

REVENUE RELATION WITH VAT IN NEPAL GOVERNMENT BUDGET STRUCTURE

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ABSTRACT

Taxes are major fiscal policy instruments and important government policy tools have an important role in increasing the rate of capital formation and thereby a high rate of economic growth can be achieved. Globalization, privatization and liberalization have brought the huge change in the country budget and economic environment. The budget management of government is one of the important tasks which play very important role in the nation and international environment which influence the technology and changing business environment has posed many challenges before management. This study aims to find out the Nepal government budget status in economic sectors. Descriptive research has been conducted using annual report of economic survey of ministry of finance. Descriptive analysis suggested that is strong relationship between revenue and expenditure management of Nepal government budget. The main objective of this study is to determine the relationship between revenue and expenditure in the study made over the period 2073/74 to 2077/78 taken as a sample year in this research study among the various fiscal years of Nepal government budget. The statistical methods of trend analysis and descriptive statistics like mean, standard deviation, coefficient of variation and hypothesis test were used to analyze the study outcomes.

The results of the study indicated the revenue, expenditure and deficits conditions of Nepal government budget. This research articles report sources of revenue and structure of budget heads of Nepalese economic sector. It also reflects the whole revenue and expenditure positions of Nepal government and effective implementation of revenue estimation to manage deficits conditions. The revenue, expenditure and deficits conditions policy and strategies would also helps to manage deficits conditions by research studying.

Keywords: Revenue, Expenditure, Deficits, VAT, Tax Revenue

INTRODUCTION

The role of revenue in the development of a country is not less important than the role of oxygen for the existence of human body. Economic development has been one of the most popular slogans in almost all the developing countries all over the world. Similarly,

achievement of high rate of economic growth rate, reduction of income disparities and poverty and improvement of living standard of people are some development strategies towards which most of the government efforts have been directed in developing countries. It is known that government needs more revenue mobilization for overall economic development and state welfare. Besides this, for meeting day-to-day expenditure, the government also requires some sources of income which is called revenue. In this context, a government needs to mobilize a lot of internal resources to fulfill its responsibility towards its nation and people. In the developing country like Nepal, there is a necessity for raising a larger volume of funds for the development and administration expenses. The revenue collection is a challenging task in itself which demands increasing necessity of regular expenditure in general and development expenditure in particular. However, resource mobilization is very low compelling the government to rely heavily on foreign assistance. Development expenditure has been dependent almost entirely on the foreign aid. External assistance is uncertain, precarious, inconvenient and not conducive to the healthy and overall development should there be heavy dependence on it. The foreign aids are not bad for economic development of the nation.

According to Dalton, “A tax is a compulsory contribution imposed by a public authority irrespective of the exact amount of service render to the taxpayer in return and not imposed as a penalty for any legal offence.”

Bitable defined the term tax as “A compulsory contribution of the wealth of a person or body of persons for the services of the public powers.”

Adam smith in his own words defined tax as “A contribution from citizens for the support of the state.”

Development is the dynamic notion. It is a process of transformation of entire social structure into desired state of affairs. The social structure includes the economic, cultural, religious, political, and similar other factors. Development process includes working of certain forces in an interconnected and causal fashion. The certain forces are higher education, better health, improved technology, developed infrastructures, better planning, greater concern about time, modernized ideas and values developed instructions science and technology stable political system higher productivity higher income and freedom from all sorts of undesired circumstances.

Problem Statement

Nepal government is not being able to invest sufficiently in social overhead capital and operate required development project basically due to insufficiency of fund. Government expenditures are increasing day by day due to increase in price level, increased security requirement and many other causes. Government is practicing deficit budget and problem in balance of payment situation as there is huge trade imbalance. My study is based upon the Nepal government budget structure in Nepalese economy as well as those deficits problems associated with tax collection in Nepal.

The research problems on which my research is based upon are as follows:

1. What is the position of budget (revenue, expenditure and deficits) of Nepal government ?
2. What is the significance relation between VAT and Revenue?

Objective of the study

The objectives of this thesis are as follows:

1. To access the position of budget (revenue, expenditure and deficits) of Nepal government.
2. To analyze the significance relation between VAT and Revenue heads.

Literature Review

The main purpose of literature survey is found out what research studies have been conducted in ones chosen field of study and what remains to be done. It provides the foundation for developing a comprehension theoretical framework from which hypothesis can be formulating and minimize the risk of pursuing dead-ends in research with related research topic.

