

DOUBLE TAXATION AVOIDANCE AGREEMENTS OF NEPAL

Synopsis of DTAA of Nepal with
11 countries

June 2019



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Tax Avoidance is excused by law,
But not **Tax Evasion.**

INTRODUCTION

Agreement signed by Governments of two countries to solve the issue of double taxation is DTAA.

Tax is the liability paid by each bread earner- Individual or corporate, which can't be escaped legally. Every tax payer is subject to follow the taxation policy of the country of which s/he/it is resident of. However, many times the same income is taxed twice by the same government or by the different government which is termed as **Double Taxation**.

When a business earns profit, initially it is subject to be taxed as corporate tax paid by the company, and when the after tax profit generated is distributed to employees, it is again subjected to be taxed as income tax paid by the individuals. When the same income is subject to taxation by same government but by two different tax payers, it is **Economic Double Taxation**. Similarly, when a tax payer is resident of one country and earns income from the other, it becomes subject to tax liability for both the countries. Tax subjected to be paid twice by same taxpayer but to different government means **Juridical Double taxation**. Juridical double taxation is further classified as:

- **Source based Jurisdiction:** As per this taxation principle, importance is given to the source/ country where income is generated. Individuals who are residents of one country can be earning income in other country. In such cases, the country which is providing opportunity and facility to generate income or profits should also have power/ right to collect the tax.
- **Residence based Jurisdiction:** As per this principle, one is liable to pay tax in the home country regardless of source of income. If individual holds citizenship or if a corporation is incorporated/ registered in a country, they are defined as resident of the country and are liable to pay tax to the country when income repatriated irrespective of its source country.

Expansion and Growth is a primary objective that any sort of sustainable business seeks today. Operating as an international company or working in an association of one of them is an easy step for the businesses. Simply, "Being Global" has become the most uttered word by each resident in this era of competition and development. But, when operating globally, the issue of juridical double taxation arises which demotivates corporations.

To avoid this issue of double taxation, governments sign an agreement with each other known as **Double Taxation Avoidance Agreement (DTAA)** to ensure that tax is not paid twice in the same income. Both the governments agree to provide some exemptions, provide tax credits and lower the withholding taxes in different types of income earned by taxpayers whenever any business is done between them. However, the primary idea behind DTAA agreement is to boost up economic growth and minimize the opportunity for tax evasion for tax payers, as tax payers try to escape the burden of tax payments obliged to make in both the countries.

HISTORY OF DTAA IN NEPAL

Nepal signed its first Double Taxation Avoidance Agreement with the neighbouring country India way back in January 18, 1987. Prior to that, the provision of giving deduction in foreign tax already existed through the Income Tax Act, 1974 but the provision of foreign tax credit has been introduced through tax treaties with various countries thereafter.

After India, second tax treaty was signed with Norway in 1996. Further, bilateral tax treaty has already been signed with other nine countries till date which are Thailand, Sri Lanka, Mauritius, Austria, China, Qatar, Bangladesh, Korea and Pakistan, among which Bangladesh being the most recently agreed country i.e. on March, 2019. So, till date Nepal is in agreement with total of 11 countries. As per the Inland Revenue Department (IRD) report, the negotiation work is in process with other countries like: Singapore, Malaysia, UK and Oman.



