

Government of Nepal
Ministry of Finance
Inland Revenue Department
Rate of Tax deduction at Source (TDS) and Tax Collection at Source (TCS)
For Fiscal Year 2077/78 (2020/21)

Respective Section of Income tax Act 2058	Payments types	TDS rate (%)
Sub section (1) of section 87	Income from employment	As prescribe in Annex 1
Sub section (1) of section 88	Payment of Interest having source in Nepal	15
Sub section (1) of section 88	Natural resources, royalty, service charge, commission, sales bonus, retirement payment	15
Sub section (1) of section 88 and subsection (1) of section 92	Meeting allowance, teaching allowance at casual basis, Payment for making question paper or examining answer sheets	15
Sub section (1)/(1) of section 88	Retirement payment from government of Nepal or remaining payment amount made by approved contributory retirement fund after deducting five hundred thousand or 50 percent of the payment amount whichever is higher	5
Sub section (1) / (2) of section 88	Commission payment made by resident employment company for non-resident person	5
Sub section (1) / (3) of section 88	Payment for aircraft lease	10
Sub section (1) / (4) of section 88	Payment of service charge to the VAT registered service provider resident person or Payment of Service charge to VAT-exempt resident entity.	1.5
Sub section (1)/ (5) of section 88 and Sub section (1) of section 92	Payment to a resident person except one who is carrying on business against rental charge of land, building and articles affixed thereon or any instruments having source in Nepal	10
Sub section (1)/ (5) of section 88	Payment to a VAT registered taxpayer who provides vehicle in rent against rental charge.	1.5

Sub section (1)/ (6) of section 88	Consideration distributed by the mutual fund to: - A natural person - Others	5 15
Sub section (1)/ (7) of section 88	A payment made by natural person against the use of satellite, bandwidth, optical fiber, tools related to communication or electricity transmission line	10
Sub section (1)/ (8) of section 88	A payment against carriage service and against rental charge of means of transportation in rent.	2.5
Sub section (1)/ (8) of section 88	Payment against service charge to the VAT registered carriage services or rental charge to the VAT registered person who provides means of transportation in rent.	1.5
Sub section (1)/ (9) of section 88	Payment made by the resident banks and financial institutions to the foreign banks against the interest of loan received in foreign currency for the investment in the sector specified by the Nepal Rastra Bank.	10
Sub section (2) of section 88	Payment of dividend	5
Sub section (2) of section 88	A return payment against investment insurance	5
Sub section (2) of section 88	A return payment from an unapproved retirement fund	5
Sub section (3) of section 88	Interest payment to any natural person which has source in Nepal, and which is not related with the operation of business; in consideration for government bonds, and; deposits, bonds, debentures, issued by a resident bank, financial institution, cooperative organization or any other body issuing bonds or company enlisted under the prevailing law	5
Sub section (1) of section 88A	windfall gain	25
Sub section (1) of section 89	In making payment for a resident person of a sum exceeding fifty thousand rupees for payment of deed or contract	1.5
Sub section (3) of section 89	Payment made by any resident person to any non-resident person under any deed or contract	5

Sub section (3) of section 89	A payment of premium to the non-resident insurance company or a payment of commission against a premium received for reinsurance from a non-resident insurance company	1.5
Sub section (3) of section 89	Other Payments made by any resident person to any non-resident person	As per written notice by Department
Sub section (3) of section 89	Payment of amount exceeding five million rupees for a work to be performed by a consumers' committee.	1.5
Sub section (1)/(10) of section 88	Tax incentive amount for consumer who paid their bill through electronic payment instruments like payment card, e-money (wallet), mobile banking on their purchase.	zero
Sub section (4)/(a1) of section 88	Payment for write-up, article in a newspaper	zero
Sub section (4)/(b) of section 88	Interest paid to a resident bank or other resident financial institution	zero
Sub section (4)/(d) of section 88	Inter-regional interchange charge paid to the bank issuing the credit card	zero
Sub section (4)/(e) of section 88	Dividend and interest paid to a mutual fund.	zero
Sub section (2) of section 88A	National and international award of up to five hundred thousand rupees for contribution made to literature, art, culture, sports, journalism, science, technology and public administration	Zero
Sub section (1) of section 95A	Benefit amount acquired by the person who operating business under commodity future market, the entity operating commodity future market service deduct TDS from such business	10
Sub section (2) of section 95A	Benefit acquired from the disposal of interest of an entity enlisted in the Securities Board of Nepal: - of the profit for a resident individual- - of the profit for resident entity- - of the profit for others-	5 10 25

Sub section (2) of section 95A	<p>In the case of benefit acquired from the disposal of interest of an entity not listed in the Securities Board of Nepal:</p> <ul style="list-style-type: none"> - of the profit for a resident individual- - of the profit for a resident entity- - of the profit for others- 	<p>10 15 25</p>
Sub section (5) of section 95A	<p>Capital gain from the disposal of land or private building of any individual:</p> <ul style="list-style-type: none"> - Whereas the disposed non-business taxable asset (land and building) has the ownership of five years or more than that - Whereas the disposed non-business taxable asset (land and building) has the ownership of less than five years - Except as mentioned in sub-section (5), a land or building owned by any other person is disposed- 	<p>2.5 5 1.5</p>
Sub section (6a) of section 95A	In exchange amount by students who take facility of foreign exchange for language test and standardized examination for study abroad.	1.5
Sub section (7) of section 95A	<p>In an import of live animals- such as ox, buffalo, goat, sheep, mountain goat under Chapter 1 of the Custom Classification; live, fresh and frozen fish under Chapter 3; such fresh flowers under Chapter 6; such fresh vegetables, potato, onion, dry vegetables, garlic, baby corn under Chapter 7; and such fresh fruits under Chapter 8 for training purpose</p> <p>In an import of meat product such meat under Chapter 2; such milk products, eggs, honey under Chapter 4; such barley, millet, sorghum (Junelo), rice, beaten rice under Chapter 10; such refined wheat flour, wheat flour under Chapter 11; such herbal medicines, sugarcane under Chapter 12; such vegetation products under Chapter 14; if are imported for business purpose</p>	<p>5 2.5</p>

The following payments shall be treated as payments from which tax is withheld finally:

- (i) Dividend paid by a resident company or partnership firm,
- (ii) Rent paid for the land or building and fixtures and equipment appurtenant thereto having source in Nepal to other individual except one who is carrying on business,
- (iii) Profit paid by a resident person for investment insurance,
- (iv) Profit paid by a resident person for the interest of an unapproved retirement fund,
- (v) Interest paid by a bank, financial institution or any other entity issuing bonds (debentures) or company enlisted under prevailing law or cooperative organization mentioned in sub-section (3) of Section 88:
 - Payment made to an individual not having source in Nepal and not related to operation of business,
 - Payment made to the organization entitled to enjoy exemption pursuant to clause (o) of Section 2. (f) Payment subject to tax withholding made to a non-resident person pursuant to Section 87, 88, 88A. or 89.
- (vi) All kinds of retirement payment, including that paid by the Government of Nepal or approved retirement fund or unapproved retirement fund (except regularly paid pension),
- (vii) Meeting allowance up to twenty thousand rupees per meeting, teaching allowance at casual basis, making question paper or examining answer sheets,
- (viii) Payment for a windfall gain,
- (ix) Amount of consideration to be distributed to individuals from a mutual fund,
- (x) Payment for rent of a motor vehicle or carriage service of an individual except a private firm