

## Motor Vehicle Tax Act, 2031 (1974)

	<u>Date of Authentication and Publication</u>
<u>Amendments:</u>	2031-6-20 (Oct. 6, 1974)
1. Motor Vehicle Tax Act, 2041 (1984)	2041-5-18 (Sept. 3, 1984)
2. Finance Related Some Nepal Acts Amendment Act, 2047 (1990)	2047-8-27 (Dec. 13, 1990)
3. Finance Related Some Nepal Acts Amendment Act, 2053 (1996)	2053-8-26 (Dec. 11, 1996)

### Act Number 18 of the year 2031 (1974)

#### An Act made to provide for recovery of Motor Vehicle Tax

**Preamble:** Whereas, it is expedient to manage modus operandi of levying and recovering of motor vehicle tax leviable under the prevailing Nepal law;

Now, therefore, be it enacted by His Majesty King Birendra Bir Bikram Shah Dev, on the advice and with the consent of *Rastriya Panchayat*.

- 1. Short title, extent and commencement:** (1) This Act may be called as the "Motor Vehicle Tax Act, 2031 (1974)".
  - (2) It shall extend all over Nepal.
  - (3) It shall come into force immediately.
- 2. Definitions:** Unless the subject or context otherwise requires, in this Act,-
  - (a) "Motor Vehicle" means such motor vehicle propelled by mechanical power like-jeep, car, lorry, truck, bus, van, mini-bus, motor-cycle, scooter, auto-rickshaw, tempo etc, which do run on the surface of the land.
  - (b) "Tax" means the motor vehicles tax leviable pursuant to the prevailing Nepal law.
  - (c) "Tax payer" means a person who is liable to pay tax pursuant to this Act, or the prevailing Nepal law.

⊙(d) " Tax Officer" means, for the purpose of this Act a Tax Officer, Chief Tax Officer, appointed by Government of Nepal or any other officer so designated by Government of Nepal as being entitled to exercise the powers of the Tax Officer pursuant to this Act.

(e) "Tax Director" means the Director General or Director of the Department of Tax of Government of Nepal.

3. **Recovery of tax:** If any Act makes provision on levying motor vehicle tax for years or for any one year, such tax shall be recovered by a Tax Officer pursuant to this Act and the Rules framed under this Act.

4. **Payment of tax:** (1) The tax leviable for a fiscal year shall be recovered from the person in whose name a motor vehicle stands registered pursuant to the prevailing law on the first day of the month of *Sharwan* of each year.

Provided that, in the case of a motor vehicle transmitted prior to completion of a fiscal year, the leviable tax shall be recovered *pro-rata* from the previous owner of the motor vehicle for up to the month in which such transmission is effected and from the person to whom the vehicle is transmitted for the month thereafter.

(2) Each tax payer has to pay the tax leviable on a motor vehicle registered in his/her name within the last day of the month of *Chaitra* of each fiscal year or within the time-limit for its renewal, whichever occurs earlier.

(3) In the case of a motor vehicle to be registered initially, the tax leviable from the month in which the motor vehicle has been got released upon payment of customs duty prior to registration of such motor vehicle has to be paid on *pro-rata* basis.

---

⊙ Amended by First Amendment

5. **Tax to be paid prior to registration, renewal or transmission:** While getting registration of a motor vehicle renewed or transmitted, the tax leviable on such motor vehicle has to be paid prior to doing so.
6. **Registering authority to inspect proof of tax payment:** The authority doing new registration of the motor vehicle, renewing, registration or effecting transmission shall do so by examining the proof of tax payment prior to doing so.
7. **Imposition of fine:** If any person fails to pay the amount of tax within the time-limit referred to in Section 4, the Tax Officer shall impose a fine as follows:
  - (a) A fine by up to Five percent of the amount of tax for up to the first Thirty days from the expiration of time-limit for payment of the same.
  - (b) A fine by up to Ten percent of the amount of tax for up to Forty Five days thereafter,
  - (c) A fine by up to Twenty percent of the amount of tax for up to the end of the fiscal year thereafter.
8. **Recovery of the amount of tax and fine:** (1) If the amount of tax and fine leviable and impassable under this Act be not paid within the time-limit referred to in Clause (c) of Section 7, the Tax officer shall withhold the motor vehicle subject to the tax and recover the amount by auctioning the motor vehicle.

