



Innovation in Governance

An Experience sharing

Automation of Nepal's Tax System

March 21st 2018

Presented by

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Structure of presentation



Highlights of IRD

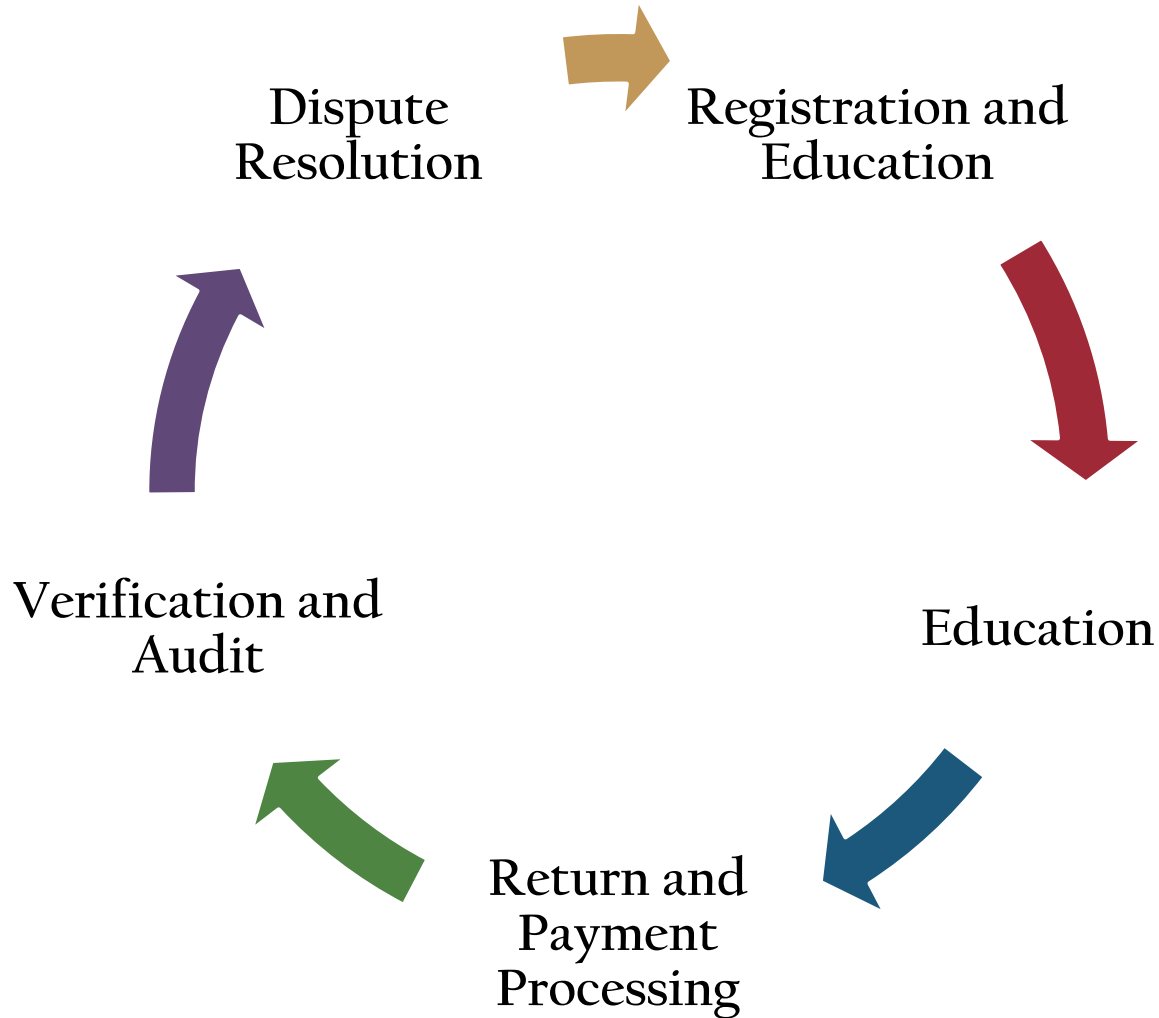
Pre online service experience

Post online services

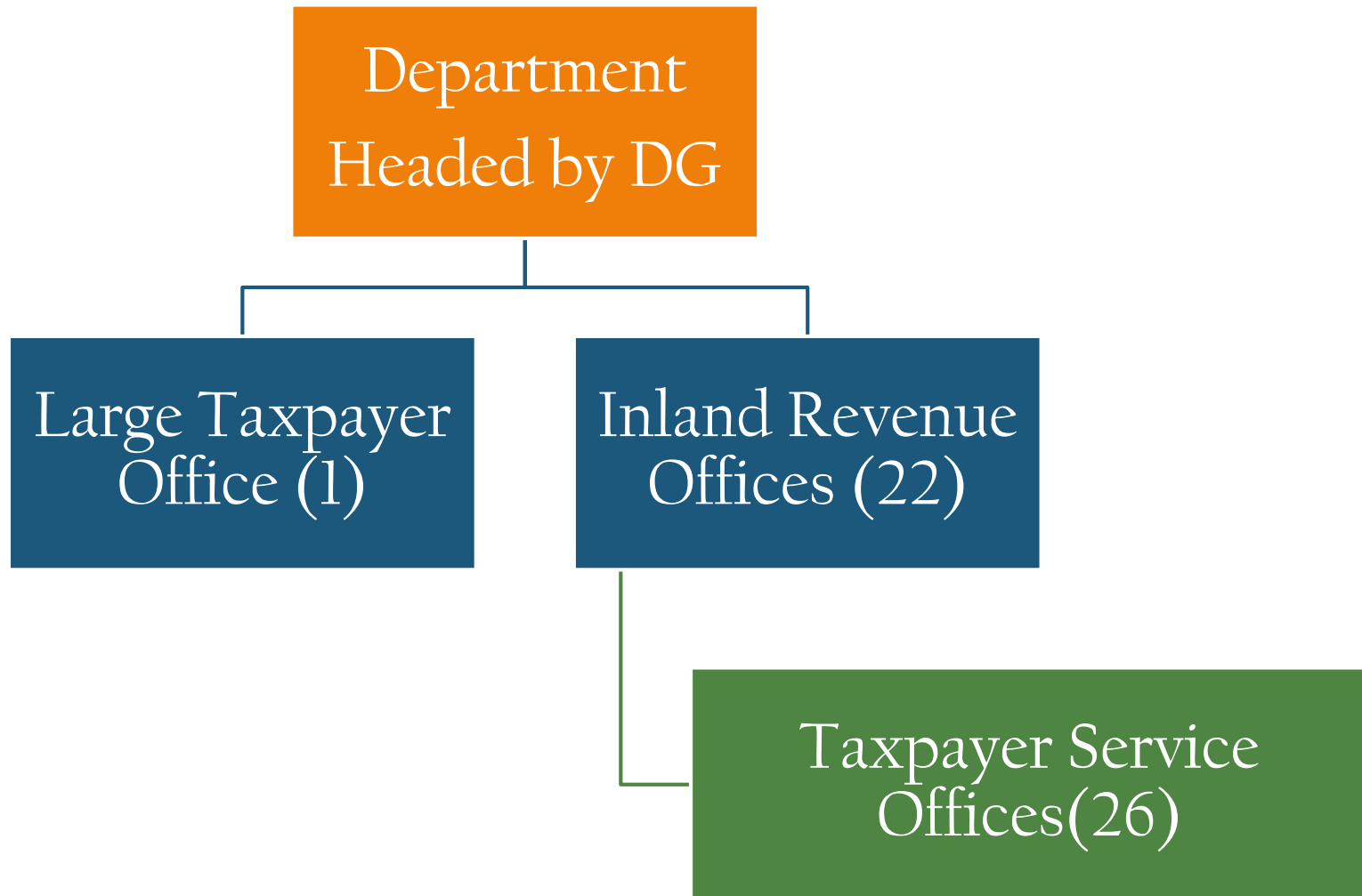
Strength and weakness

Lesson learned and way forward

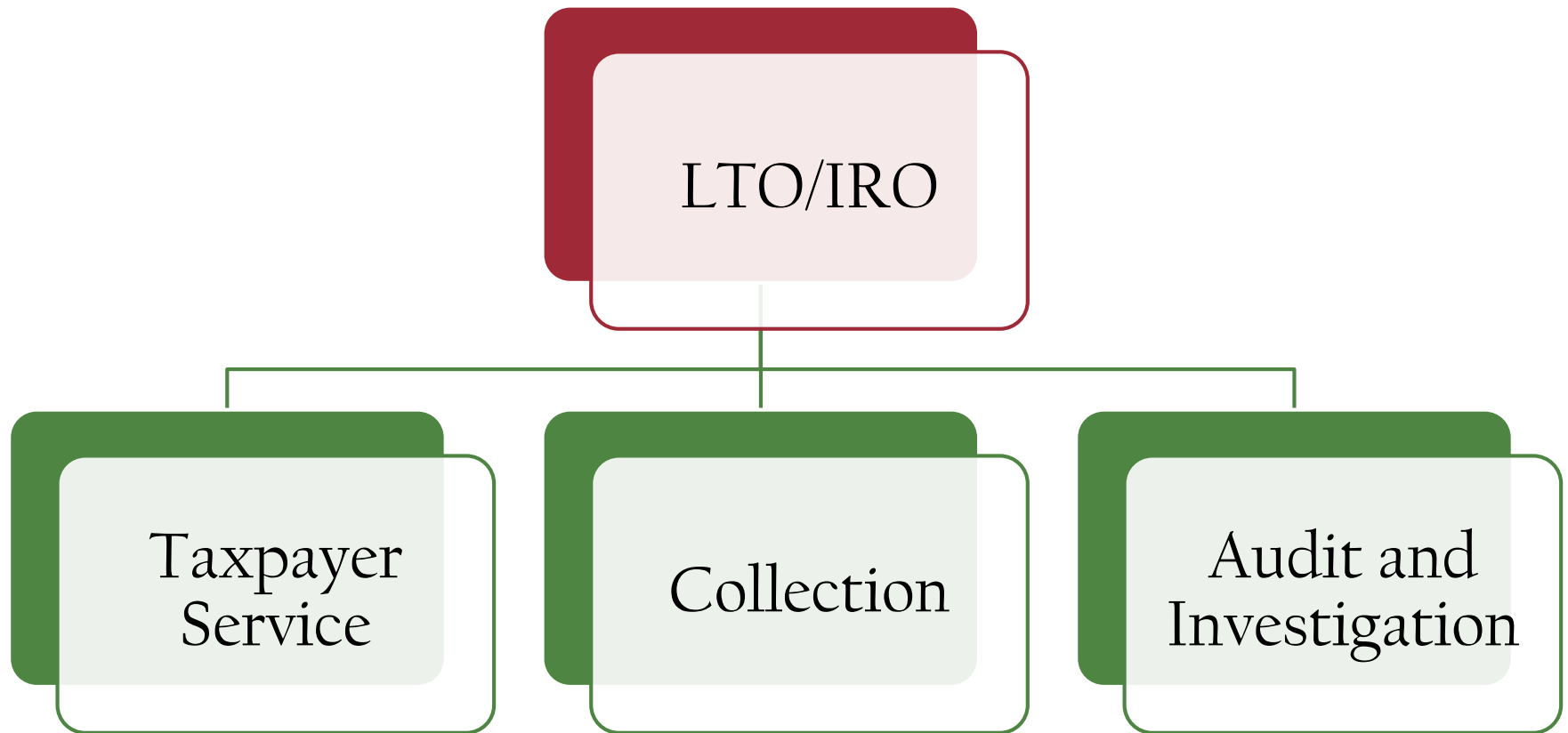
