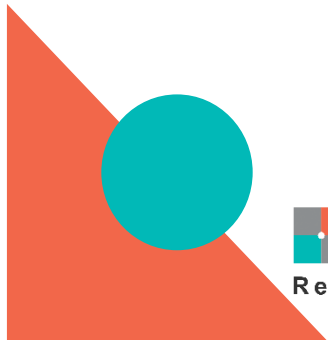




# Application of VAT in case of Carriage Service



## Definitions

**“Person”** means

- Natural Person engaged in business with or without having PAN
- Company, Firm or Organized Institution registered under prevailing laws

**“Carriage Operator”** means

- Person directly involved in the carriage of goods through various carriage means
- Includes Freight Forwarder and Cargo Operator

**“Carriage Means”** means

- Any carriage mode carrying goods through truck, tanker, airplane, helicopter, ropeway, cable car, railway, water transport, animals or any other means by charging service fee

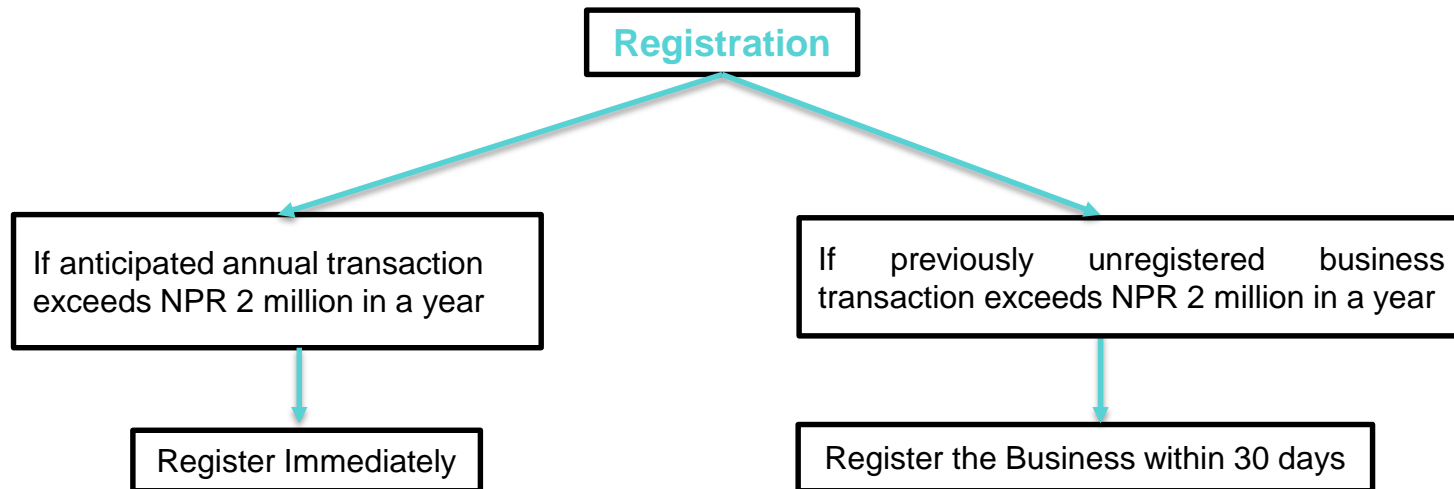
**“Carriage”** means

- Supply of Service through Carriage Means

**“Service Fee”** means

- Any fee payment made to Carriage Operator at a market price for providing carriage service or coordination performed by him with respect to transportation related works

