

Second Phase of relief announced by Ministry of Finance & NRB

- May 14, 2020

With view of COVID-19 prevention, control and treatment and facilitation of daily sustenance of Lower class and labors sector, along with protection of business and industries through relief, tax exemptions and facilities

I. Announcement made by the Ministry of Finance

The following relief package has been announced by the Ministry of Finance, with relation to the following sectors:

- A. Unorganized sector daily wage labor
- B. Organized sector industry business labor
- C. Food material import and service supply
- D. Health, education and house rent
- E. Tax concessions and exemptions
- F. Banking, Insurance and Securities
- G. Administrative and Regulatory Exemptions and Concessions
- H. Other Strategic Provisions

II. Relief package announced by NRB

I. Relief package Announced by Ministry of Finance

A. Relief to the unorganized daily wage labor

1. Where labor working on unorganized sector have become **unemployed** shall be **utilized for public works** to be carried out in the local level by the local level or province or state office. While putting into work or labor as such, **cash or food (in kind)** shall be made available as daily wage. Daily wage rate shall be determined by remaining within the benchmark limit of relief to be provided to unorganized labor. While availing wage, the local level shall prepare record of the family. Members of the families requesting for relief shall be listed in the **Employment Service Center** of the respective local level. Individuals not coming/ or not desiring to work shall be provided with food of the value of only **25%** of the wage received by individuals coming to work.
2. Wages to be provided as above shall be borne by *Prime Minister Employment Program, Prime Minister Agriculture Advancement Program, Local Level Development Program and COVID 19 Prevention, Control and Treatment Fund*.
3. For providing relief in local level, *Corona Infection Prevention, Control and Treatment Fund* established in the local level shall be utilized. Funds shall also be made available to local level from

province level funds. Where funds are still insufficient, it can be made available from the Central fund for Corona infection prevention, control and treatment fund.

4. Non-governmental institutions or individuals desiring to assist in the cause may with coordination with local level to provide relief only on prescribed areas.
5. While making relief available, local level shall make special provisions for pregnant women, disabled individuals, elderly in care homes, children and orphans in child homes.
6. Individuals claiming relief shall make self-declaration that no member of his/her family are self-employed, not in official employment and not having other alternative medium of income generation.
7. If found obtaining relief by making false declaration, shall be recovered as government dues, and if found that family not eligible for relief has obtained relief, concerned ward chairman or member certifying as eligible shall also be made responsible

B. Relief to the organized sector business industry and labor

1. Labors working in the organized sector shall be provided **50%** of wages of Baisakh month immediately and remaining after resuming of normal business operations by their respective employers. Where industries are facing liquidity insufficiency, banks and financial institutions shall make available financing at concessional rates, as well as NRB shall make provision for providing refinancing service.
2. The respective industrialist of the fully closed Tourism sector shall provide **50% of the remuneration** for the month of Baisakh and where they are facing shortage for providing remaining 50% banks and financial institutions shall make available financing at **concessional rates**, as well as NRB shall make provision for providing refinancing service.
3. Where due to liquidity shortage large industrialists are unable to make payment for remuneration as well as wages, provisions shall be made for concessional financing by providing appropriate collateral. Industries requesting such assistance shall provide details of TDS deduction on wage payments for the month of Poush, 2076 submitted to IRD.
4. Provision shall be made with respect to entities registered in the Social Security Fund to deposit contribution of labor and employer for the month of Baisakh and Jestha to be deposited till Ashad end.

C. Provision related to food import and service

1. Food management and trading company limited and Salt trading corporation limited shall continue the provision for sales of rice, flour, cereal, salt, sugar, edible oil at **10% discount** for the duration of the lockdown. Similarly, with the view of ensuring agriculture produce, provision for purchase from farmers and procedures and sales of the same of essential food materials shall be made.
2. NTC shall continue provision of **25% discount** on internet and data packages for the duration of the lockdown. Private service providers shall make similar discount provisions.
3. NEA shall continue provision of **25% discount** to domestic customer consuming upto 150 units monthly, 25% discount to domestic customer consuming upto 250 units for the duration of the

lockdown. NEA shall make provision for providing demand charge exemption or concession for industry closed in the duration of the lockdown.

4. Provision shall be made for non-applicability of late fee or other penalty charges or other fees for payment of electricity, water, telephone and internet from the month of Falgun to Jestha, 2077 if paid till Ashad end 2077.
5. Provision for **50% discount** where **electricity excess** of demand utilized by production-oriented industries at prescribed time and period shall be continued for the duration of the lockdown.
6. Provision for arrangement of transportation and contribution of **25%** of transportation cost for transportation of essential food items from various production center to nearby market center or Kathmandu valley shall be continued for the duration of the lockdown.

