CHAPTER III

INCOME TAXATION IN NEPAL

1. Evolution of the Income Tax Act in Nepal :

Since Nepal was under the autocratic rule of Rana family for 104 years from 1816 through 1950 and there was virtually no difference between the public revenue and the personal revenue of the then rulers, people were denied the knowledge of public revenues and public expenditures. Collection of revenue and its expenditure was absolutely the prerogative of the rulers. People used to pay the land revenue, custom duties, some excises, royalties from export of timber, mint and mines but no records regarding this used to be made public. There was no government budget system either. After such autocratic rule was done away with in 1951, government budget system was introduced for the first time in 1952. And the system was also established that taxes could be levied and collected only in accordance with law.[1]

a. The First Law :

The modern income tax system was introduced in Nepal only in 1960 through the ordinance of the then king. This maiden Income Tax Act was named, 'Business Profits and Remuneration Tax Act 1960.' According to this law, tax was

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1. Agrawal, G.R., op.cit., p.43.

to be imposed only on business profits and on remuneration as the name of the law itself suggests. Tax on remuneration was to be collected at source. Contribution to Provident Fund was tax exempt. Agricultural income was kept out of the scope of income taxation. No specific mention was made regarding the deductions.[2] This law did not also say whether gross or net income is to be taxed.

Since this was the maiden attempt, the definition of income was quite narrow and vague and the law enforcement machinery was also not geared to the task. So the revenue collected through this tax was insignificant. As for example, it was Rs.203 thousands in 1956-60, Rs.406 thousands in 1960-61 and Rs.1166 thousands in 1961-62.[3] But some of the features of this law were as modern as income tax laws of any other country. The rate structure was progressive. Total taxable income was divided into 10 slabs and the marginal tax rates ranged from 5 per cent to 25 per cent. Exemption limit was fixed at Rs.7000 and it was for all tax payers without regard to their marital status. Profits from industries were granted a rebate of 25 per cent and for small industries the rebate was 50 per cent.[4] Since this tax could not be effective in terms

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2. Business Profits and Remuneration Tax Act 1960, H.M.Government of Nepal, Kathmandu, 1960.

3. Statistical Abstract, H.M.Government of Nepal, Department of Taxation, Kathmandu, 1984, p.6.

4. Finance Act,1959-60, H.M.Government of Nepal,Kathmandu, p.3.

of revenue and major part of the revenue collected through this tax was from government employees, this law was replaced by Income Tax Act of 1962.

b. Income Tax Act 1962 :

This Act had classified the income into nine heads as follows:

(i) Business, (ii) Profession and Occupation, (iii) Remuneration, (iv) House and Land Rent, (v) Cash or Kind Investment, (vi) Agriculture, (vii) Insurance Business, (viii) Agency, and (ix) Any other sources not included above. Most important feature of this Act was that it had included the agricultural income into the income tax net. In accordance with this law, tax was to be levied only on net income. And the expenses incurred to earn income were also specified for deduction to compute the net income from different sources. As for example, three fourth part of the gross income was to be deducted in lieu of expenses to compute net income from agriculture, ten per cent of gross income was granted as deduction for income from house rent, cash and kind investment and profession and occupation. Purposewise deductions were specified to compute net income from business, insurance business and agency. The purposes so specified relate to the amount of house rent paid, the expenses incurred in repairing rented house if it is so mentioned in contract deed, interest paid on loans, amount of house and land tax paid, remuneration paid to the employees, written-off debts, amounts spent in repairing the machinery, plants, furniture and depreciation granted at different rates for different physical capitals.[5]

The amount spent for philanthropic purpose up to Rs.20,000 or 5 per cent of the net income whichever is less and interest accrued on Employee's Provident Fund were exempted from income taxation. Principal amount and interest withdrawn from Employee's Provident Fund by the employees were also tax exempt. But the employees were not granted any other deductions in lieu of personal expenses except the contribution to Provident Fund as under the previous law.

Taxes on income from remuneration, dividend, commission, prize or interest were to be collected at source. Assessment of taxable income from other sources was to be done on the basis of presumptive method. Other important features of the law were as follows:

i. If a regular tax payer incurred a loss, it would be carried forward for two years and could be set off only from the income of the same source.

ii. It authorised the government to institute an assessment committee, if the government thought it necessary.

iii. The law allowed the rectification of computational error in the assessment.

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5. Income Tax Act-1962. H.M.G. of Nepal, Kathmandu.

