1.3 Nepal Customs Information

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Duties and Tax Exemption

The Nepalese Customs Administration collects customs duty, Value Added Tax, excise and other taxes at the border points. It accounts for 44% of the total revenue and 50% of the total tax revenue of Nepal. Customs duties alone contribute 20% of the total tax revenue in Nepal.

A tax exemption can be agreed with the Ministry of Finance (MoF) for importation of humanitarian goods under strict rules. The organizations must be registered in Nepal and need to request MoF for the tax exemption with a recommendation from the Social Welfare Council (SWC) and relevant line ministries. They can also request the MoF directly if the organization has an Agreement (e.g. Umbrella Agreement) or Memorandum of Understanding (MoU) with MoF. MoF will grant tax exemption as per the Government policies, rules and regulations. For more information on Nepal’s custom authorities and contact information, please see the links below:

4.1 Nepal Government Contact List

Nepal Department of Customs Website

Emergency Response

[Note: This section contains information which is related and applicable to crisis times. These instruments can be applied when an emergency is officially declared by the Government. When this occurs, there is usually a streamlined process to import goods duty and tax free.]

<table>
<thead>
<tr>
<th>Agreements / Conventions Description</th>
<th>Ratified by Country?</th>
<th>Date of Ratification</th>
</tr>
</thead>
<tbody>
<tr>
<td>WCO (World Customs Organization) member</td>
<td>Yes</td>
<td>22 July 1985</td>
</tr>
<tr>
<td>Annex J-5 Revised Kyoto Convention</td>
<td>N/A</td>
<td></td>
</tr>
<tr>
<td>OCHA Model Agreement</td>
<td>Yes</td>
<td>31 May 2007</td>
</tr>
<tr>
<td>Tampere Convention (on the Provision of Telecommunication Resources for Disaster Mitigation and Relief Operations)</td>
<td>Yes</td>
<td>23 April 1999</td>
</tr>
</tbody>
</table>

Regular Regime (Non-Emergency Response)

[Note: This section should contain information on the usual duties & taxes exemption regime during non-emergency times, when there is no declared state of emergency and no streamlined process (e.g. regular importations/development/etc.).]

The Customs Act 2064 was ratified in 2007 with First and Second Amendments ratified in 2009. The full details of the current Nepal Customs Act can be found at the Customs Act, 2064 (2007).

<table>
<thead>
<tr>
<th>Organizational Requirements to obtain Duty Free Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>United Nations Agencies</td>
</tr>
<tr>
<td>The UN has a long-standing agreement with the Government of Nepal for duty-free importation.</td>
</tr>
<tr>
<td>Non Governmental Organizations</td>
</tr>
<tr>
<td>The government has a provision to provide duty-free exemption to NGOs on an event basis. It doesn’t have a provision to provide exemption by long-term agreements. NGOs need to apply for duty-free exemption through the Social Welfare Council (SWC) by following specific procedures.</td>
</tr>
</tbody>
</table>
Duties and Taxes Exemption Application Procedure

Generalities

Request for exemption is first sent to the Foreign Aid Division of the MoF. Once the Finance Secretary or the Minister (depending upon the threshold) approves the request, the approval is sent to the Customs Department at the intended entry point where an Import Permit will be issued. Generally importers or exporters within the territory of Nepal have to furnish the following shipping documents regarding their importation or exportation of commodities:

- Compulsory Documents:
  - Import/Export declaration form (BPP);
  - Invoice;
  - Packing list;
  - Letter of credit;
  - Certificate of origin;
  - Certificate of insurance;
  - Bill of Lading / Airway Bill;
  - Industry Registration Certificates;
  - Permanent Account Number (with VAT Registration and Income Tax Registration if not exempt);
  - For goods over USD 100,000 in value: a request or concurrence letter from the relevant line ministry (for example a letter from the Ministry of Health and Population for medical supplies).

- Optional Documents:
  - Duty-exemption letter (in case of diplomatic or exemption status);
  - Airlines Delivery Order (DO) / Customs Transit Declaration (CTD) for import only;
  - Generalized System of Preferences (GSP) Form A for ready-made garments and carpets exportation to India and European Union;
  - Concurrence certificate from Department of Archaeology, Wildlife, Forestry or any other agency when required for exported goods;
  - Phytosanitary certificate.

Process to be followed

- Goods over USD 100,000 value must obtain a request or concurrence letter from the line ministry;
- Submit request for exemption to the Ministry of Finance’s Foreign Aid Division;
- Finance Secretary approves request;
- Finance Secretary issues letter to Customs Department at intended entry point;
- Customs Department entry point issues Import Permit;
- Goods cleared through Customs at entry point.