NEPAL – INDIA



Date of Revised Agreement	27 th November, 2011	Entry into Force	16 th March, 2012
Incomes Covered			
<i>Income or capital gain earned by/ as:</i>			
<ul style="list-style-type: none"> ▪ Direct use/ letting the immovable property, livestock & equipment. ▪ Business profits derived by enterprise. ▪ Operation of ships/aircraft or use, maintenance, rental of containers used for transport of goods, in international traffic. ▪ Associated enterprises. ▪ Dividend. ▪ Interest income from debt claims of every kind, whether secured or not. ▪ Royalties from copyright, patent, trade mark, design, plan, secret formula, etc. ▪ Capital gain from alienation of immovable/ movable property, ships/ containers, shares of capital stock of company. ▪ Independent and Dependent Personal services which includes any scientific, literary, artistic, educational, or teaching activities. ▪ Physicians, lawyers, engineers, architects, surgeons, dentists and accountants. ▪ Director's fee. ▪ Artistes/ entertainer or sports person. ▪ Pensions and other similar remuneration. ▪ Government service rendered to the state/ subdivision/ authority. ▪ Professors, teachers and research scholars. ▪ Payments/ Income received by students for purpose of maintenance, education, training and any study related employment. ▪ Other Income in form of lotteries, crossword puzzles, races, card games, gambling/ betting. 			
Dividends	If taxed at <i>source country</i> it should not exceed: <ul style="list-style-type: none"> ▪ 5% of gross dividend if beneficial owner owns at least 10% shares of dividend paying company. ▪ 10% of gross dividend in all other cases. 		
Interest	If taxed at <i>source country</i> it should not exceed: <ul style="list-style-type: none"> ▪ 10% of gross interest. ▪ Exempted at source country, if interest arising in source country paid to government of other state. 		
Royalties	If taxed at <i>source country</i> it should not exceed 15% of gross royalties.		
Capital Gains	<ul style="list-style-type: none"> - <i>Taxed at other state:</i> If gains derived by resident of contracting state from alienation of immovable property situated in other state or is part of permanent establishment in other state. - <i>Taxed at contracting state:</i> <ul style="list-style-type: none"> ▪ Gains derived by resident of contracting state, from alienation ships/ aircraft or movable property pertaining to operation of such ships/aircraft (except those containers used solely in other state). ▪ Any all other gains derived by resident of contracting state. 		
Double Taxation Relief / Tax Credit			
<ul style="list-style-type: none"> ▪ Amount equal to income tax/ capital tax already paid in foreign country is allowed as tax credit against any income/ capital tax payable by resident in home country. ▪ As per law of home country, if resident is exempt from tax in home country, then when calculating tax on remaining income/capital, exempted income/capital can be taken into account and apply the tax rate applicable as if such income was not exempted. 			
Other Taxation Procedure Covered			
<ul style="list-style-type: none"> ▪ Non- Discrimination ▪ Mutual Agreement Procedure ▪ Exchange of Information ▪ Assistance in the Collection of Taxes ▪ Limitation of Benefits ▪ Diplomatic and Consular Officers ▪ Entry into Force ▪ Termination 			

NEPAL - NORWAY



Date of Agreement	13 th May, 1996	Entry into Force	19 th June, 1997
Incomes Covered			
<i>Income or capital gain earned by/ as:</i>			
<ul style="list-style-type: none"> ▪ Direct use/ letting the immovable property, livestock & equipment. ▪ Business profits derived by enterprise. ▪ Operation of ships/aircraft or use, maintenance, rental of containers used for transport of goods, in international traffic. ▪ Associated enterprises. ▪ Dividend. ▪ Interest income from debt claims of every kind, whether secured or not. ▪ Royalties from copyright, patent, trade mark, design, plan, secret formula, etc. ▪ Capital gain from alienation of immovable/ movable property and ships/ containers. ▪ Independent and Dependent Personal services which includes any scientific, literary, artistic, educational, or teaching activities. ▪ Physicians, lawyers, engineers, architects, surgeons, dentists and accountants. ▪ Director's fee. ▪ Artistes/ entertainer or sportsmen. ▪ Pensions, annuities and payment under social; security system. ▪ Government service rendered to the state/ subdivision/ authority. ▪ Payments/ Income received by students for purpose of maintenance, education, training and any study related employment. ▪ Other Income in form of lotteries, crossword puzzles, races, card games, gambling/ betting. 			
Dividends	<i>If taxed at source country, it should not exceed:</i> <ul style="list-style-type: none"> ▪ 5% of gross dividend if beneficial owner owns at least 25% shares of dividend paying company. ▪ 10% of gross dividend, if at least 10% shares owned. ▪ 15% of gross dividend in other cases. 		
Interest	<i>If taxed at source country, it should not exceed:</i> <ul style="list-style-type: none"> ▪ 10%, if paid to bank carrying bonafide banking business. ▪ 15% of gross interest in all other cases. 		
Royalties	<i>If taxed at source country, it should not exceed 15% of gross royalties.</i>		
Capital Gains	<ul style="list-style-type: none"> ▪ <i>Taxed at other state:</i> If gains derived by resident of contracting state from alienation of immovable property situated in other state or is part of permanent establishment in other state. ▪ <i>Taxed at contracting state:</i> If gains derived by resident of contracting state, from alienation ships/ aircraft or movable property pertaining to operation of such ships/aircraft (except those containers used solely in other state). And any all other gains. 		
Double Taxation Relief / Tax Credit			
<ul style="list-style-type: none"> ▪ Amount equal to income tax/ capital tax already paid in foreign country is allowed as tax credit against any income/ capital tax payable by resident in home country. ▪ As per law of home country, if resident is exempt from tax in home country, then when calculating tax on remaining income/capital, exempted income/capital can be taken into account and apply the tax rate applicable as if such income was not exempted. 			
Other Taxation Procedure Covered			
<ul style="list-style-type: none"> ▪ Elimination of Double Taxation ▪ Non- Discrimination ▪ Mutual Agreement Procedure ▪ Exchange of Information ▪ Diplomatic and Consular Officers ▪ Entry into Force ▪ Termination 			