Conceptual Review and Framework

Revenue indicates the income of Nepal government from different heads. It is the backbone of the nation. Development of the nation depends up on revenue. Expenditure means administrative and development expenditure of the nation. it included the different expenditure heads. Deficits mean the negative differences between revenue and expenditure.

Public expenditure is development expenditure. These the expenditure made on providing education, health and public utility facilities to the community. So the government expenditures are increasing day to day. Because of demand of time, increase in price & national income, increase in population, social progress, war or preparation for war, government needs more money to run it successfully.

Classification of Tax

Because there are so many effects of taxation, no single tax is completely perfect. Consequently, there must be a structure of taxation, combining a number of taxes, which the government can vary from time to time according to changes in emphasis on different objectives. Depending on the methods of payment of taxes, taxes can be classified into two major categories, viz. direct taxes and indirect taxes.

Direct Taxes

Under direct taxes the person makes payment direct to the revenue authorities – the Inland Revenue Department (IRD) or the local authority. In the words of Dr. Dalton, “A direct tax is really paid by the person on whom it is legally imposed”. (Dhakal, 2001) Usually each individual’s tax liability is assessed separately.

Indirect Taxes

Indirect taxes on goods and services are so called because the revenue authority (the Department of Customs/Excise) collects them from the seller, who, as far as possible, passes the

burden on to the consumer by including the duty in the final selling price of the good. In the words of Dr. Dalton, “An indirect tax is imposed on one person but paid partly or wholly by another”. In other words, such tax is levied on one person who does not bear it from his/her own income. Instead, the tax liability is transferred by collecting it from customers by adding it to the price of goods or services. Indirect taxes may be specific or ad valorem.

Objectives of Tax

Tax is a permanent instrument for collecting revenues. It is a major source of revenue in developed world and has been appearing as an important source of revenue in the developing world like Nepal as well. It has been an instrument of social and economic policy for the government. However, the objective of taxation has been different for different periods. In ancient times, its objective was to strengthen the muscle of the state by raising more revenues for mobilizing these in security to an individual and society from violence, invasion, injustice and maintaining public institutions which can never be for the interest of an individual. In modern days, the objective of tax is shifted from the security perspective to the economic development. The modern objective of taxation is not only to main peace and security, but also to conduct development activities. From the above facts, we can enumerate the objectives of tax as given below:

1. To raise revenue for ensuring resource mobilization and distribute equally wealth and income in the society,
2. To encourage the production of certain products and encourage employment,
3. To ensure saving and investment and contribute to the enforcement of government policy,
4. To remove regional disparities and imbalances (Bhattarai & Koirala, 2075)

Meaning of VAT

Different experts and institutions have attempted to give the meaning of VAT according to their own interpretations. Here some of their definitions may be studied. VAT is a general consumption tax assessed on the value added to goods and services. It is a general tax that applies, in principle, to all commercial activities involving the production and distribution of goods and the provision of services. It is a consumption tax because it is borne ultimately by the final consumer. It is not a charge on companies. It is charged as a percentage of prices, which means that the actual tax burden is visible at each stage in the production and distribution chain. It is an indirect tax, in that the tax is collected from someone other than the person who actually bears the cost of the tax (namely the seller rather than the consumer). As VAT is intended as tax on consumption, exports (which are, by definition, consumed abroad) are usually not subject to VAT or VAT is refunded (Bhattarai & Koirala, 2019).

A VAT is an indirect tax, in the sense that the tax is collected from someone who does not bear the entire cost of the tax. To avoid double taxation on final consumption, exports (which by definition, are consumed abroad) are usually not subject to VAT and VAT charged under such circumstances is usually refundable (www.economywatch.com/business-and-economy/vat.html).

METHODOLOGY

Research methodology refers to the various sequential steps (along with rationale of each such step) to be adopted by the researcher in studying a problem with certain objects in view. For the achievement of the objective of the study, certain methodology has been applied to conduct the whole study process.

Research Design

Research design is the plan structure and strategy of investigation conceived so as to obtain the answer to research question and to control variances. In this study, information required for fulfilling the objective of the study has been collected from various sources. While information on tax system and its development were collected from secondary information was collected from meetings, group discussions and checklists. Hence, descriptive and analytical research design is used in this research.

