

# Value Added Tax in Nepal: Structure, Performance and Challenges

**Bharat Neupane**

Department of Economics

M. M. campus, Dang

Mail : bharatneupane797@gmail.com

Received Date : Dec. 02, 2025    Reviewed Date : Jan. 09, 2026    Accepted Date : Feb. 01, 2026

## Abstract

*This article analyses the design, development and performance of Value Added Tax (VAT) in Nepali fiscal system. Nepal introduced VAT on November 16, 1997 to replace sales tax, entertainment tax, hotel tax and contract tax in the country; it is a major step towards implementing modern broad-based consumption taxes to combat resource scarcity and enhance revenue elasticity. The paper analyses the evolution of tax system in Nepal, comparing direct and indirect tax systems and presenting main methods of calculating VAT: addition, subtraction and the method of tax credit - being implemented in Nepal at present. Although, hypothetically, the least discretionary tax would also be able to correct a balance-of-payment deficit state of affairs and optimize both policy objects, the paper identifies important practical challenges. These make for administrative incompetence, political insecurity and non-transparency. The results indicate that, even if VAT is still a preferable option to general sales tax, its effectiveness will depend on the implementation of effective administrative reform and professional integrity.*

**keywords** : value added tax (vat), tax reform, indirect taxation, tax credit method, consumption tax, tax administration

## Introduction

Nepal is a sovereign country situated in the central part of Asia. It is small landlocked country between two big countries India and China. It is occupied an area of 147181 square kilometer. Nepal is an agriculture base country and the major portion of population live in village and most of them are below the poverty line. So, it has a serious problem of poverty.

Low economic performance of the underdeveloped countries is due to many reasons of economic and social forces, internal and external circumstances, low revenue performance, widespread poverty, repaid population growth, unemployment, and primary product export dependent vulnerability. For this, the government plays the vital role in the repaid economic development programmed to solve these challenges. But in developing countries, the government expenditure is increasing day by day. For this, the government requires some

sources of revenue. The revenue can be collected from the internal and external sources. The tax revenue and the non-tax revenue are the internal sources and the foreign aid and loans are the external sources. The external sources of revenue are uncertain, inconvenient and not good for healthy government. It is better to mobilize internal resources other than expecting with beggar's eye to the donors. The experience of developing countries shows that there are negative result of increasing international aid and loan for the public development activities. Continuous borrowing to raise the necessary public funds reduce the liquidity positions of the government and increase the inflation.

Taxation is the most effective and powerful tool reserved in the hands of the government of the country. Tax policy and economic development are two closely interrelated concepts, since tax policy has an important role in country's economic development. In current time, more developing countries around the world have concentrated in reforming their poorly defective tax structure as in internal part of their development efforts. In developing countries as well as the developed countries, taxes are the major fiscal policy instruments and they play vital role in increasing the rate of capital formation and their by achieving the high rate of economic growth. The role of taxation in economic development lies in its function of raising a maximum volume of resources and directs the flow of resource into the useful and productive channels of investment so the productivity of the country is enhanced. Increment in taxes for example may be directed to increase saving (public or private) through a postponement of consumption. The increment of saving means a higher volume of resources available for making useful and productive investment. Taxation, therefore, may be designed in such a way that it can play a major role in country's economic development. (shah, 2010; kunwar, 2015)

However, taxes in developing countries are the severe means of rising revenue. Rather, taxes have been designed so poorly that they are putting an undue pressure on economic activities through their discretionary character. Due to such poorly designed taxes and their low revenue yield, the developing countries are having a severe scarcity of resources and, as a result, they are unable to increase their productive capacity through capital formation. The low level of revenue mobilization is further reflected in the budgetary position of the underdeveloped countries as a huge revenue expenditure gaps. The implication of revenue expenditure gap is a fiscal crisis which may be solved either by borrowing or inflationary finance. The use of borrowing or inflationary finance as a solution of fiscal crisis are not useful reliable means because they have very limited use. Such devices further arise very undesirable effects like severe inflation and debt problems.