NEPAL - THAILAND



Date of Agreement	-	Entry into Force	14 th July, 1998
Incomes Covered			
<i>Income/ capital gain earned by/ as:</i>			
<ul style="list-style-type: none"> ▪ Direct use/ letting the immovable property, livestock & equipment. ▪ Business profits derived by enterprise. ▪ Operation of ships/aircraft or use, maintenance, rental of containers used for transport of goods, in international traffic. ▪ Associated enterprises. ▪ Dividend. ▪ Interest income from debt claims of every kind, whether secured or not. ▪ Royalties from copyright, patent, trade mark, design, plan, secret formula, etc. ▪ Capital gain from alienation of immovable/ movable property, ships/ containers, transfer of shares. ▪ Independent and Dependent Personal services which includes any scientific, literary, artistic, educational, or teaching activities. ▪ Physicians, lawyers, engineers, architects, surgeons, dentists and accountants. ▪ Director's fee. ▪ Artistes/ entertainer or sportsmen. ▪ Pensions and other similar remuneration. ▪ Government service rendered to the state/ subdivision/ authority. ▪ Professors, teachers and research scholars. ▪ Payments/ Income received by students for purpose of maintenance, education, training and any study related employment. ▪ Other Income in form of lotteries, crossword puzzles, races, card games, gambling/ betting 			
Ship/ Air Transport	If taxed at <i>other state</i> , tax imposed should be reduced to 50%.		
Dividends	If taxed at <i>source country</i> it should not exceed: <ul style="list-style-type: none"> ▪ 10% of gross dividend, if at least 10% shares owned. ▪ 15% of gross dividend in other cases. 		
Interest	If taxed at <i>source country</i> it should not exceed: <ul style="list-style-type: none"> ▪ 10% of gross interest if received by financial institution (including insurance). ▪ 15%, in other cases. 		
Royalties	If taxed at <i>contracting state</i> it should not exceed 15% of gross royalties.		
Capital Gains	<ul style="list-style-type: none"> - <i>Taxed at other state</i>: If gains derived by resident of contracting state from alienation of immovable property situated in other state or is part of permanent establishment in other state. - <i>Taxed at contracting state</i>: <ul style="list-style-type: none"> ▪ Gains derived by resident of contracting state, from alienation ships/ aircraft or movable property pertaining to operation of such ships/aircraft (except those containers used solely in other state). ▪ Gains from sale of transfer of shares or other securities. ▪ Any all other gains derived by resident of contracting state. 		
Double Taxation Relief / Tax Credit			
<ul style="list-style-type: none"> ▪ Amount equal to income tax/ capital tax already paid in foreign country is allowed as tax credit against any income/ capital tax payable by resident in home country. ▪ If resident is exempt from tax in home country under its specific law/ provisions, then when calculating tax on remaining income/capital, exempted income/capital can be taken into account and apply the tax rate applicable as if such income was not exempted. 			
Other Taxation Procedure Covered			
<ul style="list-style-type: none"> ▪ Elimination of Double Taxation ▪ Non- Discrimination ▪ Mutual Agreement Procedure ▪ Exchange of Information ▪ Diplomatic agents and Consular Officers ▪ Entry into Force ▪ Termination 			