Population and Sample

Population is the whole size of related Nepal government budget structure in research study and this research covering only five years as a sample for research study of the population while five years data. The study gives more accurate finding and it is not possible due to various constraints like as time, money etc. so this study take sample from large population which was considered as taken as target sample.

Methods of Analysis

Various analytical tools to be used in this research for the study, the analysis of data will be done according to pattern of data available. The data analysis is made on the basis of the various financial and statistical tools to achieve the research objectives. The researcher has used the following tools and techniques. Mainly the analysis will be done by using simple statistical analysis.

RESULT AND DISCUSSION

Revenue indicates the income of Nepal government from different heads. It is the backbone of the nation. Development of the nation depends up on revenue. Expenditure means administrative and development expenditure of the nation. It included the different expenditure heads. Deficits mean the negative differences between revenue and expenditure.

Table: 1
Nepal Government Expenditure (NRs 10 millions)

Fiscal year	Expenditure (RS)	Percentage (%)	Increase/Decrease
2073/74	83724.78	100%	-
2074/75	108727.98	129.86%	29.86%
2075/76	111045.68	132.63%	2.77%
2076/77	109113.41	130.32%	-2.31%
2077/78	119667.59	142.93%	12.61%

(Sources: Economic survey of ministry of finance)

The Table 1 shows that Budget expenditure trend of the Nepal government is appearing in increasing trend from fiscal year 2068/69 to the year 2077/78 except fiscal year 2076/77 expenditure. It is firstly increases then decreases and again increases in percentage in the sample period. The Expenditure amount structure of government of Nepal shows that there is incremental figure in each year from 2068/69 to 2077/78 base on data of fiscal year 2073/74. The Expenditure is appearing in increasing means Nepal government current, capital and financial expenditure increase to developing sector and operating sector of the country. It is also said that Nepal government expand its activities to develop the nation and operate the nation smoothly.

Table: 2
Government Expenditure Structure (NRs 10 millions)

Fiscal Year	2073/74	2074/75	2075/76	2076/77	2077/78
Current Expenses	51861.61	69691.96	71641.76	78414.89	84621.73
Percentage	61.94%	64.10%	64.52%	71.87%	70.72%
Capital Expenses	20874.83	27071.37	24156.25	18908.47	22883.61
Percentage	24.93%	24.90%	21.75%	17.23%	19.12%
Financial Expenses	10988.33	11964.66	15247.67	11790.04	12162.27
Percentage	13.12%	11%	13.73%	10.81%	10.16%
Total Expenditure	83724.78	108727.98	111045.68	109113.41	119667.59
Percentage	100%	100%	100%	100%	100%

(Sources: Economic survey of ministry of finance)

The Table 2 shows that Expenditure structure of the Nepal government in fiscal year 2073/74 to the year 2077/78 respectively. The contribution of current expenses is highest in government expenditure and second contribution is capital expenditure. Similarly, the last contribution is financial expenditure. The current expenses are appearing in increasing trend but the capital expenditure and financial expenditure is appearing in irregular order in the sample years of research study. It is firstly increases in highly then slowly increases except in fiscal year 2076/77 in the sample period. The Expenditure amount structure of government of Nepal shows that there is incremental figure in each year from 2068/69 to 2075/76 than it is decrease and again increases in fiscal year 2077/78. The total expenditure of Nepal government and its contribution structure in percentage form. The contribution of recurrent expenditure is highest figure in each year. Its contribution is more than sixty percentages in each year. It is appear in decreasing order in each year. The Capital expenditure is slightly increasing form and domestic loan investment, foreign debt, share investments are general constant form. Domestic borrowing is slightly increases in each year. The total government expenditure is increase in figure in each year.

Table: 3
Government Revenue, Expenditure and Deficits structure (NRS 10 million)

Fiscal Year	Government Expenditure	Government Revenue	Budget Deficits
2073/74	64747.03	83724.78	18977.75
2074/75	77019.09	108727.98	31708.89
2075/76	87232.52	111045.68	33639.92
2076/77	86229.24	109113.41	31779.72
2077/78	100633.61	119667.59	30128.14

(Sources: Economic survey of ministry of finance)

The table 3 shows that the Expenditures and Revenues structure of Nepal government in sample period. It shows that there is incremental form of government expenditure and Revenue figure in each year respectively. The deficits value is Rs 18966.75(NRS 10 million) to Rs 30128.14 (NRS 10 million) values in fiscal year 2073/74 to fiscal year 2077/78 respectively. The deficits of the government are irregular form in each sample year. In table 5 also reflect the deficits are highest value is Rs 33639.92 (NRS 10 million) in year 2075/76 and the lowest deficits value are Rs 18977.75 (NRS 10 million) in the fiscal year 2073/74.

