An Act Made to Intergovernmental Fiscal Arrangement

Preamble: WHEREAS, it is expedient to provide necessary provisions regarding revenue rights, revenue sharing, grants, loans, budget arrangements, public expenditures and fiscal discipline of the Government of Nepal, the State and Local Level,

NOW, THEREFORE, the Legislature-Parliament pursuant to Sub-Article (1) of Article 296 of the Constitution of Nepal has made this Act.

Chapter-1

Preliminary

1. **Short Title and Commencement**: (1) This Act may be called as “Intergovernmental Fiscal Arrangement Act, 2074 (2017)”.

   (2) Section 5, 6 and 7 of this Act shall come into force from Shrawan 1st, 2075 B.S. and remaining sections shall come into force immediately.

2. **Definitions**: Unless the subject or the context otherwise requires, in this Act,-

   (a) “Commission” means National Natural Resources and Fiscal Commission pursuant to Article 250 of the Constitution.

   (b) “Deficit Budget” means a budget arranged in such a way that expenditures exceed the sum of revenue and grants.
(c) “State Consolidated Fund” means State Consolidated Fund pursuant to Article 204 of the Constitution.

(d) “Ministry” means Ministry of Finance, Government of Nepal.

(e) “Plan” means plan, project, program also.

(f) “Fiscal Equalization Grants” means grants pursuant to Section 8.

(g) “Special Grants” means grants pursuant to Section 11.

(h) “Complementary Grants” means grants pursuant to Section 10.

(i) “Conditional Grants” means grants pursuant to Section 9.

(j) “Local Consolidated Fund” means Local Consolidated Fund pursuant to Article 229 of the Constitution.

(k) “Federal Consolidated Fund” means Federal Consolidated Fund pursuant to Article 116 of the Constitution.


Chapter-2

Revenue Rights

3. **Power to levy Tax, Non-tax and Royalty:** (1) The Government of Nepal may levy and collect tax and non-tax revenues as specified in Schedule-1 in accordance with Federal law.
(2) The State may levy and collect tax and non-tax revenues as specified in Schedule-2 in accordance with State law.

(3) The Local Level may levy and recover tax and non-tax revenues as specified in Schedule-3 in accordance with Local law.

(4) The Government of Nepal, the State and Local Level may collect chargeable penalty and fine falling under their domain in accordance with the prevailing law.

(5) The State and Local Level shall, while imposing tax pursuant to Sub-Section (2) or (3), do so without contravention to national economic policies, transportation of goods and services, capital and labor market, and the neighboring State and Local Level.

(6) The Government of Nepal may levy on and collect royalty of natural resources in accordance with Federal law.

4. **Criteria of Fixation of Rate of Non-tax Revenues:** The Government of Nepal, the State and Local Level shall determine the rate of non-tax revenues by taking the cost of goods or services and operation and maintenance cost as the base.

5. **Provisions Relating to Single Tax Administration:** (1) Notwithstanding anything contained in Section 3, the following tax and non-tax revenues to be collected by any two levels from among Government of Nepal, the State or Local Level shall be collected as per the following provisions relating to single tax administration:-

   (a) The State shall, while collecting motor vehicle tax, collect also the motor vehicle tax levied by Local Level on motor vehicle,
(b) Local Level shall, while collecting building and land registration fee, collect also the building and land registration fee levied by the State,

(c) Local Level shall, while collecting advertisement tax, collect also the advertisement tax levied by the State,

(d) Local level shall, while collecting entertainment tax, collect also the entertainment tax levied by the State.

(2) The Level, which has collected such tax, shall deposit in its consolidated fund the amount not exceeding two Percent of the tax collected pursuant to Sub-Section (1) in consideration of administrative cost and deposit the remaining amount in the consolidated fund of the same level whose tax is collected.

Chapter-3

Revenue Sharing

6. **Sharing of Value Added Tax and Excise Duty**: (1) In order to share among the Government of Nepal, State and Local Level, the amount of value added tax and excise duty collected from domestic products, the Government of Nepal shall create a Federal Divisible Fund and deposit such amount in the Fund.

(2) Out of the amount credited to the Federal Divisible Fund pursuant to Sub-Section (1), seventy percent shall be distributed to the Government of Nepal, fifteen percent to the State and fifteen percent to the Local Level.
(3) The amount to be obtained by the Government of Nepal from allocation of the amount among the Government of Nepal, the State and Local Level pursuant to Sub-Section (2) shall be deposited in the Federal Consolidated Fund and the amount to be obtained by the State and Local Level shall be deposited in the following divisible funds by the Government of Nepal creating such funds:

(a) In State divisible fund the amount to be received by States,

(b) In Local divisible fund the amount to be received by Local Levels.