NEPAL - QATAR




Date of Agreement	15 th October, 2007	Entry into Force	19 th May, 2009
Incomes Covered			
<i>Income or capital gain earned by/ as:</i>			
<ul style="list-style-type: none"> ▪ Direct use/ letting the immovable property, livestock & equipment. ▪ Business profits derived by enterprise. ▪ Operation of ships/aircraft or use, maintenance, rental of containers used for transport of goods, in international traffic. ▪ Associated enterprises. ▪ Dividend. ▪ Interest income from debt claims of every kind, whether secured or not. ▪ Royalties from copyright, patent, trade mark, design, plan, secret formula, etc. ▪ Capital gain from alienation of immovable/ movable property, ships/ containers, transfer of shares. ▪ Independent and Dependent Personal services which includes any scientific, literary, artistic, educational, or teaching activities. ▪ Physicians, lawyers, engineers, architects, surgeons, dentists and accountants. ▪ Director's fee. ▪ Artistes/ entertainer and sportsmen. ▪ Pensions and other similar remuneration. ▪ Government service rendered to the state/ subdivision/ authority. ▪ Teachers and researchers. ▪ Payments/ Income received by students/ trainees for purpose of maintenance, education, training and any study related employment. ▪ Other Income. 			
Dividends	If taxed at <i>source country</i> , it should not exceed 10% of gross dividend.		
Interest	If taxed at <i>source country</i> it should not exceed: <ul style="list-style-type: none"> ▪ 10% of gross interest. ▪ Exempted at contracting state, if interest arising in contracting state paid to government of other state. 		
Royalties	If taxed at <i>source country</i> it should not exceed 15% of gross royalties.		
Capital Gains	<ul style="list-style-type: none"> - <i>Taxed at other state:</i> If gains derived by resident of contracting state from alienation of immovable property situated in other state or is part of permanent establishment in other state. - <i>Taxed at contracting state:</i> <ul style="list-style-type: none"> ▪ Gains derived by resident of contracting state, from alienation ships/ aircraft or movable property pertaining to operation of such ships/aircraft (except those containers used solely in other state). ▪ Gains from sale of transfer of shares or other securities in which it is issued. ▪ Any all other gains derived by resident of contracting state. 		
Students & Trainees	Income not excess to US \$4000 or its equivalent Qatari Riyals or Nepalese Rupees is exempted to be taxed at source country.		
Double Taxation Relief / Tax Credit			
<ul style="list-style-type: none"> ▪ Amount equal to income tax/ capital tax already paid in foreign country is allowed as tax credit against any income/ capital tax payable by resident in home country. ▪ If resident is exempt from tax in home country under its specific law/ provisions, then when calculating tax on remaining income/capital, exempted income/capital can be taken into account and apply the tax rate applicable as if such income was not exempted. 			
Other Taxation Procedure Covered			
<ul style="list-style-type: none"> ▪ Elimination of Double Taxation ▪ Non- Discrimination ▪ Mutual Agreement Procedure ▪ Exchange of Information ▪ Members of Diplomatic Mission and Consular Post ▪ Entry into Force ▪ Termination 			

NEPAL - MAURITIUS



Date of Agreement	3 rd August, 1999	Enter into Force	10 th November, 1999
Incomes Covered			
<i>Income or capital gain earned by/ as:</i>			
<ul style="list-style-type: none"> ▪ Direct use/ letting the immovable property, livestock & equipment. ▪ Business profits derived by enterprise. ▪ Operation of ships/aircraft or use, maintenance, rental of containers used for transport of goods, in international traffic. ▪ Associated enterprises. ▪ Dividend. ▪ Interest income from debt claims of every kind, whether secured or not. ▪ Royalties from copyright, patent, trade mark, design, plan, secret formula, etc. ▪ Capital gain from alienation of immovable/ movable property and ships/ containers. ▪ Independent and Dependent Personal services which includes any scientific, literary, artistic, educational, or teaching activities. ▪ Physicians, lawyers, engineers, architects, surgeons, dentists and accountants. ▪ Director's fee. ▪ Entertainers and sportsmen. ▪ Pensions and other similar remuneration. ▪ Government service rendered to the state/ subdivision/ authority. ▪ Teachers and researchers. ▪ Students and Business apprentices. ▪ Other Income. 			
Dividends	If taxed at <i>source country</i> it should not exceed: <ul style="list-style-type: none"> ▪ 5% of gross dividend, if holds at least 15% of capital of company. ▪ 10% of gross dividend, if holds at least 10% of capital of company. ▪ 15% of gross dividend, in all other cases. 		
Interest	If taxed at <i>source country</i> it should not exceed: <ul style="list-style-type: none"> ▪ 10% of gross interest, if beneficial owner is financial institution, an insurance or investment company. ▪ 15% of gross interest, in all other cases. ▪ Exempted at contracting state, if interest arising in contracting state paid to government of other state. 		
Royalties	If taxed at <i>source country</i> it should not exceed 15% of gross royalties.		
Capital Gains	<ul style="list-style-type: none"> ▪ <i>Taxed at other state:</i> If gains derived by resident of contracting state from alienation of immovable property situated in other state or is part of permanent establishment in other state. ▪ <i>Taxed at contracting state:</i> Gains derived by resident of contracting state, from alienation ships/ aircraft or movable property pertaining to operation of such ships/aircraft (except those containers used solely in other state). ▪ <i>Taxed in the country of residence:</i> If gains other than above. 		
Double Taxation Relief / Tax Credit			
<ul style="list-style-type: none"> ▪ Amount equal to income tax/ capital tax already paid in foreign country is allowed as tax credit against any income/ capital tax payable by resident in home country. ▪ If resident is exempt from tax in home country under its specific law/ provisions, then when calculating tax on remaining income/capital, exempted income/capital can be taken into account and apply the tax rate applicable as if such income was not exempted. 			
Other Taxation Procedure Covered			
<ul style="list-style-type: none"> ▪ Elimination of Double Taxation ▪ Non- Discrimination ▪ Mutual Agreement Procedure ▪ Exchange of Information ▪ Diplomatic and Consular Officers ▪ Entry into Force ▪ Termination 			