Table: 4
Nepal government Revenue structure details (NRS 10 million)

Revenue Details	Fiscal year				
	2073/74	2074/75	2075/76	2076/77	2077/78
Tax Revenue	60918	72672	82963	79375	93589
Foreign Grants	3193.2	3471.4	2958.4	1919.2	2679.2
Unclear bill and Cash balance	341.79	552.38	1004.11	4756.58	4043.30
Internal Debt & Investment Return	294.02	323.50	306.61	178.82	322.35
Federal Revenue	-	-	73136.6	70479.1	82494.64
Gov. Revenue	83724.78	108727.98	111045.68	109113.41	119667.59

(Sources: Economic survey of ministry of finance)

The table 4 shows the total revenue structure of Nepal government and its contribution in percentage in figure form. The contribution of tax revenue is highest contribution figure in government revenue in each fiscal sample year. Its contribution is more than fifty percentages in each fiscal sample year. It is appearing in irregular order in each sample year. The federal revenue is second highest contribution and it is also irregular form. The foreign grants have third position in Nepal government revenue and it is also irregular figure value. The internal debt and unclear bill, cash balances have low contribution in total government revenue in each sample year.

Table: 5
Revenue Collection from VAT (NRS 10 million)

Fiscal Year	VAT Collection	Increments %
2073/74	16106.83	100
2074/75	20680.98	128.40
2075/76	24012.13	149.08
2076/77	22401.65	139.08
2077/78	28201.91	175.09

(Sources: Economic survey of ministry of finance)

Table 5 shows that the total VAT collection and the irregular of VAT collection each year during the study period. Total VAT collection is has increased each year than previous year during the study period .At the beginning of the study period i.e. the amount of VAT is Rs. 16106.83 millions and increased to Rs.28201.91 million at the end of the study period i.e. in the fiscal year 2077/78.

Similarly, the increments rate of VAT collection is fluctuating each year than previous year during the study period. The increments rate was negative 128.40% in 2074/75 which is now 28.40% increase from 2073/74. Similarly the average VAT during the period is Rs 111403.50 million in coming year as compared to previous year and the coefficient of variation shows the degree of variation of VAT collection is 18.58%.

Table: 6
Nepal Government Revenue Composition in Nepalese Economy (NRs 10 millions)

Fiscal Year	Total Revenue	Budget Deficits	Tax Revenue	Indirect Tax	Government Expenditure	VAT
2073/74	83724.78	18977.75	55386.65	27857.89	83724.78	16106.83
2074/75	108727.98	31708.89	65949.15	34804.94	108727.98	20680.98
2075/76	111045.68	33639.92	73860.40	39564.28	111045.68	24012.13
2076/77	109113.41	31779.72	70005.55	35641.26	109113.41	22401.65
2077/78	119667.59	30128.14	87010.66	46278.67	119667.59	28201.91
Total	532279.44	146234.42	352212.41	184147.04	532279.44	111403.50
Average	106455.888	29246.88	70442.482	36829.408	106455.89	22280.70
S.D	11727.84	5873.82	11546.057	6759.56	13458.67	4437.03
C.V	11.02%	20.08%	16.39%	18.35%	12.64%	19.91%

(Sources: Economic survey of ministry of finance)

The table 6 shows the contribution of total revenue, deficits, tax revenue, indirect tax revenue and VAT revenue contribution in the year 2073/74 to 2077/78 of five years sample period. The total revenue, deficits, tax revenue, indirect tax revenue and VAT contribution are Rs 83724.78(10 million), Rs 18977.75(10 million), Rs 55386.65 (10 million), Rs 27857.89 (10 million) and Rs16106.83 (10 millions) in fiscal year 2073/74 respectively. The tax revenue indirect tax revenue and VAT contribution are Rs 87010.66 (10 millions) Rs 46278.67 (10 million) and Rs 28201.91 (10 million) in fiscal year 2077/78 respectively. The government revenue regular is appearing increasing order except four year data in the five sample period. The revenue is irregular due to reason of COVID-19 which is reflecting in government deficits budget. The means value of total government revenue, deficits, tax revenue, indirect tax revenues and VAT are Rs 106455.888 (10 million), Rs 29246.88(10 million), Rs 70442.482(10 million), Rs 36829.408 (10 million) and Rs 22280.70 (10 million) respectively. In the current years the collection of Total revenue, deficits, tax revenue, indirect tax revenues and VAT are good positions in the suffering of COVID – 19 by nation. It will be increased in order in coming year which show the risk position of revenue of Nepal government. The total revenue, tax