Exemption Certificate Document Requirements

| Duties and Taxes Exemption Certificate Document Requirements (by commodity) |
|---|---|---|---|---|---|
| **Food** | NFI (Shelter, WASH, Education) | **Medicines** | **Vehicle & Spare Parts** | **Staff & Office Supplies** | **Telecoms Equipment** |
| Invoice | Yes, 3 originals, 3 copies, applies to both UN and NGOs | Yes, 3 originals, 3 copies, applies to both UN and NGOs | Yes, 3 originals, 3 copies, applies to both UN and NGOs | Yes, 3 originals, 3 copies, applies to both UN and NGOs | Yes, 3 originals, 3 copies, applies to both UN and NGOs |
| AWB/BL /other transport documents | Yes, 1 original, 3 copies, applies to both UN and NGOs | Yes, 1 original, 3 copies, applies to both UN and NGOs | Yes, 1 original, 3 copies, applies to both UN and NGOs | Yes, 1 original, 3 copies, applies to both UN and NGOs | Yes, 1 original, 3 copies, applies to both UN and NGOs |
| Donation /non-commercial certificates | Yes, 3 originals, 3 copies, applies to both UN and NGOs | Yes, 3 originals, 3 copies, applies to both UN and NGOs | Yes, 3 originals, 3 copies, applies to both UN and NGOs | Yes, 3 originals, 3 copies, applies to both UN and NGOs | Yes, 3 originals, 3 copies, applies to both UN and NGOs |
| Packing lists | Yes, 3 originals, 3 copies, applies to both UN and NGOs | Yes, 3 originals, 3 copies, applies to both UN and NGOs | Yes, 3 originals, 3 copies, applies to both UN and NGOs | Yes, 3 originals, 3 copies, applies to both UN and NGOs | Yes, 3 originals, 3 copies, applies to both UN and NGOs |
Other documents

| Other documents                                                                 | N/A | N/A | 3 original Phyto- sanitary certificates, 3 copies, 1 original Certificate of Origin, 3 copies, applies to both UN and NGOs | N/A | 1 original permit from the Department of Telecommunications, 3 copies, applies to both UN and NGOs |

Additional notes

NGO’s have different procedures from UN agencies. NGO’s must be registered with the SWC, MoF, with notification from the Ministry of Foreign Affairs (MoFA). After the registration procedure is completed with the mentioned entities, application for registration is made to the Department of Customs. All customs clearance and duty exemption requests are submitted to MoFA which checks and certifies the documents. If the items requested for exemption are on the government’s approved list, the request must be submitted and approved by the MoF. Documents required for this request are:

- Bill of Lading;
- Insurance Policy (only for commercial goods for risk of loss);
- Certificate of Origin;
- Invoice;
- Packing List;
- Mode of Payment (grant, donation, or non-commercial certificate).

Customs Clearance

General Information

The delays at border posts can take up to 4 days during peak times before major holidays in October and November (such as Dashain and Tihar). It is critical to get all the paperwork accurate and correct.

Customs Information

<table>
<thead>
<tr>
<th>Document requirements</th>
<th>See the table below.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Embargoes</td>
<td>None</td>
</tr>
<tr>
<td>Prohibited items</td>
<td>Importation of narcotic drugs, beef and beef products, valuable metals and jewelry are prohibited except under bag and baggage regulations. Prohibited exports include archaeological and religious artifacts, controlled wildlife, narcotics, arms, ammunition, explosives, industrial raw materials, imported raw materials, parts, capital goods, timber and logs.</td>
</tr>
<tr>
<td>General restrictions</td>
<td>Products that may be imported only under special licenses include arms, ammunition, explosives, communication equipment, computers, TVs, VCRs and walkie-talkies.</td>
</tr>
</tbody>
</table>

Customs Clearance Document Requirements

<table>
<thead>
<tr>
<th>Customs Clearance Document Requirements (by commodity)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Food</td>
</tr>
<tr>
<td>D&amp;T Exemption Certificate</td>
</tr>
<tr>
<td>Invoice</td>
</tr>
<tr>
<td>AWB/BL/Other Transport Documents</td>
</tr>
<tr>
<td>Donation/Non-Commercial Certificates</td>
</tr>
<tr>
<td>Packing Lists</td>
</tr>
</tbody>
</table>
### Phytosanitary Certificate

| Phytosanitary Certificate | N/A | N/A | N/A | N/A | N/A |

### Other Documents

| Other Documents | Approval from Ministry of Women, Children and Social Welfare must be obtained. | Approval from Ministry of Women, Children and Social Welfare must be obtained. | Approval from Ministry of Women, Children and Social Welfare must be obtained. | Approval from the Ministry of Communications must be obtained for the bandwidth. |

### Additional Notes

In order to clear goods through Customs, the final duty-free exemption letter will be obtained from the Head of Customs and will be addressed to the Customs Officer at the border crossing point. It will authorize an approved clearing agent to clear the goods per the specifications contained in the approval letter.

