2020)

F. Import restriction on vehicle, gold, etc.

- Restriction on **import of any vehicle costing more than USD 50,000**. However, no such restriction to be applicable on LCs made before Chaitra 16, 2076 (March 29, 2020).
- Ban on the import of **peppercorns (Marichha), betelnuts (Supari), peas (Kerau) and dates fruit (Chhogada)**.
- Reduction on import of **gold to 10 kg** per day from 20 kg.

G. Miscellaneous relief measures

- All private **health institutions to provide a minimum of 20% discount** on all kinds of health services provided in the month of Chaitra, 2076(March 14-April 12, 2020).
- **Private secondary schools to waive** all the applicable fee for **one month** except the fees for lodging/hostel fee.
- Any person who has taken **approval for foreign employment but couldn't leave the country** or any foreign employed Nepalese citizen coming back to Nepal due to COVID-19 shall be enrolled under **Prime Minister Employment Programme within 2 months**.
- Nepal Government to mandatorily provide **cash subsidy to farmers growing sugarcane** in accordance with the action plan.
- **Any purchase agreement/contract** executed before the lockdown due to COVID-19 shall be **extended by 1 month**, if requested. Similarly, to harmonize such extension, any **bank guarantee expiring during the month of Chaitra, 2076**(April 12, 2020) shall be renewed to Baisakh 31, 2077(May 13, 2020) without any additional charges/fine.
- The time limit for the renewal of driving license, vehicle registration, route permits, pollution clearance has been extended to Baisakh 31, 2077(May 13,2020). No late fees or additional fines shall be charged for such delay.
- The time limit for the renewal of private firms, partnership firms and institutions registered under Department of Commerce, Supplies and Consumer Protection, has been extended to Baisakh 31, 2077(May 13, 2020) and any late fee or penalty on such delay shall be waived.



About us

Name of Firm: A.P. & Associates, Chartered Accountants
Contact Person: Anil Paudel
Mobile No: 9851170987
Office Address: 3rd Floor, Kathmandu Plaza, Kamaladi
Kathmandu, Nepal
Tele No: 01-4168667
Fax: 01-4168644