revenue indirect tax revenues and VAT of government reflect that the contribution of each tax indirect tax revenues and VAT structure are in good position in the Nepalese economy which means good performance of government for collection of revenue but deficits is the position of in sufficient of revenue it is not good position of the nation. Nepal government revenue is not sufficient to fulfill the deficits. The revenue of government shows that the contribution of each item in the Nepalese economy is acceptable conditions but not good. Deficits show the nation is not developing and dependent by own revenue. It represent the nation is developing country but not develop.

Significance Test

The correlation is a defined as the relationship between (among) the dependent variables and independent variables. The null hypothesis is the hypothesis the analyst believes to be true. Analyst believes the alternative hypothesis to be untrue making it effectively the opposite of a null hypothesis. This makes it so they are mutually exclusive and only one can be true. However, one of the two hypotheses will always be true. H_0 : defendant is innocent; H_1 : defendant is guilty. H_0 (innocent) is rejected if H_1 (guilty) is supported by evidence beyond “reasonable doubt.” Failure to reject H_0 (prove guilty) does not imply innocence, only that the evidence is insufficient to reject it.

Table: 7

Correlation and t- test of VAT and Total Government Revenue
(Rs. in 10 million)

Particular	Result
Correlation Co-efficient (r)	1
1. Null Hypothesis: ($H_0: \mu_1 = \mu_2$)	There is no significant difference in VAT and total government revenue.
2. Alternative Hypothesis: ($H_1: \mu_1 < \mu_2$)	There is significant difference VAT and government revenue
3. Calculated value of t (t_{cal})	∞ 3.182.
4. Tabulated Value	Calculated value of 't' is greater than tabulated value of 't'.
5. Decision:	Therefore, H_1 is accepted; i.e.; there is significant between VAT and Total government revenue.

(Sources: Economic survey of ministry of finance)

Table: 8

Correlation and t- test of VAT and Tax Revenue (Rs. in 10 million)

Particular	Result
Correlation Co-efficient (r)	0.99
1. Null Hypothesis:($H_0: \mu_1 = \mu_2$)	There is no significant difference in VAT and tax revenue.
2. Alternative Hypothesis: ($H_1: \mu_1 < \mu_2$);	There is significant difference VAT and tax revenue 12.25
3. Calculated Value of t (t_{cal})	3.182.
4. Tabulated Value	Calculated value of 't' is greater than tabulated value of 't'.
5. Decision:	Therefore, H_1 is accepted; i.e.; there is significant between VAT and Tax revenue.

(Sources: Economic survey of ministry of finance)

Table: 9
Correlation and t- test of VAT and Indirect Tax Revenue (Rs. in 10 million)

Particular	Result
Correlation Co-efficient (r)	0.99
1. Null Hypothesis: ($H_0: \mu_1 = \mu_2$)	There is no significant difference in VAT and Indirect tax revenue.
2. Alternative Hypothesis: ($H_1: \mu_1 < \mu_2$);	There is significant difference VAT and Indirect tax
3. Calculated Value of t (t_{cal})	12.25
4. Tabulated Value	3.182
5. Decision:	Calculated value of 't' is greater than tabulated value of 't'. Therefore, H_1 is accepted; i.e.; there is significant between VAT and Tax revenue.

(Sources: Economic survey of ministry of finance)

Following conclusion has been drawn out from these research findings. They are summarized below:

The Expenditure amount structure of government of Nepal shows that there is incremental figure in each year from 2073/74 to 2077/78 base on data of fiscal year 2073/74. The Expenditure is appearing in increasing means Nepal government current, capital and financial expenditure increase to developing sector and operating sector of the country. It is also said that Nepal government expand its activities to develop the nation and operate the nation smoothly. The contribution of current expenses is highest in government expenditure and second contribution is capital expenditure. Similarly, the last contribution is financial expenditure. The Expenditure and Revenue structure of government of Nepal. It shows that there is incremental form of government expenditure figures value and Revenue figure value in each year respectively. The averages of Expenditure value and Revenue value are Rs 83172.30 NRS 10 million and Rs 106455.89 (NRS 10 million) respectively. The expenditure and revenue are reflected as irregular form respectively which means that the Expenditure and Revenue may either increase or decrease by Rs 13304.89 and Rs 13458.67 in the sample coming years which show that the revenue and expenditure in future may vary up. The deficits value is Rs 18966.75(NRS 10 million) to Rs 30128.14 (NRS 10 million) values in fiscal year 2073/74 to fiscal year 2077/78 respectively. The deficits of the government are irregular form in each sample year. In table 5 also reflect the deficits are highest value is Rs 33639.92 (NRS 10 million) in year 2075/76 and the lowest deficits value are Rs 18977.75 (NRS 10 million) in the fiscal year 2073/74. The contribution of total revenue, tax revenue, indirect tax revenue and VAT revenue contribution in the year 2073/74 to 2077/78 of five years sample period. The tax revenue, indirect tax revenue and VAT contribution are Rs 55386.65 (10 million), Rs 27857.89 (10 million) and Rs16106.83 (10 millions) in fiscal year 2073/74 respectively. The tax revenue indirect tax revenue and VAT contribution are Rs 87010.66 (10 millions) Rs 46278.67 (10 million) and Rs 28201.91 (10 million) in fiscal year 2077/78 respectively. The total VAT collections are irregular of VAT collection each year during the study period. Total VAT collection is has increased each year than previous year during the study period .At the

beginning of the study period i.e. the amount of VAT is Rs. 16106.83 millions and increased to Rs.28201.91 million at the end of the study period i.e. in the fiscal year 2077/78. The increments rate of VAT collection is fluctuating each year than previous year during the study period. The increments rate was negative 128.40% in 2074/75 which is now 28.40% increase from 2073/74. Similarly the average VAT during the period is Rs 111403.50 million in coming year as compared to previous year and the coefficient of variation shows the degree of variation of VAT collection is 18.58%.

CONCLUSION

There are some major actors of society having distinct role in getting tax law effectively enforced in Nepal. Government being the most powerful and the most responsible institution it is the main agent whose functions determine whether laws including tax law get implemented. Ministers are said to be involved in corruptions, some cases of offering and many other cases of acceptance of bribes even by cabinet ministers are coming out through media. Involvement of politicians in corrupt practice uplifts the morale of corrupt administrators while officials sympathetic to people feel discouraged. The Expenditure and Revenue structure of government of Nepal. It shows that there is incremental form of government expenditure figures and Revenue figure in each year respectively. The revenue is lesser than expenditure each and every year respectively this means Nepal government budget is appears in deficits form. The Nepal government economic level is not good position. The government depends upon other country subsidies and donations so it is not good conditions of the nations. The government is not strongly management its resources as a result the government revenue is decreases and expenditure is high. The contribution of recurrent expenditure is highest figure in each year. Its contribution is more than fifty percentages in each year. It is appear in decreasing order in each year. The Capital expenditure is slightly increasing form and domestic loan investment, foreign debt, share investments are general constant form. Domestic borrowing is slightly increases in each year. The VAT administration also stated with a new vision. Human resource development, computerization, functional structure, decentralization etc were done by Nepalese government. The budget of Nepal government is totally depends up on internal revenue so it is not sufficient to restricted development in the country.

Recommendations

The modern objective of taxation is not only to main peace and security, but also to conduct development activities. But from the above study we came to know that our government tax collection is not satisfactory as well as there are many flaws associated with it. Unproductive, corrupted, inefficient staff lacking practical and specialized training is a serious problem. So, providing training to such staff is highly essential to collecting revenue through tax and non tax-revenue. The tax administration should be very watchful to prevent any kind of malpractice, fraud and tax evasion. Utmost care should be taken to prevent any kind of bribing and corruption. Tax officials should effectively be monitored to controlling the tax revenue all the government office. Most of the people are not satisfied with tax revenue. They

always have complaints against the collection office. The work performed by revenue collection sector should not be result oriented. Most of the countries follow the self assessment system of tax. So, Nepal should also follow it, but there should be establishing strong mechanism to check the fraud of businessman. The success of tax act is not only the success of the IRD, but also the success of nation as a whole. The government needs to focus its attention of strict rules, laws and punishment for nonpayment or the under payment of tax So that the tax payers feel scared to evade tax. To increasing the revenue Nepal government should be effectively controlled to prevent the illegal trade.

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