Industries were given rebate of 25 per cent as under the earlier law. The Act was extensively amended in 1972 which added many novel features and plugged many loopholes contained in the then existing income tax system. Some of the important features of this amendment are given below:

i. For the first time a classification and definition of the status of the tax payers on personal as well as on residential basis was provided.

ii. This amendment adopted family as the tax paying unit.

iii. According to this amendment, the tax officer could ask for an advance deposit of tax from those persons about whom the tax officer felt it necessary to do so.

iv. The tax payers could pay the tax in instalments.

v. The amendment included the deduction from house rent income the amount paid in lieu of premium on insurance of rented house and ten per cent of the rent in lieu of depreciation of the house.

vi. This amendment also specified some of the non-deductible expenses for the income from industry, business, insurance business and agency.

vii. Tax holidays were granted to new and specified industries for ten years.

viii. The amendment empowered the government to reopen the assessment within two years of the assessment, if it was felt that the tax payer had filed a false return with a view to evade tax. And conditions were specified under which the return could be declared as false.[6]

Besides the Income Tax laws, the Finance Acts which are passed annually by the National Assembly also bring about important changes, improvements and amendments in the income tax system. For example, Finance Act of 1965-66 withdrew the basic exemption limit granted to corporations and exempted the interest from government bonds from taxation. Moreover, income from house rent was being included in the total income of assessees for income tax purpose till then. But in 1965-66, a separate tax on 'house rent' in the name of House Rent Tax was introduced. But the exemption limit of Rs.2,000, granted under this tax was to be included in the total income for income tax purpose.[7]

In the same way, Finance Act of 1966-67 withdrew agricultural income from the scope of income tax. The Finance Act of 1973-74 again integrated it into the total income for income tax purpose.

Till then, the political, social and economic millieu of the country had undergone sea-changes. The law-enforcement machinery had also gathered some experience to implement the

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6. Income Tax Act (First Amendment 1972), 1962, H.M.G.of Nepal, Ministry of Law and Justice, Kathmandu, 1972.

7. Finance Act-1965-66, H.M.G. of Nepal, Kathmandu, 1965.

income tax more effectively. The people's expectation had been aroused enormously and in accordance with this the revenue requirements of the government had also increased by leaps and bounds. Taking all these factors into consideration, the Income Tax Act of 1962 was replaced by the new Act in 1974 to bring the tax system in tune with the changed situation in the country.

c. Income Tax Act 1974 :

This new law was an improvement upon the previous laws. This law classified the sources of income into five categories in place of nine according to the previous law. These are; (i) Agriculture, (ii) Industry, Business, Profession or Vocation, (iii) Remuneration, (iv) House and Land Rent and (v) Other Sources. This law also specified some of the receipts under the source of industry, business, profession or vocation to be included in the total income from this source. For example, the amounts received by way of compensation for the loss of profits, un-spent part of reserve fund, recovered part of written-off debt, amount received after the cessation of transaction, any benefits or perquisite received in kind or cash, commission, fee, or charge, were included in income for tax purposes.

Though this Act had included agricultural income once more, it did not specify the manner of computing the agricultural income or the nature of deductions allowed while computing the net income from agriculture. However, this does not matter much because from 1977-78 onwards agriculture was once more dropped from income taxation.

In case of remuneration income the Act granted deduction of ten per cent of the remuneration for transport, fuel, books and journals. The act granted deduction of interest paid on loans taken for purchasing or constructing or repairing of house while computing net income of house rent. It however reduced the amount of deduction from 10 per cent provided by the previous law to 5 per cent of the rent in lieu of the expenses incurred in repairs of house. Another important provision brought about by this law was the introduction of a specific method to compute net-income of insurance business. It also defined the process of assessment of income of firms, minors, and incapacitated persons, married couples and families, non-residents and deceased persons.

This Act introduced several important features in the income tax system and brought several improvements in the administration of this tax system in Nepal. These include the provision of the rectification of errors in the returns already filed, provision of search and seizure, maintenance of books of accounts, preservation of the books of accounts for three years of assessment and the provision of the recovery of tax arrears by way of public auctioning of the property of the concerned tax payers.[8]

8. Income Tax Act-1974, H.M.G. of Nepal, Ministry of Law and Justice, Kathmandu.

d. Developments After 1974 :

Although the basic features of the income tax system in Nepal remain as laid down in the Income Tax Act 1974, some amendments and improvements have been subsequently made from time to time. The first amendment was made in 1977; the second in 1979; the third in 1980 and the fourth in 1984.