Functions of Tax Administration



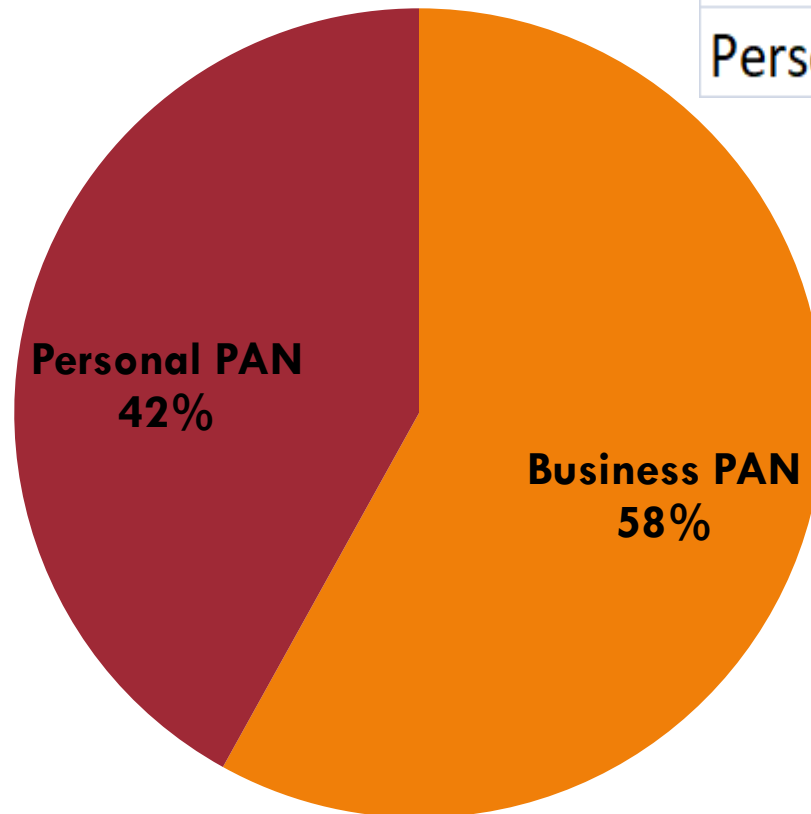
Organization Structure of IRD



Functional Structure

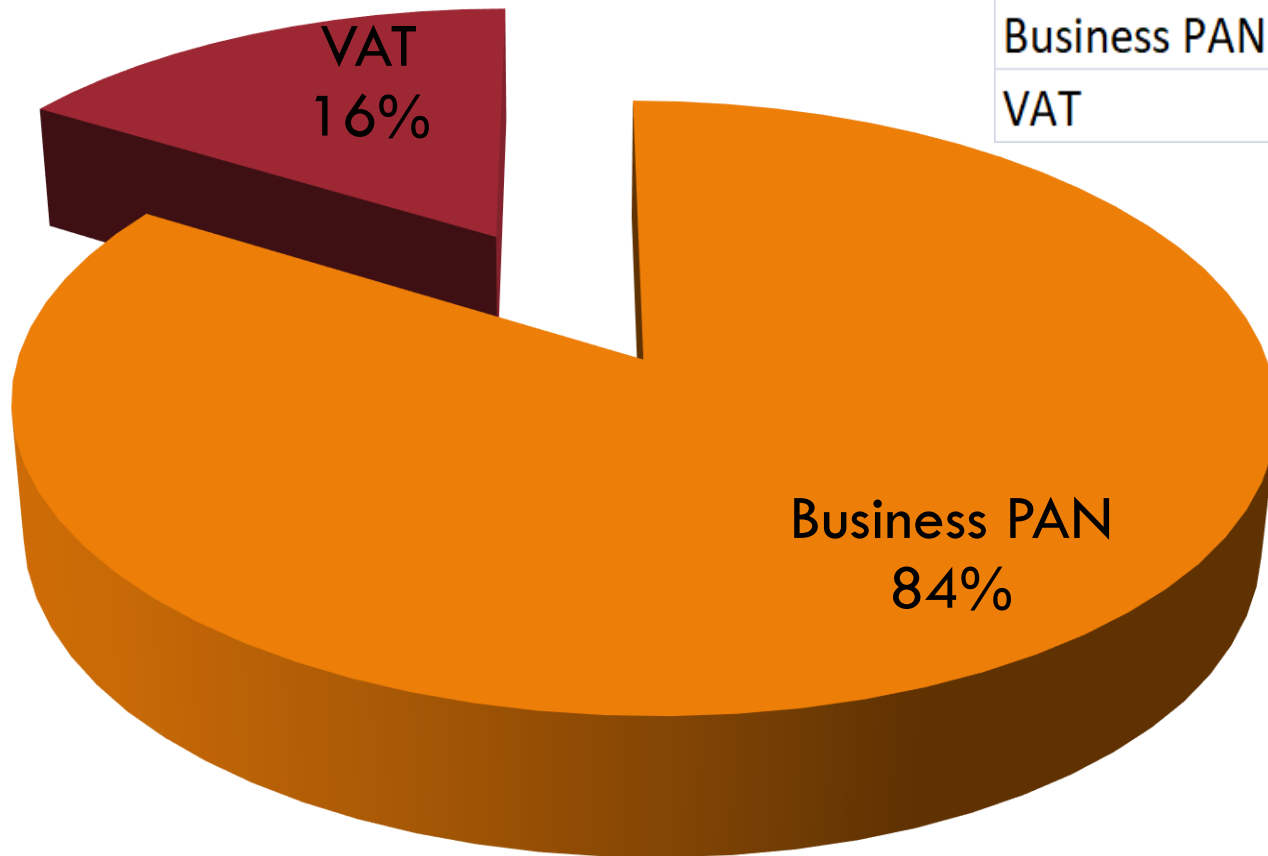


Composition of PAN



Business PAN	955338
Personal PAN	690351