D. Provision related to health, education and house rent

1. **Additional budget** to be made available for Health and Population ministry for import of medicine, health instrument, sanitizer, gloves, PPE used in the treatment of COVID-19 as well as capacity enhancement of hospitals. All entities to facilitate import of goods including medical instruments related to treatment.
2. Provision for **expense for operation of collective quarantine** for individuals with possible infection, as well as food expenses being made available to the concerned entity by the state, province, or local level by ensuring double provision is not being made under the approved quarantine related benchmarks shall be continued for the period of lockdown.
3. Provision to be continued for **no cost insurance/** reimbursement of up to **25 lakh rupees** to doctors, nurse, health technician, female health volunteers, volunteers, labors involved in cleaning, ambulance drivers as well as directly involved Safety personnel, involved in the COVID 19 prevention, control and treatment. Provision of providing PPE required for treatment free of cost shall be continued.
4. Provision to be made by ensuring import of necessary health instruments for continuation of all kinds of health services and to make provision for a minimum of 20% discount on billed amount on all health services till Ashad end.
5. Private schools to effectively implement decision made to exempt all fees except housing fees for one-month up to secondary level. Provision to be made for concessional loans in case of insufficiency of working capital for the operation of such schools.
6. Local level to monitor implementation of request made to house owners for exemption of one month rent to unorganized laborers in city areas for one month. House owners shall provide facilities to laborers other than organized for deferring house rent after income generation after lockdown.

E. Provisions related to tax concessions and exemptions

Tax exemptions

1. Provision for exemption of Customs applicable under Customs Act, 2064 Section 2, Clause (अ)/x as per Financial Act, 2076, section 18, subsection (1) for medicine, health materials, and health instruments for COVID 19 infection, control and treatment as approved by Health and Population Ministry to be distributed to prescribed health institutions provided as assistance by different institutions, entity or individuals shall be continued till Jestha 14.

2. Provision for exemption for sub heading 63.07.90.90 face mask, 63.08.94.00 sanitizer, and 63.07.90.90 surgical gloves shall be continued till Jestha 14.
3. Goods imported under the above concessions shall be clearly marked with sticker indicating import date and shall be sold at a price that is not excess of MRP specified by the Health and population ministry. Medicine management department and Commerce, import and customer protection department shall monitor the utilization, sales, distribution and prices of the same.
4. Where medicine production industry has produced Sanitizer as per scheme of industry department (production capacity) by purchase of raw material Ethanol (C₂H₅OH) from domestic industries under recommendation of Medicine Management Department, excise duty shall be fully exempt.
5. Where goods imported as per (2) have been misutilized or are used for other purpose, the exempted fee, charges or taxes as per Finance Act, 2076, section 18, subsection 4 shall be recovered and fine of the amount shall be levied.
6. Exemption as per (2) shall only be applicable to goods arriving to customs point till 2077/02/14.
7. Demurrage and detention charges shall not be levied on containers and trucks in the process of import.
8. Deadline for Application for review of prices as per Customs Act, 2064 shall be extended to 15 days after release of lockdown.
9. Notice related to (1), (2) and (3) shall be published in Gazette.

Internal Revenue

1. Notice shall be published in Gazette as:
 - a. Deadline for submission of VAT tax return and payment of such tax as per VAT Act in relation to monthly returns of Falgun and Chaitra, bi-monthly of Magh-Falgun, and second four-monthly has been extended to 2077 Jestha 25.
 - b. Dealine for submission of VAT refund under section 25D of VAT Act, if expired extended to 2077 Jestha 25.
 - c. Deadline for submission of Excise tax return and payment of such tax as per Excise Act in relation to monthly returns of Falgun and Chaitra has been extended to 2077 Jestha 25.
 - d. Deadline for submission of TDS return and payment of such tax as per Income Tax Act in relation to monthly returns of Falgun and Chaitra has been extended to 2077 Jestha 25.
 - e. Deadline for submission of Amended Tax return and payment of Second Installment of tax as per Income Tax Act to be made within the month of Chaitra has been extended to 2077 Jestha 25.
 - f. Deadline for payment of Education service fee for the month of Falgun and Chaitra, Telephone Ownership Fee, Telecommunication Service Fee has been extened to Jestha 25.
 - g. Deadline for application of Administrative review on dissatisfaction of determination made by tax officer under VAT, Income tax, Excise has been etended till 15 days of release of lockdown.

F. Provision for Banking, insurance and securities

Banking and foreign exchange:

1. Provision shall be made by NRB for rescheduling and not changing credit classification to business effected by lockdown.
2. NRB shall make provision for extension of refinancing up to 1 Kharba Rupees and reducing interest rates for credit provided by the refinancing fund. NRB shall make provisions for Working Capital credit under concessional rates for required by Small and Cottage Industries.
3. Banks and financial institutions shall make provision for extending the installment payable for Chaitra 2076, Baisakh 2077 on need basis.
4. Banks and Financial Institutions shall keep as is, Supervisory and Regulatory funds including Funds for non-performing loans till Ashad 2077.
5. Banks and Financial Institutions shall provide service through electronic medium and shall continue the provision for not levying any charges until another directive.
6. Provision for including credit supplied to Private health institutions desirous for service extension and level enhancement aiding also the treatment of COVID-19 to be included as priority sector loans shall be continued.
7. Supply of minimum foreign exchange necessary for sustenance to Nepalese students staying abroad even without No objection letter from the Education Ministry shall be continued till End of Ashad 2077.
8. NRB shall make provision for providing relief to loanee by reducing interest rate to be paid within the quarter.