The image features a blue-tinted background of a city skyline at night, viewed through a large window. Two men in dark suits are silhouetted against the window, looking out. The man on the right is holding a briefcase. The scene is reflected on the floor below. A semi-transparent grey triangle is overlaid on the left side of the image.

Double Tax Avoidance Agreement
between Nepal and Bangladesh signed
on March 2019 has yet not been
published publicly by Government.

NEPAL - KOREA



Date of Agreement	5 th October, 2001	Entered into Force	29 th May, 2003
Incomes Covered			
<i>Income or capital gain earned by/ as:</i>			
<ul style="list-style-type: none"> ▪ Direct use/ letting the immovable property, livestock & equipment. ▪ Business profits derived by enterprise. ▪ Operation of ships/aircraft or use, maintenance, rental of containers used for transport of goods, in international traffic. ▪ Associated enterprises. ▪ Dividend. ▪ Interest income from debt claims of every kind, whether secured or not. ▪ Royalties from copyright, patent, trade mark, design, plan, secret formula, etc. ▪ Capital gain from alienation of immovable/ movable property, ships/ containers, shares of capital stock and any other property. ▪ Independent and Dependent Personal services which includes any scientific, literary, artistic, educational, or teaching activities. ▪ Physicians, lawyers, engineers, architects, surgeons, dentists and accountants. ▪ Director's fee. ▪ Artists/ entertainers and sportsmen. ▪ Pensions, annuities and social security payments. ▪ Government service rendered to the state/ subdivision/ authority. ▪ Teachers and researchers. ▪ Payments/ Income received by students/ trainees for purpose of maintenance, education, training and any study related employment. ▪ Other Income. 			
Dividends	If taxed at <i>source country</i> it should not exceed: <ul style="list-style-type: none"> ▪ 5% of gross dividend, if holds at least 25% of shares of company. ▪ 10% of gross dividend, if holds at least 10% of capital of company. ▪ 15% of gross dividend, in all other cases. 		
Interest	If taxed at <i>source country</i> it should not exceed: <ul style="list-style-type: none"> ▪ 10% of gross interest. ▪ Exempted at source country, if interest arising in source country paid to government of other state. 		
Royalties	If taxed at <i>source country</i> it should not exceed 15% of gross royalties.		
Capital Gains	<ul style="list-style-type: none"> - <i>Taxed at other state:</i> If gains derived by resident of contracting state from alienation of immovable property situated in other state or is part of permanent establishment in other state. - <i>Taxed at contracting state:</i> <ul style="list-style-type: none"> ▪ Gains derived by resident of contracting state, from alienation ships/ aircraft or movable property pertaining to operation of such ships/aircraft (except those containers used solely in other state). ▪ Gains from alienation of shares of capital stock of company. ▪ Any all other gains derived by resident of contracting state. 		
Students & Trainees	Income not excess to US \$10,000 or its equivalent Korean currency or Nepalese Rupees is exempted to be taxed at source country.		
Double Taxation Relief / Tax Credit			
<ul style="list-style-type: none"> ▪ Amount equal to income tax/ capital tax already paid in foreign country is allowed as tax credit against any income/ capital tax payable by resident in home country. ▪ If resident is exempt from tax in home country under its specific law/ provisions, then when calculating tax on remaining income/capital, exempted income/capital can be taken into account and apply the tax rate applicable as if such income was not exempted. ▪ If company owns not less than 20% shares of company which is resident of foreign country, government of home country shall take into account tax paid/ payable by second mentioned company while determining the tax to paid in home country. 			
Other Taxation Procedure Covered			
<ul style="list-style-type: none"> ▪ Relief from Double Taxation ▪ Non- Discrimination ▪ Mutual Agreement Procedure ▪ Exchange of Information ▪ Members of Diplomatic Mission and Consular Post ▪ Entry into Force ▪ Termination 			

