

Wealth Tax Rules, 2017 (1960)

Date of Publication in Nepal Gazette

2017-7-15 (31 Oct. 1960)

In exercise of the powers conferred by Section 16 of the Wealth Tax act, 2017 (1960), Government of Nepal has framed the following Rules:-

1. Short title and commencement: (1) These Rules may be called as "Wealth Tax Rules, 2017 (1960)".

(2) These Rules shall commence come into immediately.

2. Definitions: (1) Unless the subject or the context otherwise requires, in these Rules -

(a) "Act" means the Wealth Tax Act, 2017 (1960).

(b) "Taxpayer" means the owner of such house and land in the urban area or foreign investment as is subject to the Wealth Tax pursuant to the Act.

(c) "Schedule" means Schedule of these Rules.

(2) The words and expressions used but not defined in these Rules shall have their respective meanings as set forth in the Act.

3. Statement to be furnished : (1) A taxpayer has to furnish, or cause to be furnished, the statement of the house and land in the urban area in the format as referred to in Schedule (A) and the statement of any house and land or foreign investment in the format as referred to in Schedule (A) or (B); it shall be sufficient for a taxpayer who has already furnished, or caused to be furnished, the statement of any house and land or foreign investment in the format as referred to in Schedule (A) or Schedule (B) but only for any year not to furnish the statement as

referred to in Schedule (A) or (B) to give a due notice in writing indicating the statement previously furnished is applicable, except in cases where any alteration has been made in the wealth as referred to in the statement.

(2) In furnishing the statement of foreign investment of any year, the market value of governmental security, shares, bank account and other kind of cash investment prevailing on the 1st day of *Shrawan* about (mid July) of that year and the rental value of the house and land fixed by the Municipality in that area have also to be submitted along with the evidence thereof.

(3) A taxpayer who normally resides outside Nepal has to furnish, or cause to be furnished, such statement with the Wealth Tax Officer of Valley Eastern Region.

4. Formation of house and land valuation committee: (1)

Government of Nepal may, for purposes of the Act, form a house and land valuation committee (hereinafter referred to as the "committee") comprising governmental and non-governmental member by a notification published in the Nepal Gazette from time to time for each urban area specified under the Act.

(2) The committee formed under sub-rule (1) shall comprise of at least one governmental or non-governmental engineer or overseer.

(3) After any committee formed under sub-rule (1) has completed its functions under these Rules, Government of Nepal shall, by a notification published in the Nepal Gazette, dissolve that committee.

5. To prepare the valuation list of house and land : (1) The

committee shall carry out the following functions and duties in order to

submit valuation data to Government of Nepal on the basis of the following principles to value the house and land in the urban area :-

- (a) to prepare data of average cost as mentioned in Schedule (C) for the whole urban area indicating how much expenditure is to be made for each square feet in building a new house within the concerned urban area taking into account, *inter alia*, of the cost of materials required for the time being and carpenter, labour wages, as well as other things required to build a house.
- (b) To prepare a table chart as mentioned in Schedule (D) by dividing the whole urban area into necessary zones on the basis of modern facilities of domestic life such as business situation of the concerned urban area, educational institution, water, electricity, means of entertainment, sewerage and setting the average cost expenditure prepared pursuant to Clause (a) in the zone of the least importance out of those zones and thus ascertaining the rate of percentage to be added for the house situated in the other zones.
- (c) The house on the right and left hand sides of any road have higher value than the houses in the street and the houses on the main road of a city have the highest value, so, the table chart as referred to in Schedule (E) has to be prepared by ascertaining the rate of percentage to be added to the average cost expenditure mentioned in Clause (b) for the houses

in vicinity of such important and main roads, by also giving the names of such roads.

- (d) After the value of a new house has been fixed on the basis of the chart as mentioned in clauses (a), (b) and (c), to prepare the table chart as mentioned in Schedule (F) by ascertaining how much percentage of depreciation is to be allowed for a year of the value (data) as mentioned in clause (a) for an old house, taking into consideration, *inter alia*, of local situation and other circumstance as well and for how many years such depreciation has to be allowed.
- (e) In cases where there is land along with a house, to prepare average value, zonal value and road importance data of such land too as per the principles mentioned in clauses (a), (b) and (c) from the viewpoint of importance of that house.

(2) The amount set upon fixing the value of the house and land as per the mode as mentioned in Clauses (a), (b), (c), (d) and (e) shall be deemed to be the value of such house and land; and the committee shall make a report setting out all of such details to Government of Nepal.

(3) Government of Nepal shall publish the valuation of the house and land in the urban area by making some alterations in the data details submitted under sub-rule (2) and the value of the house and land valued if it so wishes.

