

Government of Nepal
Ministry of Finance
Inland Revenue Department
Tax Rates for Natural person Fiscal Year 2077/78 (2020/21)
(Only for Employment Income)

For Individual	For Couple	Tax rate
Where the taxable income up to Nrs. 400,000/-	Where the taxable income up to Nrs 450,000/-	One percent
Where the taxable income more than 400,000/- but less than Nrs. 500,000/-	Where the taxable income more than 450,000/- but less than Nrs. 550,000/-	<p style="text-align: center;"><u>For individual</u></p> Nrs. 4000/- and at the rate of 10 percent on the taxable income of more than Nrs.400000/- <p style="text-align: center;"><u>For couple</u></p> Nrs. 4500/- and at the rate of 10 percent on the taxable income of more than Nrs.450000/-
Where the taxable income more than 500,000/- but less than Nrs. 700,000/-	Where the taxable income more than 550,000/- but less than Nrs. 750,000/-	<p style="text-align: center;"><u>For individual</u></p> Nrs.14000/- and at the rate of 20 percent on the taxable income of more than Nrs.500,000/- <p style="text-align: center;"><u>For couple</u></p> Nrs.14500/- and at the rate of 20 percent on the taxable income of more than Nrs.550,000/-
Where the taxable income more than 700,000/- but less than Nrs. two million.	Where the taxable income more than 750,000/- but less than Nrs. two million.	<p style="text-align: center;"><u>For individual</u></p> Nrs. 54000/- and at the rate of 30 percent on the taxable income of more than Nrs.700,000/- <p style="text-align: center;"><u>For couple</u></p> Nrs.54,500/- and at the rate of 30 percent on the taxable income of more than Nrs.750,000/-
Where the taxable income more than Nrs. two million.	Where the taxable income more than Nrs. two million.	<p style="text-align: center;"><u>For individual</u></p> Nrs. 444,000/- and at the rate of 36 percent on the taxable income of more than Nrs. two million. <p style="text-align: center;"><u>For couple</u></p> Nrs. 429,500/- and at the rate of 36 percent on the taxable income of more than Nrs. two million.

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Tax Rates for Natural person Fiscal Year 2077/78 (2020/21)
(For Proprietorship firm)

For Individual	For Couple	Tax rate
Where the taxable income up to Nrs 400,000/-	Where the taxable income up to Nrs 450,000/-	Zero tax
Where the taxable income more than 400,000/- but less than Nrs. 500,000/-	Where the taxable income more than 450,000/- but less than Nrs. 550,000/-	<u>For individual</u> At the rate of 10 percent on the taxable income of more than Nrs. 400,000/- <u>For couple</u> At the rate of 10 percent on the taxable income of more than Nrs. 450,000/-
Where the taxable income more than 500,000/- but less than Nrs. 700,000/-	Where the taxable income more than 550,000/- but less than Nrs. 750,000/-	<u>For individual</u> Nrs.10000/- and at the rate of 20 percent on the taxable income of more than Nrs.500,000/- <u>For couple</u> Nrs.10,000/- and at the rate of 20 percent on the taxable income of more than Nrs.550,000/-
Where the taxable income more than 700,000/- but less than Nrs. two million.	Where the taxable income more than 750,000/- but less than Nrs. two million.	<u>For individual</u> Nrs. 50,000/- and at the rate of 30 percent on the taxable income of more than Nrs.700,000/- <u>For couple</u> Nrs.50,000/- and at the rate of 30 percent on the taxable income of more than Nrs.750,000/-
Where the taxable income more than Nrs. two million.	Where the taxable income more than Nrs. two million	<u>For individual</u> Nrs. 440,000/- and at the rate of 36 percent on the taxable income of more than Nrs. two million. <u>For couple</u> Nrs. 425,000/- and at the rate of 36 percent on the taxable income of more than Nrs. two million.

Facilities for deduction from taxable income of a natural person

1. Remote Allowances threshold:

- Fifty Thousand Rupees in the areas of category “A”
- Forty Thousand Rupees in the areas of category “B”
- Thirty Thousand Rupees in the areas of category “C”.
- Twenty Thousand Rupees in the areas of category “D”
- Ten Thousand Rupees in the areas of category “E”

2. For an employee working in a diplomatic mission of Nepal situated abroad, seventy-five percent amount of the foreign allowance shall be deducted from the taxable income,

3. Where any resident natural person is with disability, he/she can claim additional 50 percent of standard deduction from his/her taxable income,

4. Where any resident individual has endowment insurance policy he/she can deduct the annual premium or twenty-five thousand rupees, whichever is lesser, from his/her taxable income,

5. Where any resident individual has procured health insurance from any insurance company, he/she can deduct the annual premium paid for such insurance or twenty thousand rupees, whichever is lesser, from the taxable income,

6. Where any resident individual is a woman earning income only from remuneration, such individual shall get tax credit equal to ten percent of the tax amount.