NEPAL - AUSTRIA



Date of Agreement	15 th December, 2000	Entered into Force	1 st January, 2002
Incomes Covered			
<p><i>Income or capital gain earned by/ as:</i></p> <ul style="list-style-type: none"> ▪ Direct use/ letting the immovable property, livestock & equipment. ▪ Business profits derived by enterprise. ▪ Operation of ships/aircraft or use, maintenance, rental of containers used for transport of goods, in international traffic. ▪ Associated enterprises. ▪ Dividend. ▪ Interest income from debt claims of every kind, whether secured or not. ▪ Royalties from copyright, patent, trade mark, design, plan, secret formula, etc. ▪ Capital gain from alienation of immovable/ movable property, ships/ containers and any other property. ▪ Independent and Dependent Personal services which includes any scientific, literary, artistic, educational, or teaching activities. ▪ Physicians, lawyers, engineers, architects, surgeons, dentists and accountants. ▪ Director's fee. ▪ Artists/ entertainers and sportsmen. ▪ Pensions, annuities and social security payments. ▪ Government service rendered to the state/ subdivision/ authority. ▪ Teachers and researchers. ▪ Payments/ Income received by students/ trainees for purpose of maintenance, education, training and any study related employment. ▪ Other Income. 			
Dividends	<p>If taxed at <i>source country</i> it should not exceed:</p> <ul style="list-style-type: none"> ▪ 5% of gross dividend, if holds at least 25% of shares of company. ▪ 10% of gross dividend, if holds at least 10% of capital of company. ▪ 15% of gross dividend, in all other cases. 		
Interest	<p>If taxed at <i>source country</i> it should not exceed:</p> <ul style="list-style-type: none"> ▪ 10% of gross interest, if beneficial owner is bank carrying banking business. ▪ 15% of gross interest in other cases. ▪ Exempted at source country, if interest arising in source country paid to government of other state. 		
Royalties	<p>If taxed at <i>source country</i> it should not exceed 15% of gross royalties.</p>		
Capital Gains	<ul style="list-style-type: none"> - <i>Taxed at other state:</i> If gains derived by resident of contracting state from alienation of immovable property situated in other state or is part of permanent establishment in other state. - <i>Taxed at contracting state:</i> <ul style="list-style-type: none"> ▪ Gains derived by resident of contracting state, from alienation ships/ aircraft or movable property pertaining to operation of such ships/aircraft (except those containers used solely in other state). ▪ Gains from alienation of shares of capital stock of company. ▪ Any all other gains derived by resident of contracting state. 		
Double Taxation Relief / Tax Credit			
<ul style="list-style-type: none"> ▪ Amount equal to income tax/ capital tax already paid in foreign country is allowed as tax credit against any income/ capital tax payable by resident in home country. ▪ If resident is exempt from tax in home country under its specific law/ provisions, then when calculating tax on remaining income/capital, exempted income/capital can be taken into account and apply the tax rate applicable as if such income was not exempted. 			
Other Taxation Procedure Covered			
<ul style="list-style-type: none"> ▪ Elimination of Double Taxation ▪ Non- Discrimination ▪ Mutual Agreement Procedure ▪ Exchange of Information ▪ Diplomatic Agents and Consular Officers ▪ Entry into Force ▪ Termination 			