VAT registrant out of Business PAN

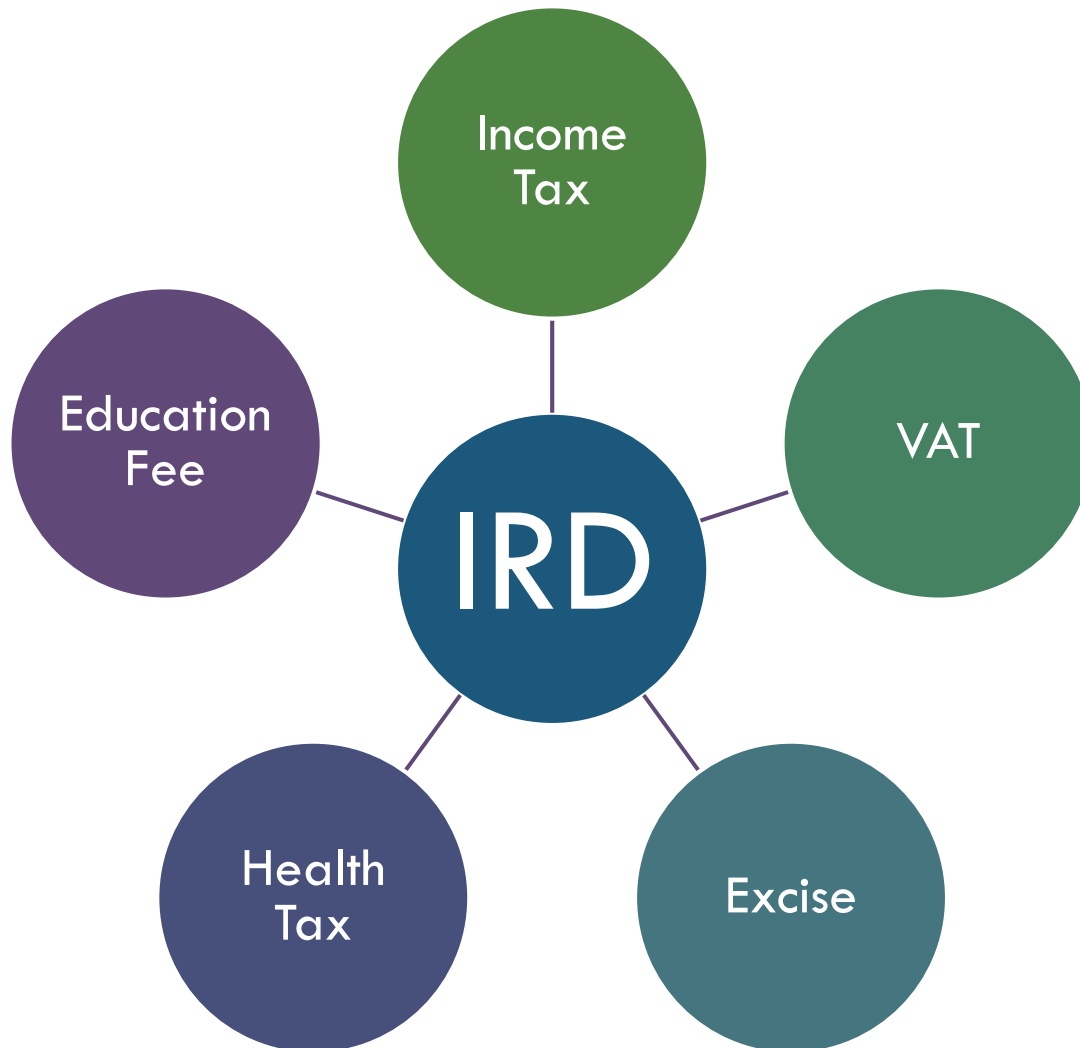


Business PAN	955338
VAT	184356

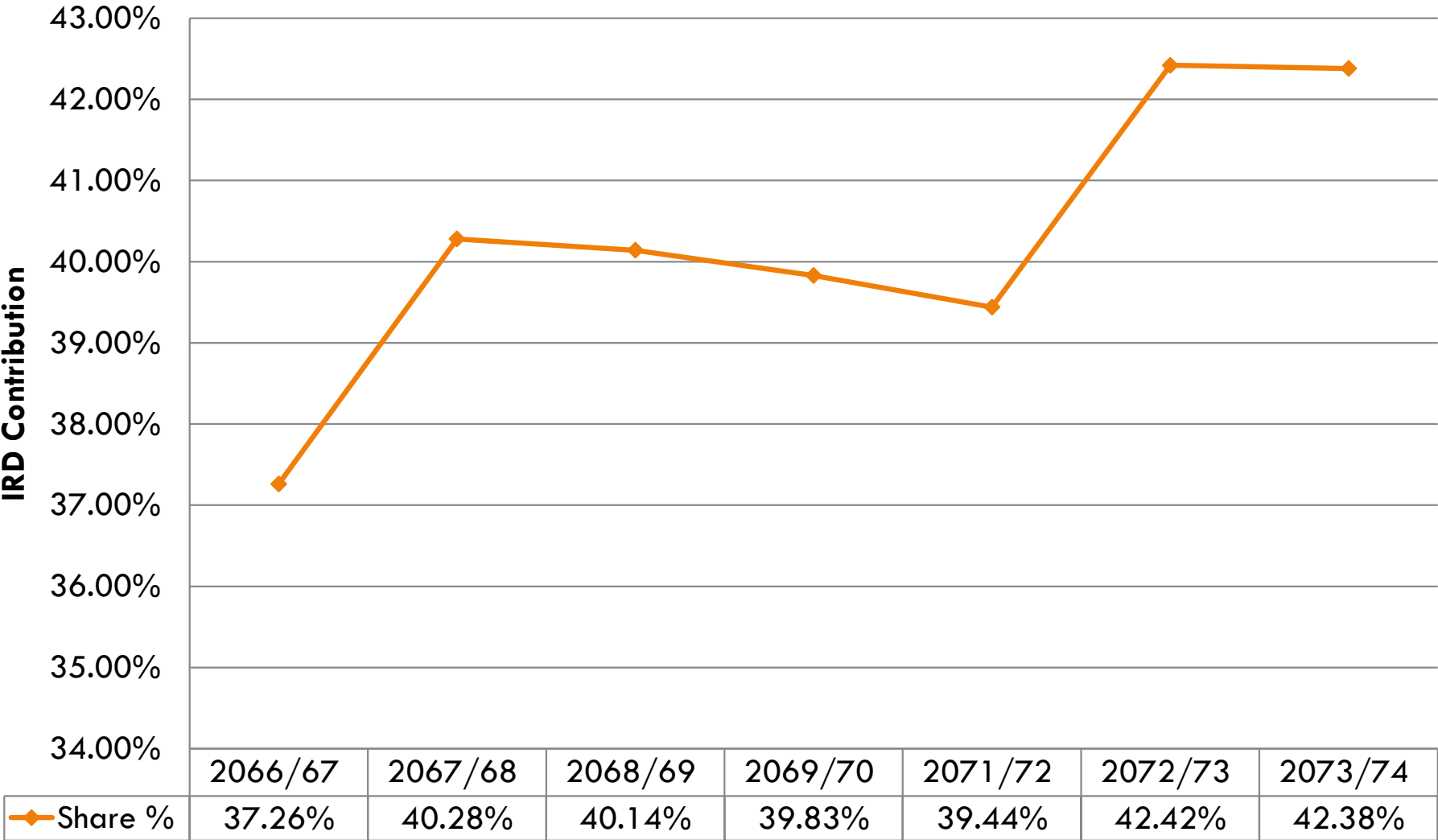
Business PAN
84%

VAT
16%

IRD Administrators

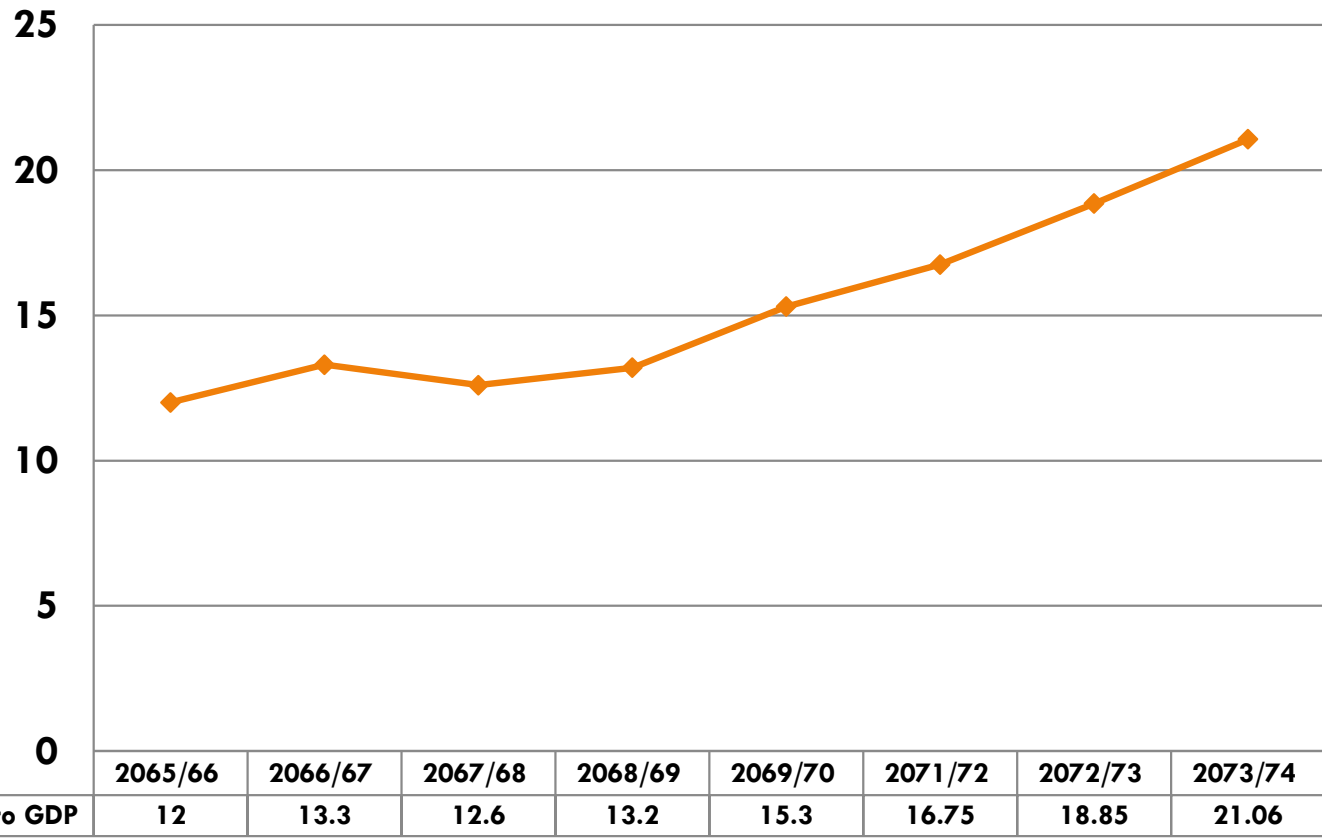