The amendment of 1977 made the registration of industry, business, profession or vocation which are required to be registered under their respective laws, obligatory in the concerned tax offices before commencing their transaction and are also required to get their registration cancelled after the cessation of the transaction.

The first amendment also introduced the system of self-assessment for the first time. It was made applicable only to salary income since 1977-78 and to other incomes from 1980-81 onwards.

The second amendment had mostly administrative provisions. Third amendment also pertained to administrative aspect except a provision regarding deductions to be permitted to salary earners for education of two children. For each child the permissible deduction was two and half per cent of the salary, up to a maximum of 5 per cent for two children. The fourth amendment of 1984 has raised this deduction to 5 per cent of salary to each of the two children, up to a maximum of 10 per cent.

The fourth amendment of 1984 provided for the first time deduction of two per cent of the total income for advertisement and one per cent for entertainment for the income from industry, business, profession or vocation. These amendments have mainly changed and improved the administrative aspect of the income tax system than its basic features.

The above discussion clearly shows that income tax system in Nepal has evolved slowly and gradually, bit by bit on the basis of its own experience rather than having been introduced all at once. And these improvements have not come through the Income Tax Act alone but also through the Finance Acts and departmental circulars as mentioned earlier.

2. Tax Base and Tax Rates :

Taxable Income

The income tax system currently effective in Nepal has classified income into five heads as of Income Tax Act 1974 as follows:

a. Agriculture;

b. Industry, Business, Profession or Vocation;

c. Remuneration;

d. House and Land Rent; and

e. Other Sources.

The net incomes from these sources acquired or earned in Nepal or earned in foreign country and received in Nepal are chargeable to income tax. And with respect to non-resident persons, the net incomes acquired or earned in Nepal or earned from Nepal residing outside Nepal are liable to pay income tax. Since 1977-78 agricultural income has been kept out of income tax net.

a. <u>Income from Industry, Business, Profession or Vocation</u>:

The incomes from these sources have been defined as profits and gains received or earned from industry, business, profession or vocation including the following.

i. Income received under any contract of insurance against loss of profits or any other amount received in lieu of compensation for loss of profits;

ii. The un-expended part of reserve, if any;

iii. The recovered amount of written-off debt;

iv. Income if any, received after the cessation of an industry, business, profession or vocation;

v. The benefit or perquisite received in cash or kind from business;

vi. Commission, fee, charge received from profession or vocation;

b. Income from Remuneration :

The remuneration income is defined as income received from employment or service in the form of wages, salary, special salary, allowance, special allowance, salary in lieu of leave, commission, fee, charge, bonus and other perquisites received in cash or kind.

It is to be noted here that the foreign allowance, medical allowance, daily or travelling allowance, clothing allowance, remote area allowance, gratuity and pension, telephone and conveyance facility are not included in remuneration income.

And if the expenditure of the amount provided by the employer to any employee to spend for the benefit of the industry,business, profession or vocation is not proved, the unproved part of such expenditure is included in the remuneration of the employee. But if such amount does not exceed 50 per cent of the salary of the employee, is not included in his salary.

c. Income from House and Land Rent :

The house and Land rent has not been defined further. It is understood that only non-agricultural land rent is covered here. This income also includes the followings:

i. Any amount in the form of premium or fee received by the land lord from the tenant;

ii. If any person had permitted any other person to construct a house on his land and allowed him to occupy it for some period of time the total amount expended on the construction of the house is regarded as the rent for the entire period for which the house is to be occupied according to the tenancy agreement. The annual rent in such cases is calculated by dividing this amount, that is the cost of construction, by the number of years during which the house is to be occupied by the person who constructed it.

iii. The amount of expenses other than water, electricity or telephone charges, which are normally supposed to be borne by the house owner, if borne by the tenant are included in the income of the owner.

iv. If any house or land is occupied by a person other than a relative or employee and if such person pays no rent or the rent is paid at concessional rate it is deemed to be let by the owner at a rent prevalent at the locality.

d. <u>Income from Other Sources</u> :

Incomes acquired or earned from any sources other than the sources mentioned above are deemed to be incomes from other sources including the followings:

i. Any amount which any person shows in his accounts as paid or payable to any other person such amount which is not proved to have been so paid or to be so payable;

ii. Any investment made by any person which is not proved as to have been invested either out of non-taxable income or out of post tax income, the amount of such investment is considered to be the income from other sources