NEPAL - CHINA



Date of Agreement	14 th May, 2001	Entered into Force	31 st December, 2010
Incomes Covered			
<i>Income or capital gain earned by/ as:</i>			
<ul style="list-style-type: none"> ▪ Direct use/ letting the immovable property, livestock & equipment. ▪ Business profits derived by enterprise. ▪ Operation of ships/aircraft or use, maintenance, rental of containers used for transport of goods, in international traffic. ▪ Associated enterprises. ▪ Dividend. ▪ Interest income from debt claims of every kind, whether secured or not. ▪ Royalties from copyright, patent, trade mark, design, plan, secret formula, etc. ▪ Capital gain from alienation of immovable/ movable property, ships/ containers and any other property. ▪ Independent and Dependent Personal services which includes any scientific, literary, artistic, educational, or teaching activities. ▪ Physicians, lawyers, engineers, architects, surgeons, dentists and accountants. ▪ Director's fee. ▪ Artists and sportsmen. ▪ Pensions and social security payments. ▪ Government service rendered to the state/ subdivision/ authority. ▪ Teachers and researchers. ▪ Payments/ Income received by students/ trainees for purpose of maintenance, education, training and any study related employment. ▪ Other Income. 			
Dividends	If taxed at <i>source country</i> it should not exceed 10% of gross dividend, when recipient is beneficial owner.		
Interest	If taxed at <i>source country</i> it should not exceed: <ul style="list-style-type: none"> ▪ 10% of gross interest. ▪ Exempted at source country, if interest arising in source country paid to government of other state. 		
Royalties	If taxed at <i>source country</i> it should not exceed 15% of gross royalties.		
Capital Gains	<ul style="list-style-type: none"> - <i>Taxed at other state:</i> If gains derived by resident of contracting state from alienation of immovable property situated in other state or is part of permanent establishment in other state. - <i>Taxed at contracting state:</i> <ul style="list-style-type: none"> ▪ Gains derived by resident of contracting state, from alienation ships/ aircraft or movable property pertaining to operation of such ships/aircraft (except those containers used solely in other state). ▪ Gains from alienation of shares of capital stock of company whose property consist directly or indirectly principally of immovable property. ▪ Other gains from alienation of shares of company which represents at least 25% participation in company. ▪ Any all other gains derived by resident of contracting state. 		
Double Taxation Relief / Tax Credit			
<ul style="list-style-type: none"> ▪ Amount equal to income tax/ capital tax already paid in foreign country is allowed as tax credit against any income/ capital tax payable by resident in home country. ▪ If resident is exempt from tax in home country under its specific law/ provisions, then when calculating tax on remaining income/capital, exempted income/capital can be taken into account and apply the tax rate applicable as if such income was not exempted. 			
Other Taxation Procedure Covered			
<ul style="list-style-type: none"> ▪ Elimination of Double Taxation ▪ Non- Discrimination ▪ Mutual Agreement Procedure ▪ Exchange of Information ▪ Diplomatic and Consular Officers ▪ Entry into Force ▪ Termination 			

NEPAL – SRI LANKA



Date of Agreement	6 th July, 1999	Entered into Force	31 st May, 2000
Incomes Covered			
<i>Income or capital gain earned by/ as:</i>			
<ul style="list-style-type: none"> ▪ Direct use/ letting the immovable property, livestock & equipment. ▪ Business profits derived by enterprise. ▪ Operation of ships/aircraft or use, maintenance, rental of containers used for transport of goods, in international traffic. ▪ Associated enterprises. ▪ Dividend. ▪ Interest income from debt claims of every kind, whether secured or not. ▪ Royalties from copyright, patent, trade mark, design, plan, secret formula, etc. ▪ Capital gain from alienation of immovable/ movable property, ships/ containers, shares of stock and any other property. ▪ Independent and Dependent Personal services which includes any scientific, literary, artistic, educational, or teaching activities. ▪ Physicians, lawyers, engineers, architects, surgeons, dentists and accountants. ▪ Director's fee. ▪ Artists/ entertainers and sportsmen. ▪ Pensions and social security payments. ▪ Government service rendered to the state/ subdivision/ authority. ▪ Teachers and researchers. ▪ Payments/ Income received by students/ trainees for purpose of maintenance, education, training and any study related employment. ▪ Other Income. 			
Dividends	If taxed at <i>source country</i> it should not exceed 15% of gross dividend, when recipient is beneficial owner.		
Interest	If taxed at <i>source country</i> it should not exceed: <ul style="list-style-type: none"> ▪ 10% of gross interest, if interest paid to bank carrying bona fide business. ▪ 15% of gross interest in other cases. ▪ Exempted at source country, if interest arising in source country paid to government of other state. 		
Royalties	If taxed at <i>source country</i> it should not exceed 15% of gross royalties.		
Capital Gains	- <i>Taxed at other state:</i> If gains derived by resident of contracting state from alienation of immovable property situated in other state or is part of permanent establishment in other state. - <i>Taxed at contracting state:</i> <ul style="list-style-type: none"> ▪ Gains derived by resident of contracting state, from alienation ships/ aircraft or movable property pertaining to operation of such ships/aircraft (except those containers used solely in other state). ▪ Gains from alienation of shares of capital stock of company whose property consist directly or indirectly principally of immovable property. ▪ Other gains from alienation of shares of company which represents at least 25% participation in company. ▪ Any all other gains derived by resident of contracting state. 		
Students & Trainees	Income not excess to US \$3,000 or its equivalent Sri Lankan or Nepalese Rupees is exempted to be taxed at source country.		
Double Taxation Relief / Tax Credit			
<ul style="list-style-type: none"> ▪ Amount equal to income tax/ capital tax already paid in foreign country is allowed as tax credit against any income/ capital tax payable by resident in home country. ▪ If resident is exempt from tax in home country under its specific law/ provisions, then when calculating tax on remaining income/capital, exempted income/capital can be taken into account and apply the tax rate applicable as if such income was not exempted. 			
Other Taxation Procedure Covered			
<ul style="list-style-type: none"> ▪ Non- Discrimination ▪ Mutual Agreement Procedure ▪ Exchange of Information ▪ Diplomatic and Consular Officers ▪ Entry into Force ▪ Termination 			