IRD Contribution to Total Revenue collection

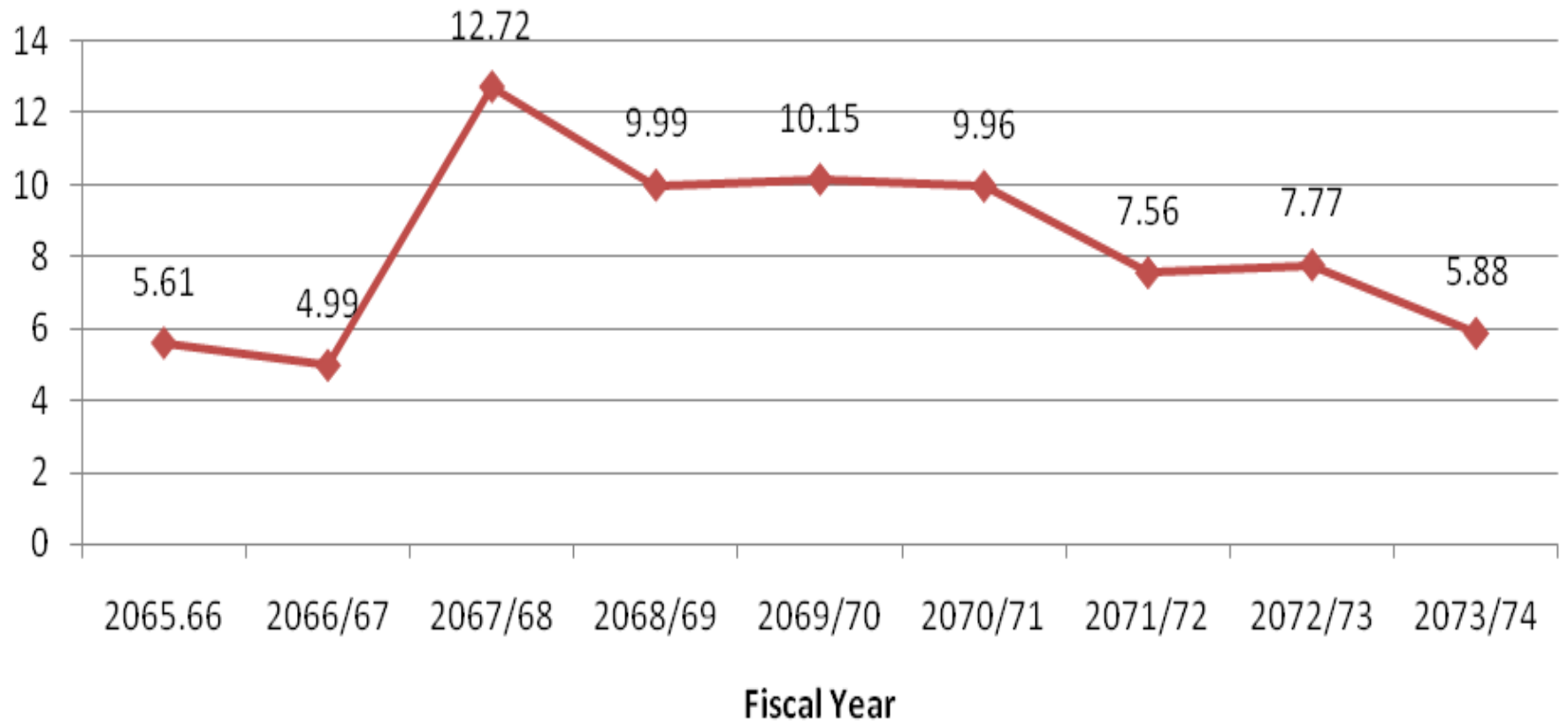


Ratio of Tax revenue to GDP

Percentage of GDP



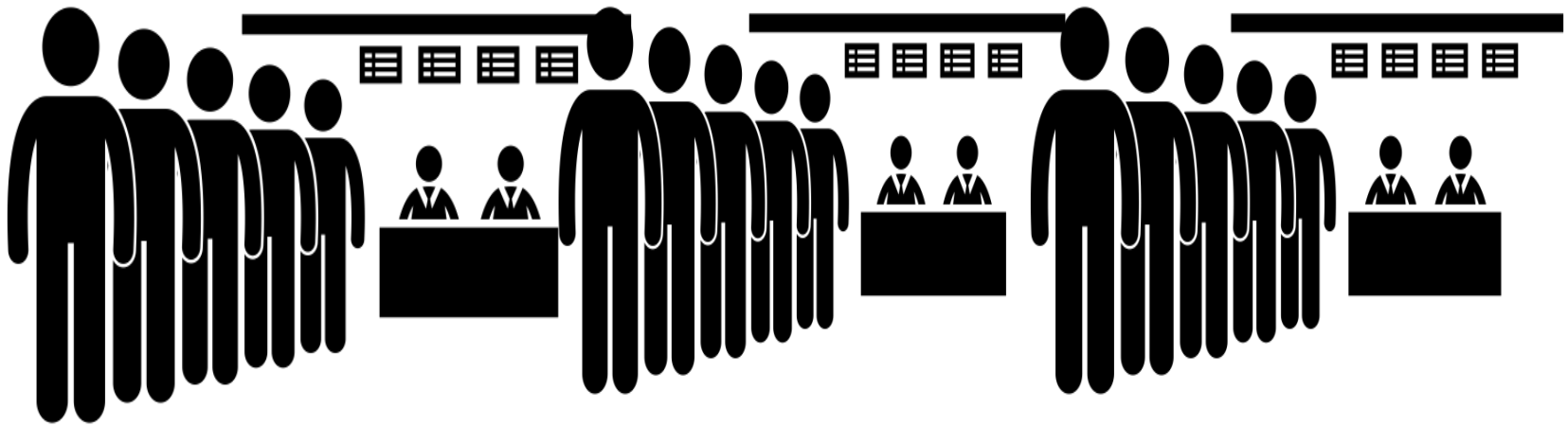
Cost of collection for Rs.1000