Deductions :

It is to be noted that the incomes from various sources mentioned above are not the incomes of the tax payers on which statutory tax rates are applied. These incomes are only the total incomes which are reduced by various types of deductions and exemptions before arriving at the taxable incomes or the tax base on which statutory tax rates are applied. The nature of the deductions are different for incomes from different sources. Generally the deductions are of two types: deductions of business nature and deductions of personal nature. Deductions of business nature are defined as the deductions of those expenses which are incurred in acquiring or earning that income whereas deductions of personal nature are defined as the deductions of those expenses incurred by the tax payers for the social and economic welfare of himself or his family.

The personal deductions of social nature are generally called the personal allowances such as medical allowance, educational allowance, child care allowance, old age allowance and so on. And the personal deductions of economic nature

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are incentives for savings or investments such as deductions of the part of salary deducted for provident fund, premium paid for life insurance, investments in certain types of bonds etc. Besides these, deductions of personal nature also include contributions made by the tax payers for religious or philanthropic purposes.

Various types of deductions allowed for incomes from different sources under the existing income tax system of Nepal are as follows:

a. <u>Deductions for Incomes from Industry, Business, Profession or Vocation</u> :

The following expenses incurred in earning incomes from these sources are allowed to be deducted:

i. Rent paid in respect of house or land;

ii. Expenses incurred on repairs of physical assets such as machinery or furniture used for acquiring or earning income;

But if such repairs result in an increase in the value, life or working capacity of such assets or in changing the basic structure of the assets, the expenses incurred in such repairs are not allowed to be deducted;

iii. Interest on loans;

iv. Rents, land tax or revenue, custom duty, registration fee, levies or similar other levies paid under the existing law;

v. Written-off debts;

vi. Transport or travelling expenses;

vii. Discount, Commission;

viii. Administrative expenses;

ix. Remuneration paid to employees;

But if an employee is paid more than Rs.3000 per month as salary or allowance, any such amount which exceeds Rs.3000 is not deducted unless the government approves such payment;

x. The amount of depreciation of the physical assets at the rate prescribed by the government on the basis of the nature and durability of such assets used for earning income.

xi. Any other real expenses incurred for earning income;

xii. Expenses incurred in advertisement and entertainment upto 2 per cent and 1 per cent of the total income respectively.

Here it is to be noted that all the deductions mentioned above are of business nature.

b. <u>Deductions for Remuneration Income</u> :

i. Transport cost or fuel expenses not exceeding 5 per cent of the remuneration incurred in travelling to and fro the office or in course of other similar duties;

ii. Rupees fifty per month or 5 per cent of the remuneration, whichever is less, as expenses incurred on periodicals or books;

iii. The amount deposited in the provident fund, by deducting from the remuneration and the amount added by the employer in such fund;

iv. For each children 5 per cent of the remuneration in lieu of the expenses incurred for the education of up to two of own non-earning children;

c. <u>Deductions for House and Land Rent Income</u> :

i. An amount equal to 10 per cent of the total rent if the obligation to repair lies with the owner of the house according to the lease agreement;

ii. The amount of premium paid on the insurance of such house;

iii. The amount of any tax or revenue or any other tax paid in respect of such house and land;

iv. Interest paid on loan taken from the financial institutions to construct or repair such house;

v. A maximum of one month's rent in lieu of the commission if it had to be paid for letting the house in rent;

d. <u>Deductions for Income from Other Sources</u> :

The deductions for incomes from other sources have not been mentioned in the law. It has simply been mentioned that only real expenses incurred in earning the income from other sources are deductible. But here the condition is that the total expenses to be deducted should, by no means, exceed the total income acquired or earned from these sources.

e. General Deductions :

The point to note here is that the various deductions allowed for incomes from different sources as mentioned above, are not of general nature but are applicable only to those respective incomes. Besides these, there are two other deductions of general nature which are applicable to all types of incomes as follows:

i. The amount of premium paid on life insurance of the income earners not exceeding seven per cent of the amount of insurance.

ii. The amount expended or donated by the tax payer for the benefit of the public or religious purposes within Nepal not exceeding Rs.100,000 or 5 per cent of the net income whichever is less.