There is no cold chain storage available for vaccines at TIA Airport and it normally takes one day for customs clearance.

### Customs clearance procedures for relief materials (Emergency Response)

The Nepal Customs Clearance Procedure for Relief Materials, 2017 is applicable for customs clearance of humanitarian relief materials to be used in a disaster situation.

| Fast Track Duties and Taxes Exemption Application Procedure |
The following relief materials can be imported for search, rescue and relief:

- Food;
- Medicine and materials required for treatment;
- Clothing;
- Blankets;
- Tents and temporary residential construction materials;
- Prefabricated house including essential merchandise;
- Floor covering, mattresses, and articles of bedding;
- Mosquito nets;
- Water purifying medicines and equipment.

Relief materials can be imported through the following customs offices in general:

- Tribhuvan International Customs Office, Gauchar, Kathmandu;
- Mechi Customs Office, Kakarvitta, Jhapa;
- Biratnagar Customs Office, Rani, Morang;
- Birgunj Customs Office, Birgunj, Parsa;
- Dry Port Customs Officer, Srisiya, Parsa;
- Bhairahawa Customs Office, Belahiya, Rupandehi;
- Krishnanagar Customs Office, Krishnanagar, Kapilbastu;
- Nepalgunj Customs Office, Nepalgunj, Banke;
- Kanchanpur Customs Office, Mahendranagar, Kanchanpur;
- Tatopani Customs Office, Laping, Sindhupalchowk;
- Rasuwa Customs Office, Rasuwa.

Agencies eligible to import relief materials for search, rescue and relief are:

- The United Nations and UN agencies;
- Governmental (GOV), intergovernmental (IGO) and non-governmental (NGO) organizations certified by UN and following the framework of UN relief operations;
- Transport carriers contracted by these agencies for transportation of relief consignments and/or possessions of disaster relief personnel as bona fide participants within the framework of a UN relief operation;
- International humanitarian organizations, institutions and agencies under agreement with the Government of Nepal;
- Organizations importing relief materials intended to deposit in warehouse specified by the Government of Nepal;
- Any other agency as specified by the Government of Nepal.

Provision for temporary import of relief materials for the use in search, rescue and relief operations can be granted on the condition of re-export of such goods and maintaining a record of details of the goods.

After a disaster or emergency, the Ministry of Home Affairs (MoHA) or MoF can issue a directive to waive customs duties and taxes for importation of priority relief items* for a specified time period. Notwithstanding the list above, the government can amend the list to add or delete items, which will be specified in the directive by applicable customs sub-title category and by relief item type.

The national logistics cluster will share the customs duty waiver directive with humanitarian agencies.

For fast tracked customs clearance of relief materials, the Government departments involved, and Customs department will expedite clearance of the relief materials to complete customs clearance within 24 hours or less, round the clock, provided that the customs declaration is complete and complies to the requirements. Clearance will also be done with priority when documents are submitted prior to the arrival of the relief materials.

The fast-track process has the same steps and document requirements as the regular regime (non-emergency response).

In case a national emergency has been declared, a “one-stop shop” may be started, which brings together staff from all the selected government agencies necessary to expediting clearance of humanitarian relief cargo. This was done at Tribhuvan International Airport during the 2015 earthquake relief operations.
### Process to be followed

<table>
<thead>
<tr>
<th>Step</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Goods over USD 100,000 value must obtain a request or concurrence letter from the relevant line ministry;</td>
</tr>
<tr>
<td>2.</td>
<td>Submit a request for exemption to the Ministry of Finance’s Foreign Aid Division;</td>
</tr>
<tr>
<td>3.</td>
<td>Finance Secretary approves request;</td>
</tr>
<tr>
<td>4.</td>
<td>Finance Secretary issues letter to Customs Department at intended entry point;</td>
</tr>
<tr>
<td>5.</td>
<td>Customs Department entry point issues Import Permit;</td>
</tr>
<tr>
<td>6.</td>
<td>Goods cleared through Customs at entry point.</td>
</tr>
</tbody>
</table>

### Documents to be submitted for the Customs declaration:

- Invoice or donation letter with details (including the value of the goods) or Simplified Declaration Form as per Annex-1 of the *Customs clearance procedure for relief materials, 2017*;
- Packing list;
- Bill of lading or airway bill;
- Authorization letter addressed to Customs to release the goods on behalf of importer;
- Customs Transit Declaration (CTD) form in case of third-country import;
- UN Certificate duly signed to be submitted for import from the UN and UN related agencies;

When immediate release of the goods is required imported by the UN or its specialized agencies or to be imported on the recommendation of MoFA or imported on behalf of the government, the same shall be permitted even if temporary or incomplete declaration is made, provided the required documents are submitted and the necessary customs procedures are complied with, within 30 days of the release of the goods.