Pre e-Filing Experience

Taxpayers visiting offices to submit tax return



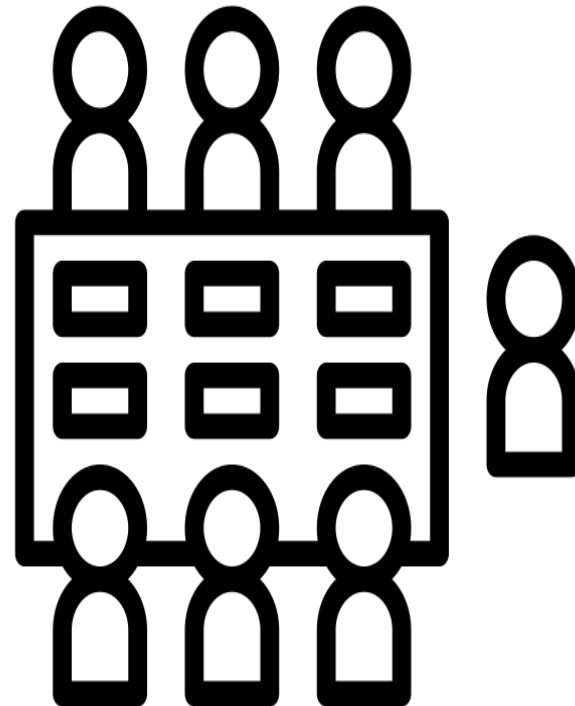
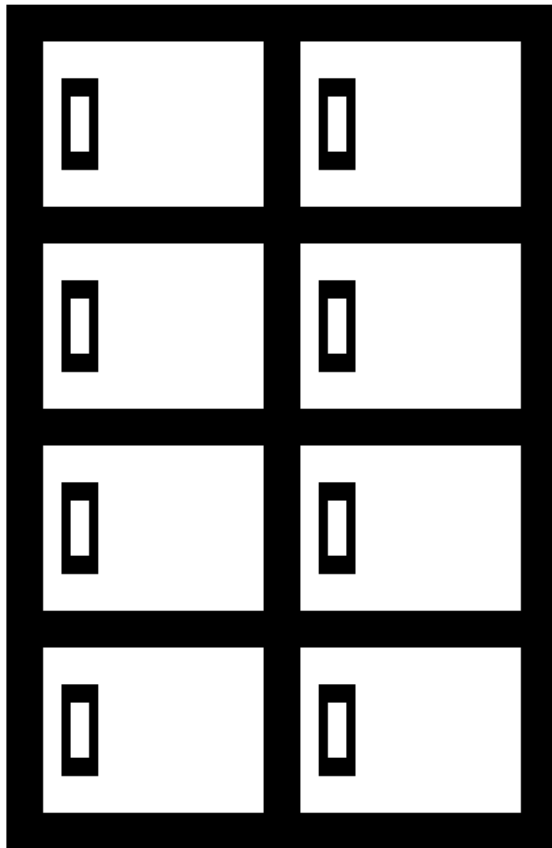
Tax officers preparing tax return batch to enter data into the system