Non-deductible Expenses :

Income Tax Act has also specifically mentioned the expenses which are not deductible while computing net income from any source as follows:

i. Any personal or domestic expenses;

ii. Any tax on income levied under this Act or other existing law. But taxes paid outside the country are deductible;

iii. Any payment made except to banks or financial institutions or government owned corporations without deducting tax at the time of payment which was otherwise to be deducted under the Income Tax Act;

iv. Any capital expenditure or loss incurred on any capital;

v. Any expenditure by way of remuneration, interest, commission, rent or bonus made by a tax payer other than a public limited company to his partner or any member of his unit. But a reasonable amount of remuneration paid by a firm or a company to its chief executive partner or director is deductible;

vi. Any commission or discount except commission in lieu of remuneration;

vii. Rent on his own house or land or other property;

viii. Any reserve fund and other similar fund reserved from net profit;

ix. Any expenditure which is not related to the purpose of acquiring or earning income.

Tax-Exempted Incomes :

Income Tax Act has also specified the incomes which are tax exempt as follows:

i. The remuneration received by diplomatic representatives of foreign countries residing in Nepal and foreign personnel of such diplomatic missions, other than those who are recruited locally;

ii. The remuneration received by any foreign citizen, appointed in the service of the government of Nepal on the condition that such remuneration would be exempted from income tax;

iii. The remuneration paid by any foreign government or foreign or international agencies to foreign nationals posted in Nepal to advise or assist the government of Nepal;

iv. Any share received by every partner of a firm or company out of the profit of such firm or company on which tax has been paid;

v. The income of Guthi (Religious Trust);

vi. The income of political organizations and public institutions other than those established with profit motive;

vii. The facilities provided by the government to the Ministers, chairman, Vice-chairman and the Members of the National Panchayat (National Assembly) other than the remuneration;

viii. The income of the Employee's Provident Fund;

ix. The amount paid to any employee as principal, interest and bonus by the Employee's Provident Fund.

Mode of Assessment Followed :

Stoppage-at-source method of assessment was applied for the remuneration income from the very beginning. And for the incomes from other sources, lump-sum or self-declaration method was applied. Since 1962 stoppage-at-source method was extended to commission and interest income also. Until 1969-70 the banks used to deduct tax from interest above Rs.3,000 but since 1970-71 banks stopped doing so. But again since 1980-81 the banks have to deduct tax at the rate of 5 per cent but if the tax payers are not liable to pay income tax, the banks are supposed to return the money to the concerned tax payers. Since 1982-83 the banks are supposed to deduct tax on interest above Rs.5,000 at the rate of 5 per cent. Since 1980 tax on rental income is also to be deducted at source.

Lump-sum or self-declaration method of assessment has been made obligatory in assessing the incomes from the rest of the sources from the beginning according to which every tax payer should file the return of his income to the tax officer within given time. And the tax officer assesses the tax on the basis of that return. But this method becomes effective only when the tax payers maintain the records of their transaction regularly. But this has been a far cry in Nepal. The tax payers in Nepal have not developed habit of maintaining such records and whatever records they maintain are not wholly reliable. Although through the Departmental records it becomes clear that there have been utmost efforts on the part of the government to prepare tax payers to maintain books of accounts, it has produced only partial effects so far.

The Finance Act of 1984-85 has also introduced the method of some type of advance payment of tax or Pay As You Earn method under which the tax payers should pay tax in instalments even before the filing of returns. And the tax payers would be refunded the excess amount with interest at 8 per cent if they have paid more than what was required, after the final assessment.

In practice, in view of the lack of maintenance of good records and account books, presumptive assessment method has remained an important alternative available to the tax administration. There is provision in the law under which the tax officer might assess the tax by applying presumptive method if the tax payers do not file the returns at all or the tax payers have not maintained books of accounts at all or whatever books of accounts they have maintained are not reliable.

The records show that the number of assessments made on the basis of accounts was 31.72 per cent of total assessments in 1980-81, 27.81 per cent in 1981-82 and 25.11 per cent in 1982-83.[9] From this it becomes clear that about three fourth part of the total number of assessments were made on the basis other than accounts, that is, presumptive method.

Exemption Limit :

In the beginning the exemption limit for all kinds of tax payers was fixed at Rs.7000. Tax payers were not classified then on the basis of marital or residential status. It was only since 1967-68 that such a classification of tax payers was made. The exemption limit was withdrawn for corporate tax payers since 1965-66, for non-resident tax payers since 1974-75 and for partnership firms since 1975-76. It is seen in Table III.1 below that same exemption limits have remained unchanged for seven years from 1967-68 to 1973-74. Since then, they have been increasing every two to three years. And for the year 1983-84 it was Rs.15,000 for individuals and Rs.20,000 for married couples and families.