Insurance

1. Making provisions for, at the written request of the insured (including electronic request), with respect of policies expired, to extend provision for renewal of insurance within 15 days of end of lockdown.
2. Extend the deadline for collection of life insurance premium to be collected within lockdown period to Jestha 2077. Making provision for not charging interest for the same.
3. Provision for extending renewal of license of Insurance Agent and Surveyor to be renewed on Chaitra 2076 and Baisakh 2077 for up to Ashad end and no fines to be applicable.
4. Provision where insurer has received including from electronic medium immediately originating claim payment, surveyor to be mobilized for damage determination and payment after conditions have become normal to be continued.

Securities

1. Period for settlement of pending transactions has been extended till Ashad 2077.
2. Date for the Returns to be submitted by the listed companies extended till Ashad 2077.

G. Provisions for administrative and regulatory sector exemptions and concessions

1. Provision for extension of date of submission of Returns and reports to the Company's registrar to be made to Jestha 2077. Similarly, provision for date of information, returns requested by the office to be extended to the same to be made.
2. Where date of renewal of vehicle license, renewal, pollution renewal, route permit falls within lockdown period, provision to be made for renewal to be done within Jestha end without levying late fees.

3. Where date for renewal of registration of private firm, partnership firm, or institutions registered with Cottage industries or commercial industries or Medicine Management department, provisions to be made for renewal to be done within 2077 Ashad and exemption of late fee/fine applicable.
4. Provision to be made by Electricity Regulation Authority of public hearing for fee determination till Ashad 2077.

H. Other Strategic provisions

1. Those working in unorganized sector and have become unemployed, as well as those having obtained foreign employment but unable to go for foreign employment due to COVID 19, as well as those Nepalese citizens returning from foreign employment shall be listed in local level Employment Service Center along with Prime Minister employment program in order to utilize them in productive works. This provision shall be continued till 2077 Ashad end.
2. For the provision of obtaining regular information of Nepalese workers, making role of diplomatic entities effective and through facilitation with destination country at this situation to lobby on subjects of salary, facilities and other subjects, and monitor situation of laborers.
3. Where request has been made for extension of contracts under public procurement made before the lockdown, to be extended up to 2 months. Where in extending date as such, bank guarantee expiration falls on Baisakh 2077, the issuing bank shall extend the same without additional fees till one month of the date of release of the lockdown.
4. In view of effect of COVID 19 to the business sector, for the necessary goods import, public construction, vital services continuation and unemployment management, concerned entity shall continuously operate additional economic activities.

Date: 2077/01/14

II. Relief package Announced by NRB

NRB Relief packages as per notice published on 2077/01/16

1. Banks and financial institutions shall determine the interest rate of the creditors for the fourth quarter of 2076/77 by reducing **2%** on the interest rate of Chaitra 2076.
 - a. However, this provision shall not be applicable to food processing and sales distribution related business, gas production and sales distribution related business, soaps and chemicals, medicine sales distribution related business, internet service providers, telecommunication service provider, television service provider, tobacco and alcohol industry, hydropower industries in operations.
 - b. While calculating the interest rates, it shall not be compulsory to reduce lower than the base rate.
 - c. In respect of "D" class license financial institutions providing micro finance shall determine interest rate by reducing **3%** of the interest rate determined on 2076 Chaitra

and with respect to group finance 2%, to determine the interest rate for the fourth quarter of 2076/77.

- d. After Ashad end 2077, interest rates shall be determined on the basis of base rates as per prevailing provisions.
2. "A", "B", and "C" class licensed financial institutions may provide **additional 10% of working capital finance** of total approved limit to sectors affected by the circumstances created by COVID-19 such as tourism and airlines sector including hotel, restaurant, resort, travel, trekking; vehicles for business purpose, small and medium industries, export industries, entertainment industries, hospitals, poultry industries, etc. categorized as pass where the financing institution is certain on the affect to business and financial institution.
 - a. While financing as such, the credit proprietary-capital ratio shall not be compulsory.
 - b. Limit provided as above may not be renewed and payment period shall be maximum of one year.
3. "A", "B", and "C" class licensed financial institutions shall make provision for monthly/ quarterly installments due on Baisakh and Jestha, 2077 to be on Ashad 2077. No penal charges, penal interests, etc. shall be charged on such installments. It shall not be compulsory to downgrade loans on the basis of installments not recovered.
4. "A", "B", and "C" class licensed financial institutions may extend payment period for all working capital nature short term loans for up to 60 days,

Date: 2077/01/16