Computer Operators entering data



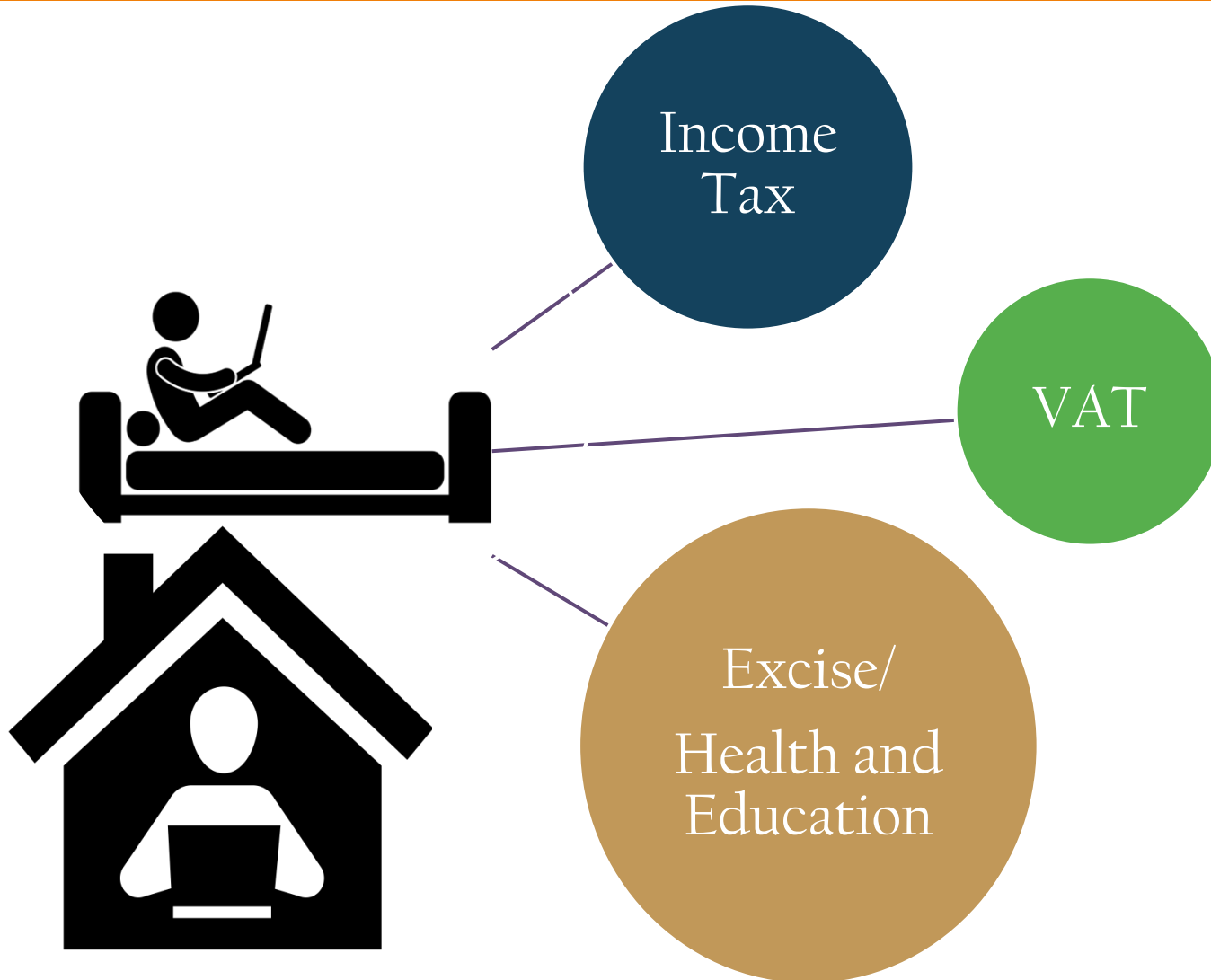
Filing management





Post e-Filing Experience

E-services



IT Support team providing support to Taxpayer



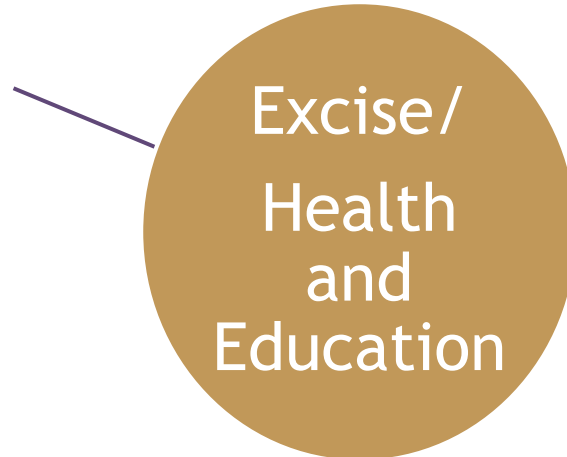
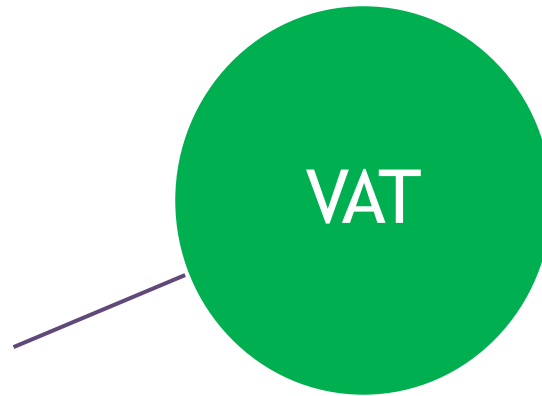
E- services



Income
Tax

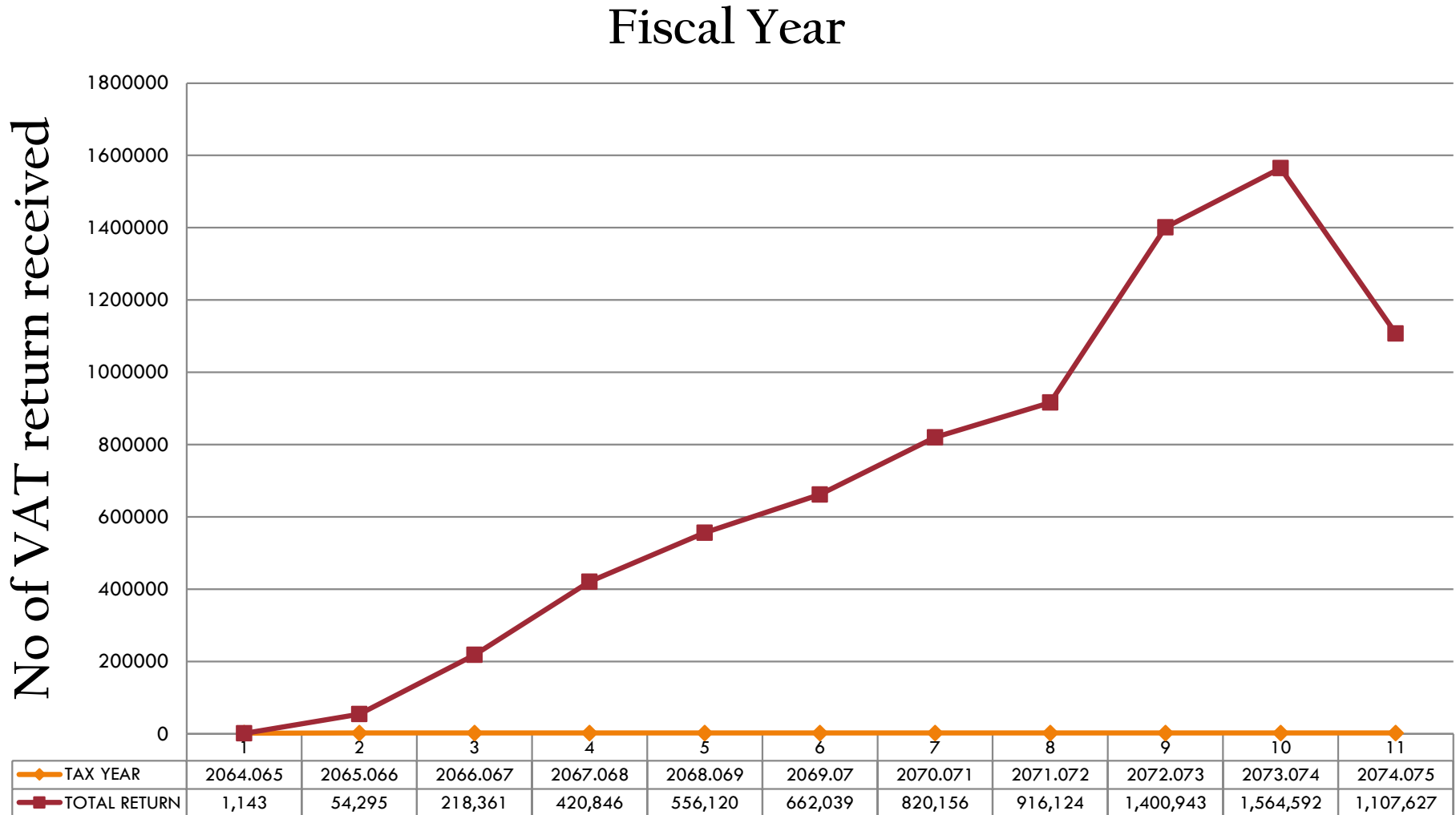
- Income tax Return Submission and self verification
- Seek request for time extension of IT filling period.
- E-TDS return submission
- Submission of Registration application for PAN , VAT and E-PAN