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9. 'Statistical Abstract', H.M.G. of Nepal, Ministry of Finance, Department of Taxation, Kathmandu, 1984. p.10.

TABLE III.1

Exemption Limits of Income Taxation in Nepal

(1959-60 to 1983-84) (In Rupees)

Year	All Tax Payers	Indivi-duals	Married couples	Families
1	2	3	4	5
1959-60 to 1962-63	7,000	-	-	-
1963-64 to 1964-65	6,000	-	-	-
1965-66 to 1966-67	5,000	-	-	-
1967-68 to 1973-74	-	3,000	4,500	6,000
1974-75	-	4,500	6,000	6,000
1975-76	-	5,500	6,500	7,500
1976-77 to 1978-79	-	6,500	7,500	8,500
1979-80 to 1980-81	-	7,500	10,000	10,000
1981-82 to 1982-83	-	10,000	15,000	15,000
1983-84	-	15,000	20,000	20,000

Source : Statistical Abstract, op.cit., p.20.

Income Slabs and Rates :

The income tax system in Nepal was started with the progressive rate structure. In the very beginning the taxable income was divided into ten slabs and marginal rates applicable to them ranged from 5 to 25 per cent as has been mentioned earlier. Since then the number of brackets and marginal rates have been changed every now and then. As we see in the Table III.2 below that the number of the slabs was 12 in 1964-65, and 5 during 1968-69 to 1974-75. For 1983-84 and 1984-85, taxable income has been divided into 8 slabs and marginal rates range from 10 per cent to 55 per cent. The marginal rate for the first slab was lowest, that is, 4 per cent in 1963-64 and highest, that is, 10 per cent in 1983-84 and 1984-85.

TABLE III.2

Income Slabs and Marginal Tax Rates of Personal Income Taxation in Nepal

(1959-60 to 1984-85)

(In Rupees)

Year	1	2	3	4	5	6	7	8	9	10	11	12
1959-60 to 1962-63	4,000	4,000	5,000	10,000	10,000	15,000	25,000	25,000	100,000	Balance		
	5	6	7	8	9	10	12	15	20	[illegible]		
1963-64	1,000	4,000	4,000	5,000	5,000	5,000	5,000	5,000	10,000	20,000	Balance	
	4	5	6	7	8	10	12	15	[illegible]	[illegible]	[illegible]	
1964-65	4,000	6,000	4,000	5,000	5,000	5,000	5,000	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	5	6	7	8	10	12	15	[illegible]	[illegible]	[illegible]	[illegible]	
1965-66 to 1966-67	5,000	5,000	5,000	5,000	5,000	5,000	5,000	[illegible]	[illegible]	[illegible]	[illegible]	
	6	7	8	10	[illegible]	14	17	[illegible]	27	[illegible]		
1967-68	5,000	5,000	5,000	5,000	[illegible]	5,000	5,000	[illegible]	[illegible]	[illegible]	[illegible]	
	6	7	9	12	[illegible]	17	20			[illegible]		
1968-69 to 1974-75	10,000	10,000	10,000	10,000	Balance							
	7	10	[illegible]	[illegible]	55							
1975-76	[illegible]	[illegible]	[illegible]	10,000	10,000	500,000	[illegible]					
	7	10	[illegible]	30	40	55	[illegible]					
1976-77 to 1977-78	10,000	10,000	10,000	10,000	200,000	500,000	[illegible]					
	5	10	20	30	40	[illegible]	[illegible]					
1978-79	5,000	5,000	10,000	20,000	50,000	100,000	Balance					
	5	10	15	25	35	45	51					
1979-80 to 1981-82	5,000	5,000	10,000	20,000	20,000	30,000	Balance					
	5	10	15	20	30	40	50					
1982-83	5,000	5,000	10,000	20,000	20,000	30,000	400,000	Balance				
	5	10	15	20	30	40	50	55				
1983-84 to 1984-85	5,000	5,000	10,000	15,000	15,000	30,000	200,000	Balance				
	10	15	20	25	30	40	50	55				

Source : [illegible] (1959-60 to 1984-85) H.M.Government of Nepal, Ministry of Finance, Kathmandu.

Note : The [illegible] below the income slabs are the corresponding marginal tax rates.