(4) Unless any other order is issued by Government of Nepal, the list of valuation published in the Nepal Gazette under Sub-rule (3) shall be recognized for up to Five years from the date of its publication.

6. **Valuation of wealth and assessment of wealth tax** : (1) After receiving the statement of house and land of any taxpayer pursuant to Rule 3, the Tax Officer shall value such house and land in accordance with Schedule (G) as per the valuation list published by Government of Nepal pursuant to sub-rule (3) of Rule 5.

Provided that, in valuing any house and land sold and purchased upon registering the transfer deed, if the figure of the value indicated in the registered deed be higher than the valuation figure as referred to in Sub-rule (1), the valuation figure mentioned in the registered deed shall be taken as maintained authentic.

(2) The wealth Tax Officer shall, in valuing foreign investment, value foreign investment as referred to in Schedule (H) on the basis of the market value and rental value submitted by the taxpayer by getting the value certified by making correspondence with the concerned country about such values, if required.

(3) After the Wealth Tax Officer has valued any house and land pursuant to sub-rule (1) or any foreign investment pursuant to Sub-rule (2), he/she shall assess the figure of the wealth tax as per that valuation. The wealth tax assessment order has to indicate brief description on how the wealth tax has been assessed.

7. **Payment of tax**: After assessing the figure of wealth tax leviable on the house and land or foreign investment of any person pursuant to Rule 6, the Wealth Tax Officer has to give the tax assessment order, accompanied by the dispatch letter (*chalani*) to that person, thereby requiring such person to deposit the assessed figure of amount with the *Nepal Rastra Bank*(central Bank), if that Bank is situated near by and with the Revenue Office, if that Bank is not situated and also give a written notice thereof to that Bank or Revenue Officer. After the amount

of tax has been deposited as per the order, the Bank or Revenue Office has to send one copy of the receipt thereof to the Wealth Tax Office. If the amount of wealth tax be not deposited within the time-limit, the Wealth Tax Officer has to send a notice to the concerned Revenue Office to realise the tax from the concerned wealth owner by confiscating his property pursuant to the Act.

8. Inquiry into notice given pursuant to Section 12 of the Act:

(1) If any person has given a notice to the Wealth Tax Officer pursuant to Section 12 of the Act, the Wealth Tax Officer shall make identification of his/her notice if he/she appears upon a notice given by the Officer or on his own and examine all evidence and proofs which he/she has got received. If he does not so appear, the Wealth Tax Officer may cause his/her subordinate Wealth tax inspector to inquire into the matter. If, on the basis of the statement submitted after holding such inquiry, the Wealth Tax Officer is of the opinion that action has to be instituted, he/she shall institute necessary action. If he thinks that there are not adequate proofs to institute action, he/she has to maintain records in his/her office, setting out his/her verdict in brief.

(2) If the matter as referred to in the notice received pursuant to Sub-rule (1) is held to be true and tax has been recovered accordingly, the Wealth Tax Officer shall submit a report through the Director of the Tax Department to provide the reward to be handed over under the Act.

(3) If any person who has once given a notice does not appear subsequently before the Wealth Tax Officer as and when required to so appear or does not submit any evidence and proof, such a notice shall not be deemed to have been completed; and such person shall not be entitled to the reward.

9. Matters to be taken into consideration while doing valuation and assessing wealth tax under Section 8 of the

Act: In valuating the house and land and foreign investment of any person and assessing the wealth tax thereon under Section 8 of the Act, the Wealth Tax Officer has to take into consideration of the following matters as far as possible:-

- (a) The secret report, if any, made by the tax inspector or any one else, and
- (b) the survey and measurement of or deed of public inquiry held in respect of, such house and land, if any, done or held by the tax inspector or any one else.

10. Remission of wealth tax : (1) If any house and land used in a dispensary, hermitage, inn, public school, orphanage, benevolent and religions acts, is not rented one but the present property of the person or organization carrying out such acts, and even though any income is earned from such acts or house and land, such income is being used in such acts, the person desiring to get the wealth tax leviable on such house and land remitted has to submit an application, accompanied by the evidence, to Government of Nepal through the local Zonal Commissioner. If such application is submitted the Zonal Commissioner shall inquire as to whether the matter mentioned therein is true or not and submit the application, accompanied by his opinion and verdict, to the Ministry of Finance of Government of Nepal.

(2) If the house and land used in the said acts (activities) be not personal property of the person or organisation carrying out such acts and such person or organisation has used the house and land on rent, the wealth tax leviable on such house and land shall not be remitted. The person who rents has to pay the tax.