E-services

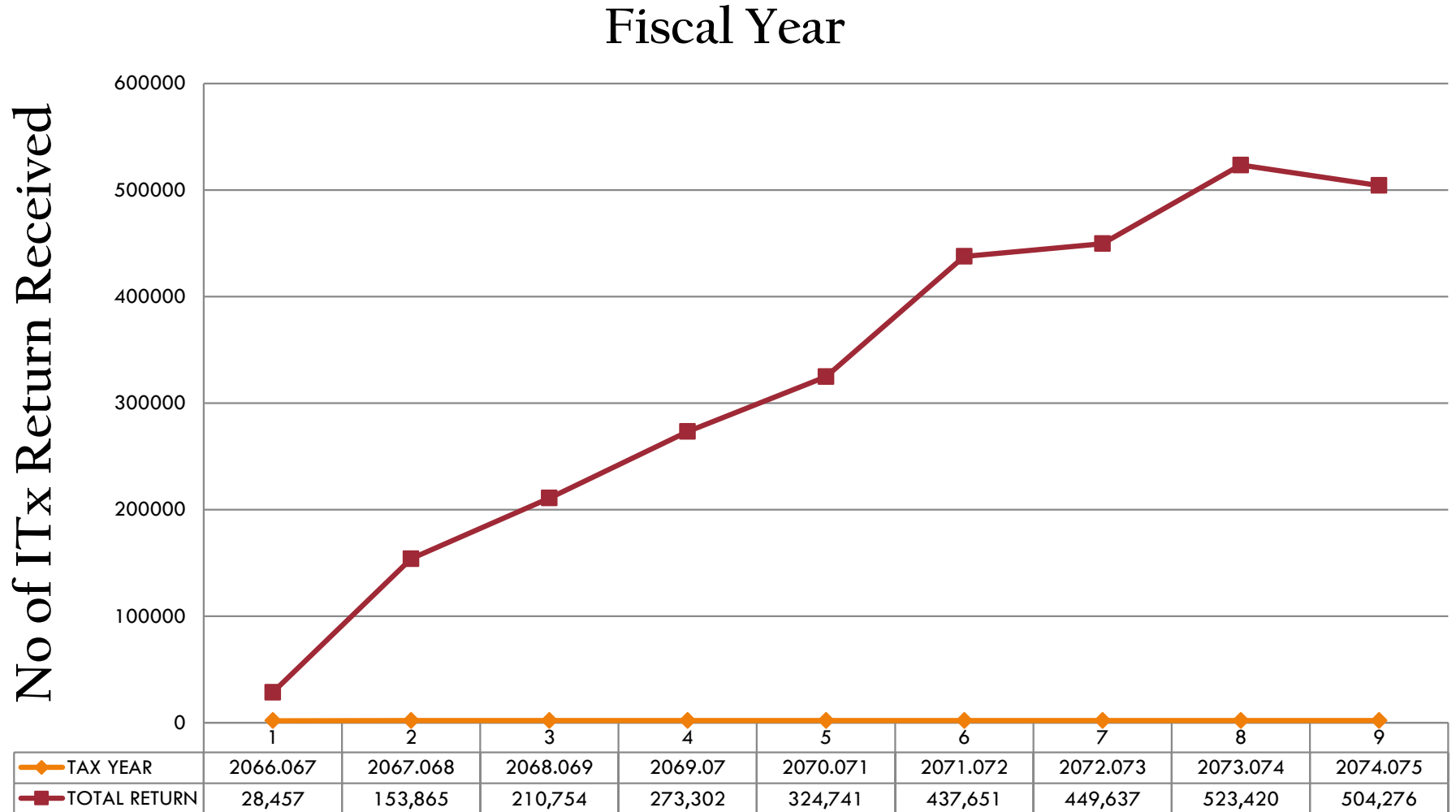


- VAT return submission and self-verification
- Upload sales and purchase details of more than 1 lakh
- Submission of monthly sales statements.

VAT Return received through online services



Income Tax Return received through online services



Strength



- ❑ Reduces interface between Tax Payer and Tax officers
- ❑ Reduces manual work.
- ❑ Reduces frequency of taxpayer's visit to tax offices.
- ❑ Reduces work load of Tax offices (Return receive, Data Entry , Filling and Error management etc)
- ❑ Improves service delivery.
- ❑ Improves decision making process
- ❑ Reduces transaction cost of Tax Administration.
- ❑ Improves taxpayer satisfaction level.

Weakness



- ❑ Change management issue.
- ❑ Capacity constraint of Tax officials.
- ❑ Low level of taxpayer awareness .
- ❑ Tax payer belief.
- ❑ Poor connectivity across the country
- ❑ Data security.
- ❑ Robust IT system.

Lesson learned

Pilot the case first

- Target large business first.
- Move with "Softly softly approach"

Encourage user

- Provide incentives to employee to promote e-system
- Provide incentive to Taxpayer encourage taxpayer.
- Make system easy to access

Lesson learned

Engage key stakeholders

- Collaborate closely with tax professionals, lawyers, Business Groups and their umbrella organizations
- Conduct continuous awareness program through meeting, workshops and interaction.

Provide quick support to users

- Users expects that the tax authority provides quick telephone help services as and when required
- Resolve any issue to gain user's confidence.

Way forward

Provide self verification

- Request of time extension of filling period.
- E-TDS return submission

Introduce E-Payment System

- With the successful implementation of e-filing, there is high demand for e-payment service.
- E-Payment will further encourage to use e-service
- Legal and regulatory issues needs to be resolved of IRD.

Provide Tax Clearance through e-services

- E-Tax clearance will further encourage taxpayer to use e-services



Thank You