



## NEPAL - April 2018

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### GOVT ISSUES PROPERTY TAX MANAGEMENT PROCEDURE..... 1

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#### Govt issues property tax management procedure

The government has issued the Integrated Property Tax Management Procedure, 2018 for the purpose of making local levels capable of mobilising local resources.

The procedure also aims to enable the 753 local levels to exercise the powers conferred on them by the constitution and other existing laws with regard to the collection and management of tax.

Schedule 8 of the constitution and section 55 of the Local Government Operation Act have empowered the municipalities and rural municipalities to levy and collect integrated property tax in the areas falling under their domain.

“Therefore, this procedure provides for necessary provisions to make the integrated property tax management process clear, transparent and systematic,” it reads. This procedure shall come into force on such date as the executive of the concerned local level approve and publish it in the Local Gazette.

The rate of integrated property tax shall be effective from the first day of each fiscal. “The local levels may levy and impose the tax on the basis of classification and valuation of land in their respective areas. A five-member valuation committee consisting of experts shall be formed to make valuation of the land on which tax is imposed,” the procedure says.

Integrated property tax is levied on net taxable value of all property (land and buildings combined) of a taxpayer.

According to the procedure, current market price of the land shall be the main basis of tax assessment. “The local levels shall send invoice to the concerned taxpayers, who are required to settle the said tax within the same fiscal. However, the land owned by the federal, provincial and local government; government hospitals, schools and other agencies; religious organisations; bus park, airport, public park, powerhouse, graveyard and stadium; embassies and diplomatic missions shall be exempt from tax, according to the procedure.

For the purpose of levying and collecting integrated property tax, the local levels shall make separate valuation of a person’s property located in different places and integrate them into one. The valuation of property shall remain unchanged for a period not exceeding three years.

The local levels shall ask the taxpayers to submit details of their immovable property to bring them to tax net. If the details furnished by them are found to be falsified, they will be liable to punishment as per the law.

#### International Property Tax Institute

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