(4) The amount deposited in State divisible fund and Local divisible fund pursuant to Sub-Section (3) shall be distributed to each State and Local Level according to the criteria and framework determined by the Commission, subject to the Constitution and this Act.

(5) The amount to be received by each State and Local Level on the basis of distribution pursuant to Sub-Section (4) shall be provided on a monthly basis by depositing it in the concerned State divisible fund and Local division fund.

(6) The amount to be distributed pursuant to this Section shall be reconciled in the last month of Fiscal Year.

7. **Distribution of Royalty to be obtained from Natural Resources:**

(1) In order to distribute the royalty obtained from the natural resources among the Government of Nepal, State and Local Level, the Government of Nepal shall create the federal divisible fund to
deposit such amount obtained from the royalty in accordance with Federal law.

(2) The Government of Nepal shall distribute the royalty pursuant to Sub-Section (1) as specified in Schedule-4.

(3) Out of the amount distributed to pursuant to Sub-Section (2), the amount obtained by the Government of Nepal shall be deposited in the Federal Consolidated Fund, the amount obtained by the State in State Consolidated Fund and the amount obtained by Local Level in the Local Consolidated Fund.

Chapter-4

Provisions of Grants

8. **Fiscal Equalization Grants**: (1) The Government of Nepal shall, on the recommendation of the Commission, distribute fiscal equalization grants to the State and Local Level on the basis of their need for expenditures and revenue capacity.

(2) The State shall distribute fiscal equalization grants to the Local Level falling under its domain from the grants obtained from the Government of Nepal under Sub-Section (1) and from its resources in accordance with the State law on the basis of their need for expenditures and revenue capacity.

9. **Conditional Grants**: (1) The Government of Nepal shall provide conditional grants to the State and Local Level to implement any project of the State or Local Level or the Government of Nepal on the basis as prescribed by the Commission pursuant to Clause (c) of Sub-Article (1) of Article 251 of the Constitution.
(2) The Government of Nepal may, while providing conditional grants under Sub-Section (1), specify necessary terms and conditions in relation to the implementation of the project and the concerned State and Local Level shall abide by such terms and conditions.

(3) The State may provide conditional grants to Local level according to the basis prescribed by the Commission in accordance with the State laws.

10. **Complementary Grants:** (1) The Government of Nepal may provide complementary grants to the State and Local Level to implement any project related to infrastructure development.

(2) While providing complementary grants pursuant to Sub-Section (1), the following criteria shall be taken into account:-

   (a) Feasibility of the project,

   (b) Project cost,

   (c) Outputs or benefits to be achieved from the project,

   (d) Financial and physical capacity or human resources for the implementation of the project,

   (e) Need and priority of the project.

(3) The State may provide complementary grants to the Local Level in accordance with State law.

(4) The Complementary Grants pursuant to Sub-Section (1) and (3) shall be provided on the basis of ratio of total cost of any project.
(5) The procedure and other provisions to provide complementary grants shall be as prescribed by the Government of Nepal.

11. **Special Grants:** (1) The Government of Nepal may provide special grants for any specific project to be operated by the State or Local Level having any of the following objectives:-

   (a) to develop and deliver basic services like education, health and drinking water,

   (b) to achieve balanced development of inter-State or inter-local level,

   (c) to uplift or develop the class or community discriminated economically, socially or in any other form.

   (2) The State may provide special grants to the Local Level in accordance with the State law.

   (3) The procedure and other provisions to provide special grants shall be as prescribed by the Government of Nepal.

**Chapter-5**

**Foreign Assistance and Internal Loans**

12. **Right to Obtain Foreign Assistance:** (1) The right to obtain foreign grants or loans shall rest with the Government of Nepal.

   (2) The Government of Nepal shall, while obtaining foreign grant or loans, do so as to have macroeconomic stability of the country.
(3) The Government of Nepal may obtain foreign grants and assistance for the plan or program to be implemented by the State and Local Level.

(4) The State and Local Levels shall not obtain any form of foreign grant or assistance or shall not implement or make to implement any plan or program with the foreign grants or assistance, without prior consent of the Government of Nepal.

13. **Area and Use of Foreign Assistance**: (1) The Government of Nepal shall obtain foreign assistance in a transparent manner by assessing the outputs and outcomes to be achieved from the mobilization of foreign assistance.

