

Taxation is a branch of public finance. With regards to taxation mainly two taxes are familiar, Direct taxes and indirect Taxes. Direct tax is a form of tax paid by a person on whom it is legally imposed where as an indirect tax is imposed on one-person but partly or wholly paid by another. The legal framework regarding Direct taxes and indirect taxes in Nepal are as follows,

Income Tax Acts and Regulations	Value Added Tax Acts and rules	Excise Act and Rules	Customs Acts and regulations	Revenue Investigation Act and regulation	Financial (expenditure) Administration
(Direct)	(Indirect)			(Regulating laws)	
1. Income Tax Act, 2000	1. Value Added Tax Act, 2005	1 Excise Act, 2004	1 Customs Act, 2064	1. Revenue Tribunal Act	1. Financial Procedure Act, 1998
2. Income Tax Rules, 2002	2. Value Added Tax Rules, 2005	2. Excise Rules, 2004	2. Customs Regulation, 2064	2. Special Courts Act, 2003	2. Financial Administration Rules, 2007
3. Income Tax Directive 2068	3. Value Added Tax Directive 2069	3. Excise Directive 2068	3. Baggage Act, 2001	3. Foreign Exchange Regulation Act	3. Public Procurement Act, 2006
			4. Finance Act		

Tax Authorities

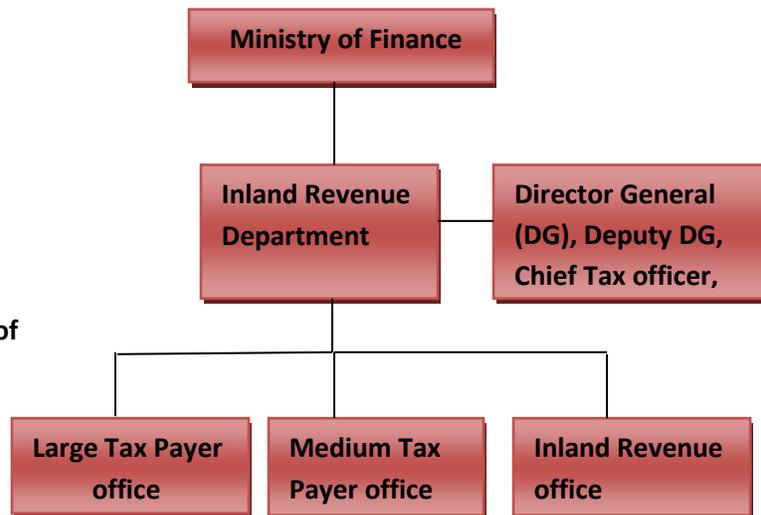
Authorities involved in imposing, implementing and monitoring tax are as follows,

Ministry of finance is responsible for preparation of the budget and bringing amendments in the tax laws.

The Inland Revenue Department is responsible for the enforcement of the Tax Laws and administration of, Income Tax, VAT, Excise Duty inter alia.

DGs, DDGs an Tax officers are responsible for collection of Tax and monitoring of tax payers activities. They are the actors involved in the implementing and monitoring tax

The tax offices are categorized as per the amount of tax paid by tax payers.



Tax Assessment, Administrative Review and Appeal

Self-assessment tax refers to any balance tax that has to be paid by a taxpayer on his assessed income. Income tax requires the taxpayer to keep record of various documents. The Income Tax officer can make amendments in the tax assessment where if the taxpayer are not satisfied with the amendment they can follow these procedures in the following institutions as mentioned below.

Administrative Review (sec 114)

In case a taxpayer is not satisfied with any decision of IRD or respective IRO or the Tax officer, it has to file an application, as first step, to IRD for an Administrative review. The taxpayer has to submit an application including the sections, rules circulars, decisions of the court etc if these matters were not considered at the time of taking decision.

Where?	Respective IRD
How?	Filing an Application to IRD
When? Sec 115 (1)	30days after receiving the notice + 30 days if the application could not be submitted due to unavoidable circumstances. Sec 115 (3)(a)
Deposit Sec 115 (6)	¼ of the disputed amount and full amount of the undisputed amount.

Appeal In the Revenue Tribunal

If the taxpayer is dissatisfied with the outcome of the administrative review, it may file an appeal at Revenue Tribunal established under Revenue Tribunal Act, 2031 acc. Sec 116

Where? Sec 116	Respective Revenue tribunal
How?	Filing an Application to the Revenue Tribunal
When? Sec 9(4)	35 days after receiving the notice + 15 days if the application could not be submitted due to unavoidable circumstances. (Sec. 223 of Civil Procedure Code2074)
Deposit Sec 9 (1)	50% of the total amount

Appeal at the Supreme Court Sec 8(Revenue Tribunal Act)

If the taxpayer is dissatisfied with the outcome of the Revenue Tribunal, it may file an appeal at Supreme Court under grounds such as error of jurisdiction; error in procedure; error in evaluation of evidence; and gross error of law.

Where?	Supreme Court
How?	Filing an Application to the Supreme Court
When?	30 days after receiving the notice + 15 days if the application could not be submitted due to unavoidable circumstances.
Deposit	None

Snapshot of Judicial Process In Tax Cases

