JUNE 2017

**TAX FREEDOM DAY IN NEPAL**



**Nepalese Taxpayers Welfare Society**

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**Introduction**

**Nepal Taxpayers Welfare Society**

Nepal Taxpayers’ Welfare Society is a Non-profit, non-government, dynamic organization protecting taxpayer rights in Nepal. It shares best practices, free tax compliance services, taxpayer education, and helps government to formulate taxpayers friendly policy in Nepal.

**Key Insights**

* This year, Tax Freedom day falls on Ashoj 3rd(September 19, 2016) 66 days into the year (Nepali Fiscal Year Starts at July 16, 2016 and ends at July 15, 2017)
* Tax Freedom Day represents how long Nepalese as a whole have to work in order to pay the nation’s tax burden.
* Nepalese spent Rs. 117.408 billion on direct taxes and Rs. 303.689 billion on Indirect taxes, for a total of more than Rs. 421.097 billion, or 17.7 percent of the nation’s income.

**Tax Freedom Day: Meaning**

Tax Freedom Day is obtained by taking the ratio of total tax collected to the total national income of a country in any particular year. Then the ratio is multiplied by 365. The result is increased by 1 and count that number of days from Shrawn 1 (July 16) to determine Tax Freedom Day. It takes all direct and indirect taxes collected within a year.

Nepalese spent Rs. 117.408 billion on direct taxes and Rs. 303.689 billion on Indirect taxes, for a total of more than Rs. 421.097 billion, or 17.7 percent of the nation’s income. Tax Freedom Day falls on Ashoj 3rd (September 19) 66 days into the year.

**Payment of Taxes**

In FY 2073/74 (2016/17), Nepalese worked 18 days to pay direct taxes, 2 days to pay property taxes, 32 days to pay tax on goods & services and 13 days to pay tax on export and others.

**Tax Payment Vs Basic Needs Consumption**

In Nepal, people pay Rs. 421.097 billion Tax and spent Rs. 329.137 billion on rice grains. It shows Nepalese spent more on taxes than in their daily meal.

**Methodology**

In numerator, we take every tax collected by the Nepal Government and in denominator, we take national income of Nepal. Where national income is taken from the published report of Central Bank- Nepal Rastra Bank (NRB). Any fraction of a day is rounded up to the next calendar day.

**Disclosure:**

Sources of Data and Information

* + Government of Nepal, Ministry of Finance
	+ Financial Comptroller General Office
	+ Central Bureau of Statistics
	+ Economic Survey 2015/16, MoF
	+ Nepal Rastra Bank (Central Bank of Nepal)
	+ Self-working Papers
	+ [http://ntws.org.np](http://www.ntws.org.np)
	+ http://ird.gov.np
	+ http://nrb.org.np
	+ <http://worldtaxpayers.org/>