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As per the OCHA Model Agreement which was signed 31 May 2007, the government shall do the following regarding the importation of disaster relief supplies during a national emergency:

- Waive import duties and taxes for priority relief items* imported by the UN agencies or organisations (I/NGO’s) involved in UN disaster relief operations for distribution free of charge to victims of disaster in Nepal;
- Facilitates the issuance of transit visa for inland cargo transport and port facilities clearance of relief consignments coming to Nepal via India with Government of India.
- Facilitates importation or temporary admission of equipment and disaster relief personnel for disaster relief operations.
- Makes arrangements to release promptly the maximum number of relief consignments after arrival, upon presentation of provisional entry documents, subject to fulfillment of customs and other requirements within a specified time limit.

As per the Tampere Convention which was signed 23 April 1999, the Government of Nepal will facilitate the provision of prompt telecommunication assistance to mitigate the impacts of a disaster. Regulatory barriers that impede the use of telecommunication resources for disasters are waived. These barriers include the licensing requirements to use allocated frequencies, restrictions on the import of telecommunication equipment, as well as limitations on the movement of humanitarian teams.

* List of Humanitarian Priority Items: As of 2019, Government of Nepal, Ministry of Home Affairs is working to update the list of humanitarian priority items for relief operations in Nepal. During large scale emergencies, if a national emergency is declared and international assistance has been requested by the Nepal government, the government can issue a directive to waive customs duties and taxes for importation of the priority relief items listed for a specified time period.

### Transit Regime

The majority of Nepal’s imported goods are shipped through the ports of India, namely Kolkata, and the information contained in this section applies to this transit regime.

- All cargo documents for clearing should be filed with the shipping line, port authority, and customs authorities for clearing and possession of cargo.
- Cargo is unloaded from the ship by the port authorities. If the cargo is in containers and these are not to be forwarded to the Indo-Nepal border, then de-stuffing is done at the port at the cost of the importer.
- The shipping line gives possession of the cargo to the importer's clearing and forwarding agent after examining the original Bill of Lading and all shipping documents.
- The importer's clearing agent gets the cargo appraised by Indian customs authorities who will open the container(s) and conduct inspection in accordance with the cargo documents (invoice, packing list, etc.) After a satisfactory inspection, customs authorities will endorse the import license and other cargo documents and seal the container(s) so that it can be forwarded to the Indo-Nepal border.
- The importer's clearing agent should obtain a transit insurance policy for the Indian import duty leviable in favour of the Collector of Customs.
- After completion of these formalities, the Customs authorities issue a Customs Transit Declaration (CTD) form that allows movement of Nepal-bound cargo from the Kolkata Port to the land customs post at the Indo-Nepal border.
- After the CTD, on request of the clearing agent the shipping line will issue a Delivery Order.
- An “Undertaking Letter,” one per shipment, is issued by the Nepal Consulate in Kolkata upon request of the importer (or importer’s clearing agent), to indemnify the Nepal Transit & Warehousing Co. Ltd., (NTWC) and Consulate General of Nepal in Kolkata from any loss and shall not be held liable if the consignment is diverted to any other place except Nepal.
- The cargo goes to the Continental Freight Temporary Storage facility. The rate is $250/day/container. As of 2019, the Government of Nepal has built its own container freight station (CFS) at Kolkata port. The CFS has a capacity to store 500 containers is cheaper than the storage facilities operated by the Kolkata Port.
- When all documents are ready (undertaking letter, delivery order, CTD, bill of lading and all shipping documents, the Port Authority issues a gate pass and the container or cargo is ready for transit to Nepal.
- Transit can be by rail (departs 6 days a week, but during COVID-19 pandemic twice a week) or by road, whichever is the choice of the importer and importer’s clearing and forwarding agent.

The Nepal Department of Customs (DOC) has transitioned its core customs automation system from ASYCUDA++ to the web-based ASYCUDA World. ASYCUDA World is being used at 24 main customs entry points of Nepal, covering 99.5% of international trade.

### Customs Legislation
• Custom Act, 2064 (8th Amendment 2076)
• Custom Regulation (10th Amendment, 2076)
• Fiscal Act, 2077
• Customs clearance procedure for relief materials, 2017. Department of Customs, Nepal