NEPAL – PAKISTAN



Date of Agreement	25 th January, 2001	Entered into Force	22 nd October, 2008
Incomes Covered			
<i>Income or capital gain earned by/ as:</i>			
<ul style="list-style-type: none"> ▪ Direct use/ letting the immovable property, livestock & equipment. ▪ Business profits derived by enterprise. ▪ Operation of ships/aircraft or use, maintenance, rental of containers used for transport of goods, in international traffic. ▪ Associated enterprises. ▪ Dividend. ▪ Interest income from debt claims of every kind, whether secured or not. ▪ Royalties from copyright, patent, trade mark, design, plan, secret formula, etc. ▪ Capital gain from alienation of immovable/ movable property, ships/ containers, shares of stock and any other property. ▪ Independent and Dependent Personal services which includes any scientific, literary, artistic, educational, or teaching activities. ▪ Physicians, lawyers, engineers, architects, surgeons, dentists and accountants. ▪ Director's fee. ▪ Artists and sportsmen. ▪ Pensions and social security payments. ▪ Government service rendered to the state/ subdivision/ authority. ▪ Professors, Teachers and researchers. ▪ Students Income and Other Income. 			
Ship/ Air Transport	If taxed at <i>other state</i> , tax imposed should be reduced to 50%.		
Dividends	If taxed at <i>source country</i> it should not exceed: <ul style="list-style-type: none"> ▪ 10% of gross dividend, if beneficial owner holds at least 10% of company. ▪ 15% of gross dividend, in other cases. 		
Interest	If taxed at <i>source country</i> it should not exceed: <ul style="list-style-type: none"> ▪ 10% of gross interest, if interest paid to bank carrying bona fide business. ▪ 15% of gross interest in other cases. ▪ Exempted at source country, if interest arising in source country paid to government of other state. 		
Royalties	If taxed at <i>source country</i> it should not exceed 15% of gross royalties.		
Capital Gains	<ul style="list-style-type: none"> - <i>Taxed at other state:</i> If gains derived by resident of contracting state from alienation of immovable property situated in other state or is part of permanent establishment in other state. - <i>Taxed at contracting state:</i> <ul style="list-style-type: none"> ▪ Gains derived by resident of contracting state, from alienation ships/ aircraft or movable property pertaining to operation of such ships/aircraft (except those containers used solely in other state). ▪ Gains from alienation of shares of capital stock of company whose property consist directly or indirectly principally of immovable property. ▪ Other gains from alienation of shares of company which represents at least 25% participation in company. ▪ Any all other gains derived by resident of contracting state. 		
Students & Trainees	Income not excess to US \$3,000 or its equivalent Pakistani or Nepalese Rupees is exempted to be taxed at source country.		
Double Taxation Relief / Tax Credit			
<ul style="list-style-type: none"> ▪ Amount equal to income tax/ capital tax already paid in foreign country is allowed as tax credit against any income/ capital tax payable by resident in home country. ▪ If resident is exempt from tax in home country under its specific law/ provisions, then when calculating tax on remaining income/capital, exempted income/capital can be taken into account and apply the tax rate applicable as if such income was not exempted. 			
Other Taxation Procedure Covered			
<ul style="list-style-type: none"> ▪ Non- Discrimination ▪ Mutual Agreement Procedure ▪ Exchange of Information ▪ Assistance in Collection of Taxes 		<ul style="list-style-type: none"> ▪ Limitation of Benefits ▪ Diplomatic and Consular Officers ▪ Entry into Force ▪ Termination 	



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