(2) The Government of Nepal shall mobilize the foreign assistance obtained pursuant to Sub-section (1) in the following areas of national needs and priorities:-

(a) Construction, maintenance and renovation of physical infrastructures,

(b) Education, health and human development,

(c) Domestic production and productivity growth,

(d) Employment generation and capacity development in the country,

(e) Disaster management,

(f) Development and transfer of science and technology,

(g) Environment protection and Climate Change,
(h) Investment to be made under public-private partnership,

(i) Areas as determined by the Government of Nepal as appropriate to obtain foreign assistance from among the areas that are beyond the capacity of public, private, cooperative and community sector.

14. **Internal Loans**: (1) The Government of Nepal, the State and Local Level may obtain internal loans within the limits as recommended by the Commission.

Provided that the State and Local Level shall, before obtaining internal loans, take consent of the Government of Nepal.

(2) The Government of Nepal and the State may raise internal loans by issuing bonds subject to the prevailing law.

(3) The State and Local Level shall, while seeking consent from the Government of Nepal to obtain loans, submit a proposal to the Ministry along with particulars of the plan for which loans have been sought, outputs and outcomes likely to be achieved from the plan, loans payment plan and institution extending the loans.

(4) The Government of Nepal may, if the proposal submitted pursuant to Sub-Section (3) is found to be eligible for implementation, grant consent to the concerned State or Local Level to obtain internal loans.

15. **Government of Nepal may Extend Loans**: (1) The Government of Nepal may extend loans to the State or Local Level.
(2) The State or Local Level may submit request to the Ministry for loans by mentioning the use of loans amount, mode of payment and time-frame as well.

(3) The Government of Nepal may, if it deems the request submitted pursuant to Sub-Section (2) is reasonable, grant approval to extend loans.

(4) In case the Government of Nepal grants approval to extend loans pursuant to Sub-Section (3), the Ministry shall enter into an agreement with the concerned State or Local Level.

(5) In case the State or Local Level fails to repay the loans obtained from the Government of Nepal within the time-frame referred to in the agreement, the Government of Nepal may recover such loans from the grants to be provided to the concerned State or Local Level.

Chapter-6

Public Expenditure Arrangement

16. To Prepare Estimated Statement of Public Expenditures: (1) The Government of Nepal, the State and Local Level shall prepare estimated Statement of public expenditures to be made on the subjects of their domain each Fiscal Year.

(2) While preparing Statement pursuant to Sub-Section (1), amount required for recurrent expenditures, capital expenditures and fiscal arrangements shall also be allocated therein.

17. Mid-term Expenditures Framework to be Prepared: (1) The Government of Nepal, State and Local Level shall, while preparing Statement of public expenditures pursuant to Section 16, develop a
mid-term expenditures framework along with expenditures projection of next three Fiscal Years.

(2) The following details shall be set out in the mid-term expenditures framework to be prepared pursuant to Sub-Section (1):

(a) Objective of the proposed plan,

(b) Justification of the need to conduct feasibility study or allocate expenditures for the proposed plan,

(c) Outputs and outcomes likely to be achieved in the Fiscal Year and in successive two Fiscal Years of the implementation of the proposed plan,

(d) Details of expenditures required for the implementation of the proposed plan,

(e) Source of expenditures and the projection of outputs and outcomes likely to be achieved made from the expenditures,

(f) Mid-term expenditures strategy of the proposed plan and its relation with annual expenditures,

(g) In case of operating plan, actual details whether or not the goal was achieved in conformance with the expenditures allocated in the last Fiscal Year.

(3) Notwithstanding anything contained in Sub-Section (1), the State and Local Level may, on the basis of their priorities and needs, prepare mid-term expenditures framework as pursuant to the
same Sub-Section for three years from the date of commencement of this Act.

18. **Projection of Income and Expenditures**: (1) The State and Local Level shall submit to Ministry the following particulars with the statistics of projection of income and expenditures of next Fiscal Year by the end of *Poush* each year:-

   (a) Estimate of expenditures,

   (b) Estimated revenues to be collected from own source,

   (c) Estimated amount to be obtained from revenue sharing,

   (d) Estimated amount to be obtained from grants,

   (e) Estimated amount needed to meet the budget deficit and sources thereof.