(3) In the case of a house not suitable for dwelling in it because of demolition and deface, the owner of such house has to give a notice thereof to the Wealth Tax Officer each year. If it appears true to the Wealth Tax Officer after holding public inquiry, he/she may remit the wealth tax continuously for a period not exceeding one year. After that year, report has to be made to the Ministry of Finance of Government of Nepal and action shall be taken as sanctioned.

11. To act by the wealth Tax Director: If any taxpayer residing outside Nepal desires to get his/her house and land and foreign investment valued and tax assessed by the Wealth Tax Office in the area where his/her house and land is situated, the Wealth Tax Director may cause the Wealth Tax Officer in that area to take action.

12. Other functions : (1) The Wealth Tax Officer shall, after completing his/her functions at the headquarters of his/her Zone, carry out his/her mission in various place in the Zone as per his/her routine of the whole year and issue tax assessment and payment order.

(2) A taxpayer, who resides in an area where the Wealth Tax Officer is not available, may furnish the statement as referred to in the Act or these Rules with the Zonal Officer of a District or the Revenue Office. Such Office may have one or more than one employee dealing with tax matters. Such employee shall carry out any other acts relating to tax except assessment and recovery of tax. Such employee shall be under the Zonal Wealth Tax Office.

(3) It shall be the duty of the tax inspector to collect data of the taxpayers who seem to be required to pay tax, to hold public inquiries as per the order of the Wealth Tax Officer and to carry out such other functions relating to tax as may be assigned and asked by the Wealth Tax Officer. He/She shall hold an identity card, to which his/her

photograph is affixed, bearing signature of the Wealth Tax Director or Zonal Wealth Tax Officer.

(4) The Wealth Tax Director shall prescribe the format of the register to be maintained in the Tax Office.

13. **Realisation of penalty and fine**: If the Wealth Tax Officer has imposed any penalty and fine on any person under the Act, it has to be written to the Area Revenue Office to realise the amount of the penalty and fine from such person; and the Area Revenue Office has to realise such amount as a government due.

NEPAL LAW COMMISSION

Schedule (A)

Statement to be furnished pursuant to Rule 3

Wealth Tax

S.n. No. 7(a)

To,

The Wealth Tax Officer,

.....

Dear Sir/Madam,

I / we have furnished the following statement pursuant to Section 4 of the Wealth Tax Act and Rule 3 of the Wealth Tax Rules. I/we request that the wealth tax be assessed under the Act and the Rules. I/we shall pay the payable tax at the prescribed place within the time-limit as referred to in the Act from the date of receipt of the tax assessment order.

Followings

Description of house and land.....

- (1) Number of house and land belonging to me / us, this organisation :-
- (2) Description of each house and land:-

Number of zone divided for purposes of tax.....

Name of *Tole*, house number.....

As per the design attached

Length of house foot, breadth foot total feet,
number of storey's

Height of the ground floor Foot

Height of the first floor Foot

Height of the second floor Foot

Height of the third floor Foot

Height of the fourth floor Foot

Whether joined with soil or cement Foot

Built in which year Foot

If on the right or left hand ridge of the road

Name of the road.....right or left. If this is open land with the house;

Its length..... foot, breadth foot, area square feet.

If purchased recently -

Purchased in which year price.....

Please attach a duplicate copy of the registered deed and if any portion of the house and land has been sold, please put a mark on it in the map.

Length of such portionbreadth there of

Selling price..... Rs.

Name, surname and address of the buyer:-

Please attach a duplicate copy of the registered deed.

If this house has been rented out -

Name, surname of the person who rents it.....

Date on which it was given on rent:-

(3) Furnish similar description of other house and land:-

(4) If there are may / partition shareholders:-

Name:-

Age:-

Relation with the chief person:-

Portion of wealth :-

Name:-

Age:-

Relation with the chief person:-

Portion of wealth:-

Please attach a duplicate copy of the registered partition deed.

The above-mentioned statement of the house and land belonging to me / us this organisation is fully true and correct. If it is proved false, I/we shall bear and pay according to the Wealth Tax Act, Rules and prevailing law.

Date of submission of statement:-

Signature:-

Signature maker's full name,

Surname and designation:-

Signature maker's address:

Taxpayer's Name:-

Taxpayer's address:-

Schedule (B)

Statement to be furnished pursuant to Rule 3

San. No. (b)

To,

The Wealth Tax Officer,

Dear Sir,

I / we have furnished the following statement pursuant to Section 4 of the Wealth Tax Act and Rule 3 of the Wealth Tax Rules. I/we request that the wealth tax be assessed under the Act and the Rules. I/we shall pay the payable tax at the prescribed place within the time-limit as referred to in the Act from the date of receipt of the tax assessment order.