(2) If the amount cannot be recovered in full even from auction sale pursuant to Sub-section (1), the remaining amount shall be recovered by confiscating the assets of such tax-payer by such authority or office as may be specified by Government of Nepal in accordance with the *modus operandi* as provided for in the prevailing Nepal law.

(3) If, in making recovery by taking action pursuant to Sub-section (1) or (2), amount in excess of that recoverable, the excess amount shall be credited to the deposit; and the concerned tax-payer may get payment of such deposited amount within Two years of such deposit. If the tax payer does not come to get

payment of that amount within that time-limit, such deposited amount shall be deposited to on Government of Nepal.

(4) If the tax payer comes to pay the amount of tax and fine held to be payable by him/her prior to initiating the action of auction or confiscation pursuant to Sub-section (1) or (2), the amount may be recovered by collecting an additional fine as well, at the rate of Ten percent of that amount.

9. **Appeal**: A person not satisfied with any order made by the Tax Officer under this Act, may make an appeal to the Revenue Tribunal within Thirty-Five days of receipt of such order.
10. **Formation of committee**: Government of Nepal may, from time to time and as per necessity, form a committee to distinguish (find out) the type, standard or capacity of any motor vehicle in order to determine the tax leviable pursuant to this Act or prevailing Nepal law. The members, functions and procedures of that committee shall be as prescribed in the formation order.
11. **Exemption from tax**: Notwithstanding anything contained in the other Section of this Act, the following motor vehicles shall be exempted from tax:-
- (a) A motor vehicle registered in the name of Government of Nepal
  - (b) A motor vehicle registered in the name of a person or mission enjoying diplomatic privileges.
  - (c) A motor vehicle registered in the name of a foreign national or project or international institution with whom Government of Nepal has entered into an agreement granting tax exemption.
  - \* (d) a motor vehicle registered in the name of Village Development Committee, Municipality or District Development Committee.

---

⊙ Amended by First amendment

\* Amended by Finance related some Nepal Acts Amendment Act, 2047 (1990).

- (e) A motor vehicle registered in the name of a social, religious or educational institute without profit-making as recognized by Government of Nepal.
  - (f) A motor vehicle registered in the name of any person or organization held by Government of Nepal to have become unable to use because of its disorder or otherwise.
- ⊗**11. A power to grant remission:** If Government of Nepal deems any reason or condition for full or partial remission of a fine imposed on a motor vehicle pursuant to this Act, it may by a Notification published in the Nepal Gazette, grant remission.
- ☛**12. Delegation of power:** (1) Government of Nepal may delegate the powers conferred to it of collecting Motor Vehicle Tax under this Act by the Notification in the Nepal Gazette to the Municipality and Village Development Committee.
- (2) In the course of collecting the Motor Vehicle Tax pursuant to this Act, the Municipality and Village Development Committee may exercise all the powers conferred to the Tax Officer pursuant to this Act or Rules thereunder.
- (3) The Municipality and Village Development Committee shall deposit the tax amount of Motor and Vehicle levied on its fund.
- (4) Notwithstanding anything contained elsewhere in this Act, Government of Nepal may, if deems necessary, delegate the powers to it or Rules made thereunder by the Notification in the Nepal Gazette to any officials or institution.
- 13. Power of tax director:** If there has occurred any error relating to any action or decision made by any Tax Officer pursuant to this Act, the Tax Director may order the tax officer to reduce the matter by either correcting such error or by regulating the proceeding.

---

⊗ Inserted by the First Amendment

☛ Amended by Finance related some Nepal Acts Amendment Act, 2053 (1996)

14. **To frame Rules**: Government of Nepal may frame Rules, in order to carry out the objectives of the Act.

NEPAL LAW COMMISSION