   (2) The Government of Nepal, with the consultation of the Commission, by the end of *Falgun* of the current fiscal year, shall avail to the State and Local Level the particulars of estimated source of fiscal equalization grants pursuant to Section 8 and revenue sharing pursuant to Section 6 to be provided to the State and Local Level by the Government of Nepal in the next fiscal year.

   (3) The State Government shall, with the consultation of the Commission, avail to the Local Level the estimated particulars of fiscal grants to be provided to the Local Level pursuant to the Sub-article (5) of the Article 60 of the Constitution by the end of Chaitra.
19. **Revenue Proposal to be Prepared**: (1) The Government of Nepal, the State and Local Level shall, while proposing tax or non-tax revenues or if they require making any change in the existing tax or non-tax revenues, prepare a proposal by also assigning its necessity, rationale and the potential impacts therefrom.

   (2) While preparing revenue proposal pursuant to Sub-Section (1), the State and Local Level shall do so in such a way that it is consistent with the tax or non-tax and their rate fixed by the Government of Nepal, other States and Local Levels on the same subject as possible.

Chapter-7

**Estimates of Revenues and Expenditures**


21. **Estimates of Revenues and Expenditures to be submitted**: (1) The Minister for Finance of the Government of Nepal shall, each year, submit the estimates of revenues and expenditures of next Fiscal Year to the joint sitting of both Houses of the Federal Parliament in accordance with the Constitution.

   (2) The Minister for Finance of State shall submit the estimates of revenues and expenditures of next Fiscal year within the 1st date of the month of Ashadh each year to the State Assembly.

   (3) Village Executive (Gaaunkaaryaapaalika) and Municipal Executive shall submit the estimates of revenues and
expenditures of next Fiscal year within the 10th date of the month of Ashadh each year to the concerned Village or Municipal Assembly.

(4) The State and Local Level shall submit the estimates of revenues and expenditures in such a way that the revenues collected by them and the amount to be received from revenue sharing pursuant to this Act, shall cover the administrative cost.

(5) The estimates of revenues and expenditures to be submitted under this Section shall be required to be consistent with the standards pursuant to Section 38.

22. **Particulars to be Attached with Estimates of Revenues and Expenditures:** (1) The Government of Nepal and the State shall, while submitting the estimates of revenues and expenditures, attach the following particulars:-

   (a) Particulars whether or not the revenues were collected as per the estimates of revenues and whether or not the target was achieved as per the expenditures amount allocated to each Ministry and the expenditures made in previous Fiscal Year,

   (b) Mid-term Expenditures Framework pursuant to Section 17,

   (c) Projection of revenues, income and expenditures of next three Fiscal years,

   (d) Particulars related to loans, investment and liabilities,
(e) Fiscal policy containing the strategies to be adopted to maintain fiscal balance,

(f) Macroeconomic status mentioning the growth rate in Gross Domestic Product (GDP) of the next three Fiscal Years, status of inflation, current account balance and the balance of payments,

(g) Details of discount granted in tax or non-tax,

(h) Particulars of obtaining foreign assistance in the previous fiscal year.

(2) In the case of failure to collect revenues as per the estimates or if the expenditures of amount allocated to each Ministry is below the target, the Government of Nepal and the State shall also mention in the particulars pursuant to Clause (a) of Sub-Section (1) the reasons and measures to be adopted to improve thereof.

(3) Notwithstanding anything contained in Clause (f) of Sub-Section (1), the State shall not require to submit the particulars pursuant to that Clause.

(4) In the case of failure to collect revenues as per the estimates or if the expenditures of allocated expenditures amount is below the target in previous Fiscal Year, the Local Level shall, while submitting estimates of revenues and expenditures, attach the particulars mentioning reasons and measures to be adopted to improve thereof.

23. **Power to Submit Deficit Budget**: (1) The Government of Nepal, State and Local Level may submit to the concerned Legislature the deficit budget as per the necessity.
(2) While submitting deficit budget pursuant to Sub-Section (1), a clear basis of the sources to meet the deficit shall also be purposed

(3) While submitting deficit budget pursuant to Sub-Section (1) by the State and Local Level, the Government of Nepal thereon rendered, if any, suggestions or directives in accordance with the Constitution and the prevailing law shall be abided.

(4) Notwithstanding anything contained elsewhere in this Section, deficit budget may not be submitted to bear the administrative cost.

24. **Votes on Account:** (1) The Government of Nepal and the State may, when an Appropriation Bill is under consideration, incurs the sums involved therein shall not exceeding one-third of the estimates of expenditures of the current Fiscal Year in accordance with the Act.