Followings:

Description of foreign investment

1. Cash.

S.N	Description of investment		Value as per the market rate prevailing on the previous 1 st day of <i>Shrawan</i>	Nepalese Rupees by governmental rate
.	Place	Name of currency investment figure		
1.				
2.				
3.				
4.				

Note: Evidence of the market value prevailing on the first day of previous *Shrawan* about (mid July) has to be submitted.

(2) House and land

S.N.	Description of investment			
	Place	Rental value of each house and land	price as per rental value	price as per government rate in NRs.
1.				
2.				
3.				
4.				

Note: -- The map of the house and land has to be attached.

-- The evidence of rental value has to be attached.

-- If there are many partition shareholders

Their names and details:

Name:-

Age:-

Relation with the chief person(head of the family):-

Portion of wealth:-

Name:-

Age:-

Relation with the chief person(head of the family):-

Portion of wealth:-

A duplicate copy of the partition registered deed has to be attached.

(c) The above - mentioned statement of the wealth belonging to me / us this organisation is fully true and correct; if it is proved false, I/we shall bear and pay according to the Wealth Tax Act, Rules and prevailing law.

Date of submission of statement:-

Signature:-

Signature makers' name;

Designation:-

Taxpayer's name:-

Address:-

Schedule (C)

Relating to Rule 5(1) (a)

Type of construction of house	Average cost expenditure of per square feet of plan of the house, per storey		Remarks
	storey with a height of 7 feet and storey below the same	storey with a height of more than 7 feet	
1. Joined with soil	Rs.	Rs.	
2. Joined with cement	Rs.	Rs.	

Schedule (D)

Relating to Rule 5(1) (b)

Zone	Boundary of zone	By how much percentage importance figure has to be added to the data of average cost expenditure prepared pursuant to clause (a)	Remarks
1.	North South East West		
2.	North South East West		
3.	North South East West		
4.	North South East West		

Schedule (E)

Relating to Rule 5(1) (c)

Name of the road	Boundary of start and end of the road	By how much percentage of the data of clause (b) has to be added to the house and land on the right and left hand sides.	Remarks
1.			
2.			
3.			

NEPAL LAW COMMISSION

Schedule (F)

Relating to Rule 5(1) (d)

Structure of the house	By how much depreciation referred to in clause (a) has to be deducted per year.	Maximum number of years for which depreciation is to be deducted	Remarks
1. Joined with soil		For up to ---Years	
2. Joined with cement		For up to..... Years.	

Schedule (G)

Wealth Tax

San. No. 6(a)

Zonal Tax Officer's Name:-

Index No.-

House and land tax assessment form

Fiscal year for which wealth tax has to be levied:-

Section of the Act under which wealth tax

Has to be assessed:-

Taxpayer's index No:-

Taxpayer's name and address:-

Borrower	Area of land in square feet	Rate of Valuation	Value indicated in the registered deed	Remarks
<u>Of House No. 1</u>				
Ground floor				
First floor				
Second floor				
Third floor				
Total				

<u>of House No. 2</u>				
Ground floor				
First floor				
Second floor				
Third floor				
Total				

Value of the whole house:-

(a) If partition has not been made by getting a deed registered, its total tax -
Penalty Total NRs. In Words.....

(b) If partition has been made by getting a deed registered:

Partition shareholder's name	partition share of each	wealth tax	Penalt y	Total	Rupees in Words
1.					
2.					
3.					
4.					
Total					

Date of wealth tax assessment order:-

Signature

Wealth Tax Officer

Zonal Wealth Tax Officer's Name:-

Schedule (H)**Relating to Rule 6(2)**

Wealth Tax

San. No. 6(b)

Name of the Zonal Tax Officer:-

Index No.-

Foreign investment tax assessment form

Fiscal year for which wealth tax has to be levied:-

Section of the Act under which wealth tax has to be assessed:-

Taxpayer's index No:-

Taxpayer's name and address:-

Borrower	Market rate of the 1 st day of <i>Shrawan</i> (mid July)	Total figure as per that rate	Total NRs thereof	Remarks
(a) Foreign investment				
1.				
2.				
3.				
Total				

(b) House and land	Rental Value	Total as per that rate	Total NRS thereof	Remarks
1.				
2.				
3.				

Total of (a) and (b)..... Rupees in words.....

1. If partition has not been made by getting a deed registered, its total tax

Penalty Total NRs..... Rupees in words.....

2. If partition has been made by getting a deed registered:-

Name of partition shareholder	Portion of each holder	wealth tax	Penalty	Total	Rupees in words
1.					
2.					
3.					
4.					
Total					

Date of wealth tax assessment order -

Signature -

The Wealth Tax Officer

Name of Zonal Wealth Tax

Assessment Office