## Registration



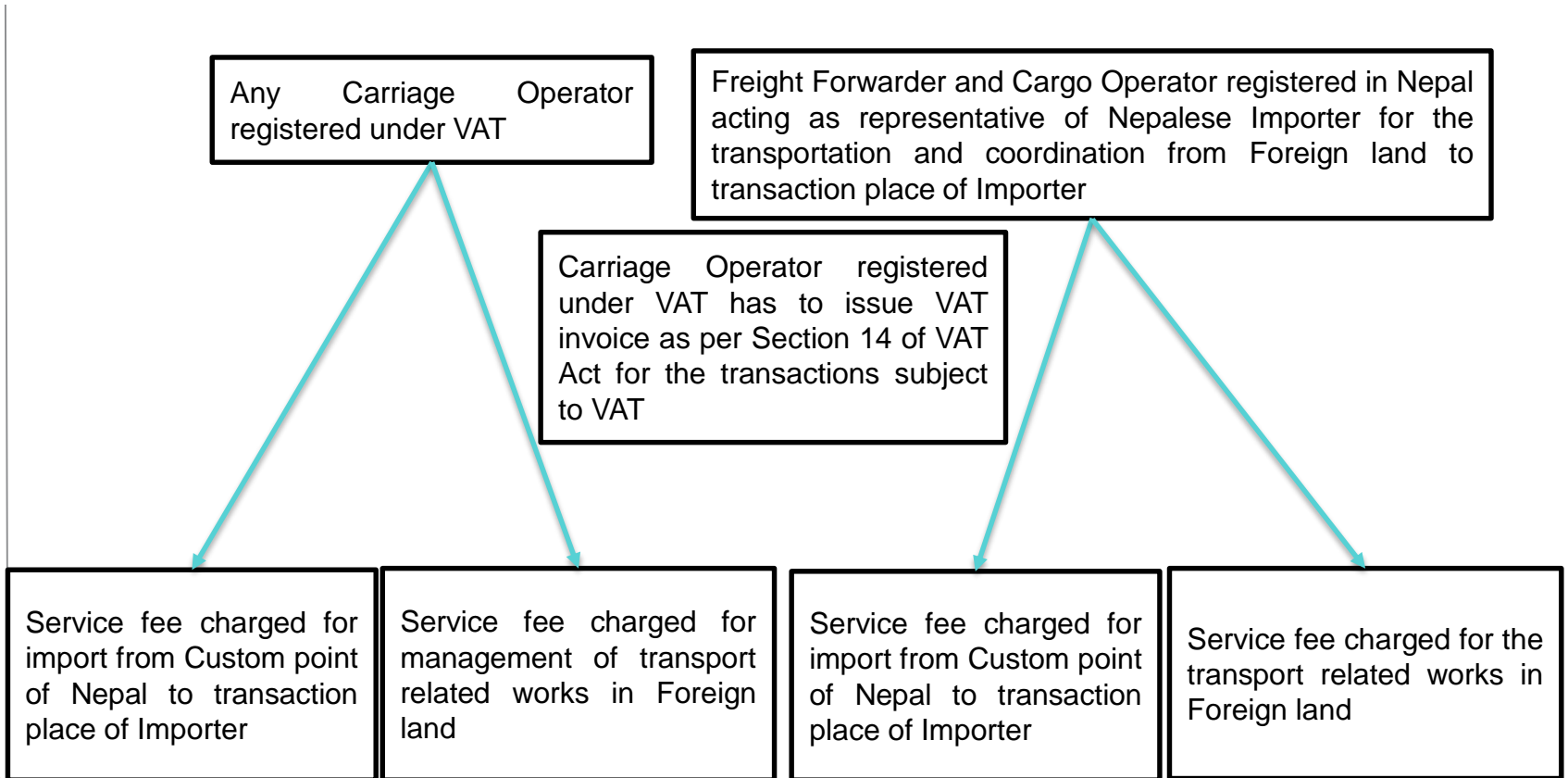
### Documents Required for Registration

- A copy of business registration certificate
- A copy of citizenship of the owner/director of the firm/person/company
- 2 Passport size Photograph
- A copy of ownership certificate where the business is operated in own premises, otherwise rental agreement

### Special Note on Registration

Where a person does not himself involve in commercial carriage transaction but provides the means of carriage in rent to other person or entity and such transaction exceeds NPR 2 million in last 12 months, then the person providing the means of transport on rent shall have to be registered under VAT. The tenant must be registered in VAT if the transaction exceeds the prescribed limit

## Invoicing and VAT Collection



## Compliance Requirement

Invoice can be issued from Main Office or Branch. Online invoice can be issued subject to approval

Monthly VAT Return has to be submitted within 25 days from the end of month

Estimated Income Tax Return as per Section 95 has to be submitted calculating Installment Tax as per Section 94 of Income Tax Act 2002 (2058)

While submitting Income Tax Return, Transport Vehicles purchased in previous dates shall be included in Pool D and Depreciation Expenses shall be calculated and deducted upto the period of first submission of Income Tax Return and Depreciation Expense claim shall be allowed on the balance amount

### Responsibility of the Person taking Service from Foreign Service Provider

Any person performing goods transportation service in Nepal through Foreign Service Provider has to assess and collect VAT at the time of payment or receipt of service whichever is earlier

## Disclaimer

The information is intended only as a general guide and is not substitute for professional advice. Neither Reanda Biz Serve Private Limited nor its subsidiaries/affiliates accept any liability for any loss arising as a results of action taken or not taken based on the information contained in this document.

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## Reference

[www.ird.gov.np](http://www.ird.gov.np)