(2) Local level may, when an Appropriation Bill is under consideration, incurs the sums involved therein shall not exceeding one-third of the expenditures of current Fiscal Year in accordance with the law.

(3) The expenditures amount incurred pursuant to Sub-Section (1) and (2) shall be incorporated in the Appropriation Bill.

Chapter-8

**Fiscal Discipline**

25. **Economic and Financial Policies to be Pursued:** The State and Local Level shall, while formulating economic and financial policies pursue economic and financial policies of the Government of Nepal.
26. **To be Deposited in Consolidated Fund:** Except otherwise Stated in this Act, all incomes to be obtained by the Government of Nepal, State and Local Level shall be deposited in their own Consolidated Fund.

27. **Expenditures to be made only by Managing in Budget:** Expenditures other than charged on the Consolidated Fund shall be incurred by the Government of Nepal, the State and Local Level only by managing them in budget and passing the budget from the concerned Legislature.

28. **Use of Grants:** The amount of grants obtained in accordance with this Act or the prevailing laws shall be used only for the purpose for which it has been obtained.

29. **Prohibition on Transfer of Money:** No money allocated as capital expenditures in budget shall be transferred to recurrent expenditures.

30. **Transparency to be maintained:** (1) The Government of Nepal, the State and Local Level shall, in accordance to this act and prevailing laws, undertake acts or actions concerning fiscal arrangements in a transparent manner.

   (2) The Government of Nepal, the State and Local Level shall have the accounts of the Statement of income and expenditures audited in accordance with the prevailing laws and shall disclosure the particulars thereon within fifteen days from the date of completion of the audit.
(3) The Government of Nepal, the State and Local Level shall conduct annual review of budget implementation and publish the report thereon by the end of Kartik each year.

(4) The Government of Nepal shall, on the basis of financial Statements of the State and Local Level, prepare an integrated financial Statement and publish the same by the end of Poush each year.

31. **Classification and Accounting of Income and Expenditures**: The Government of Nepal, the State and Local Level shall pursue the classification and accounting of income and expenditures as determined by the Government of Nepal.

32. **Periodic Statements to be submitted**: (1) The Government of Nepal, the State and Local Level shall prepare periodic Statement of income and expenditures in a framework as prescribed by the Government of Nepal.

(2) The State shall submit to the Ministry the quarterly Statement of its income and expenditures within Thirty Days from the date of completion of that period, accompanied by the Statement obtained pursuant to Sub-Section (3) from the Local Level.

(3) The Local Level shall submit to the Ministry and the State its quarterly Statement of income and expenditures within Fifteen Days from the date of completion of that period.

(4) While submitting second quarterly Statement of income and expenditures pursuant to Sub-Section (2) and (3), the State and Local Level shall submit also the estimates of income and expenditures of third quarterly.
(5) In the case of failure to submit the Statement within the time-frame prescribed as pursuant to Sub-Section (2) and (3), the Government of Nepal may hold the grants to be provided to the State and Local Level.

Chapter-9

Miscellaneous

33. **Intergovernmental Fiscal Council**: (1) There shall be the following Intergovernmental Fiscal Council to hold and maintain necessary consultation and coordination among the Government of Nepal, the State and Local Level on intergovernmental fiscal arrangements:

(a) Minister for Finance, Government of Nepal - Coordinator

(b) Minister for Finance, State - Member

(c) Fourteen persons with each two persons, including one woman from each State, representing from among Mayors and Deputy Mayors of Village Bodies and Municipalities recommended by each State - Member

(d) Three persons, including one woman, from among financial experts nominated by the Ministry - Member

(e) Secretary of the Ministry - Member-Secretary
(2) The tenure of the members nominated as pursuant to Clause (d) of Sub-Section (1) shall be of three years.

(3) Notwithstanding anything contained in Sub-Section (2), if the nominated member fails to fulfill his/her official responsibilities, the Ministry may remove him/her from the member at anytime.

Provided that, he/she shall be provided with a reasonable opportunity to defend himself/herself before removing his/her from the member.

(4) The meeting of Inter-governmental Fiscal Council shall be held once in the month of Chaitra, each year and other meetings shall be held on the date and time specified by the Coordinator.

(5) Chairperson of the Commission or a member designated by him/her and representatives from other agencies may be invited to the meeting of the Inter-governmental Fiscal Council.

(6) Other procedures relating to meeting of Intergovernmental Fiscal Council shall be determined by the Council itself.

34. **Power of the Government of Nepal to Give Directives:** (1) The Government of Nepal may, as pursuant to Sub-Article (2) of Article 232 of the Constitution, give necessary directives to State Council of Ministers on fiscal related matters to be coordinated among States and it shall be the duty of the concerned State Council of Ministers to abide by such directives.

(2) The Government of Nepal may, as pursuant to Sub-Article (8) of Article 232 of the Constitution, directly or through the
State, give necessary directives to Local Level on fiscal related matters and it shall be the duty of the Local Level to abide by such directives.

35. **Duties of the State:** (1) One State shall support to another State in the implementation of laws, decisions or orders relating to fiscal matters.

   (2) One State shall provide equal security, treatment and facilities to residents of another State on matters relating to fiscal.

36. **Coordination and Cooperation to be made:** (1) One State may exchange information and consult with another State on fiscal related matters of common concern, matter and interest and coordinate each other on their activities and laws and extend mutual assistance.

   (2) The Government of Nepal, the State or Local Level may, by maintaining mutual coordination, collect revenues falling under its domain through another government or provide for provisions to collect any specific type of revenue through a one-window system.

   (3) The Government of Nepal, the State or Local Level may maintain necessary coordination in order to determine the uniformed rate of revenues as possible or on other matters relating thereto.

37. **Interim Provisions Relating to Revenue Collection:** (1) The Government of Nepal shall collect and deposit the tax, non-tax and penalty and fine permitted to be collected by State in accordance with this Act in Federal Consolidated Fund until the arrangement and operation of State Consolidated Fund.
(2) Local Level may, under the prevailing laws, collect tax, non-tax and penalty and fine permitted to be collected pursuant to this Act until the enactment of laws by the concerned Village Assembly or Municipal Assembly.

38. **Power to Frame and Enforce Standards**: The Government of Nepal may frame and enforce necessary standards to implement this Act.

39. **To be Published in the Nepal Gazette**: The Ministry shall publish the classification of income and expenditures, framework prescribed in accordance with this Act and the standard as pursuant to Section 38 in the Nepal Gazette.
Schedule-1
(Relating to Sub-Section (1) of Section 3)

Tax and Non-tax Revenues the Government of Nepal May Levy

(a) Tax
(1) Customs duty
(2) Excise duty
(3) Value-added tax,
(4) Corporate Income tax
(5) Individual income tax
(6) Remuneration tax

(b) Non-tax
(1) Passport fee
(2) Visa fee
(3) Tourism fee
(4) Service Charge/fee,
(5) Gambling/lottery, Casino
(6) Penalty and fine

(c) Other tax and non-tax revenue to be levied in accordance with Federal laws and other prevailing laws.
Schedule-2

(Relating to Sub-Section (2) of Section 3)

**Tax and Non-tax Revenues the State May Levy**

(a) **Tax**

(1) House and land registration fee

(2) Motor vehicle tax

(3) Entertainment tax

(4) Advertisement tax

(5) Agro-income tax

(b) **Non-tax**

(1) Service Charge/fee

(2) Tourism fee

(3) Penalty and Fine

(c) Other tax and non-tax to be levied in accordance with State laws and other prevailing laws related to the matters falling under State’s domain.
Schedule-3

(Relating to Sub-Section (3) of Section 3)

Tax and Non-tax revenues the Local Level May Levy

(a) Tax

(1) Wealth tax
(2) House rent tax
(3) House land registration fee
(4) Motor vehicle tax
(5) Land tax (Land revenue)
(6) Entertainment tax
(7) Advertisement tax
(8) Business tax

(b) Non-tax

(1) Service Charge/fee
(2) Tourism fee
(3) Penalty and fine

(c) Other tax and non-tax revenue to be levied in accordance with
Local laws and other prevailing laws related to the matters falling
under Local Level’s domain.
Schedule-4

(Relating to Sub-Section (2) of Section 7)

Distribution of Royalty of Natural Resources (In percentage)

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<th>Concerned Local Level</th>
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<td>Water and other Natural Resources</td>
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Note:-

(1) The Government of Nepal, on the recommendation of the Commission, shall allocate and distribute the royalties of natural resources in the proportionate ratio to the State and Local Level as affected by the use of natural resources (Concerned Local Level, District Coordination Committee).

(2) The Government of Nepal, on the recommendation of the Commission, shall review the allocation of royalties of the natural resources to the Government of Nepal, the State and Local Level as pursuant to this schedule in each five years and shall make necessary change by publishing in the Nepal Gazette.