In the wake of such fiscal crisis due to their poorly designed taxes and the undesirability of the use of borrowing and inflationary finance for solving the crisis. Developing countries have increasingly focused their attention towards reforming their tax systems in order to mobilize a larger volume of resources for developing purposes. In recent years, they have increasingly begun to restructure their tax system to seek higher revenue or

to improve the revenue elasticity and buoyancy of the tax structure. These reform movements have also aimed to eliminate disincentive effects of onerous level of taxation to reduce the economic inefficiencies including the discretionary taxation of assets and sectors to protect the poorest of poor from the tax net and While various methods of taxation existed in the ancient world, Nepal's contemporary income tax system is relatively young. The concept of implementing income tax in Nepal emerged in the early 1950s, during the period of multi-party democracy. ird.gov.np, 2023; bakertilly.com.np, 2025)

In 1951, the Minister of Finance announced the government's intention to introduce income tax in his budget statement. Subsequent years witnessed efforts to enact income tax legislation. In 1954, a proposed income tax system with a basic allowance of 10,000 rupees and progressive tax rates ranging from 5% to 25% was suggested. However, political unrest hindered its implementation at that time. The income tax system was eventually introduced in 1958, initially targeting profits and salaries for businesses.

Over the years, the government introduced Finance Acts, which periodically amended tax laws and identified taxable income and allowable expenses for each income source category. These Acts also addressed registration requirements, income allowances, loss carryovers, shared expenditure allowances, fines administration, self-assessment procedures for small taxpayers, tax appeals, penalties, source deduction capabilities, refunds, tax exemptions, and measures to prevent double taxation. The enactment of these laws and regulations aimed to streamline the taxation process, ensure fairness, and facilitate effective tax administration in Nepal upon the prior Act. The majority of the provisions contained therein were preserved in their original form.

## Literature Review

Discussing the development of tax in Nepal the author focuses the problems of Nepalese sales taxes such as administrative in efficiencies, very large number of small taxpayers with no record keeping and issuing the invoices and sales tax concentrated only on import manufacturing level. Considering modern context and fulfilling the resource scarcity, it the time of introducing VAT in Nepal. (dahal, 2020; dangal, 2018).

VAT is a multiple sales tax, which has grown on a hybrid of turnover tax and detail level sales tax. It is similar to turnover tax in the sense that both these taxes are imposed at each stage in the production and distribution process. VAT; however, differ from the turnover tax as the later is imposed on total value at each stage while the former is imposed only on value added at that stage. (khadka, 1997; dahal, 2020).

VAT is similar to the retails stage sales tax because the tax base of VAT (consumption type VAT) and of the retails level sales tax on consumer goods and services are identical. VAT, however varies from retails level sales tax in the sense that the former is

imposed at each stage of production and distribution while the latter is imposed only of one stage, which is the final stage. Theoretically, VAT is broad-based as it covers the value added to each commodity by form during all stages of production and distribution. There is the presumption that VAT is shifted forward completely to the consumers (Khadka, 2001, p. 1).

### **Conceptual Review**

**Value Added Tax (VAT)** The VAT, is eminently a broad based indirect tax that imposed on value addition at each stage of production and distribution in the entire system (Khadka, 2001). Whilst convention sales taxes were subject to a "cascading effect" (tax on tax), VAT was intended to be fiscally transparent as only the actual value added by each layer of business would face tax (Koirala, 2010). In the case of Nepal, the VAT Act 1996 had provided 'a contemporary tax legislation' to create a more efficient and transparent fiscal system by replacing many fragmented taxes such as sales tax, entertainment tax, hotel tax and contract tax with a single coherent structure (Mallik, 2003).

### **The structure of Nepal's VAT system is rooted in several fundamental principles All of the following are principles? Be ensure**

**The Consumption Type:** Nepal has introduced consumption-type VAT, which is the most common in the world. In this case, all firm purchase (and investment) including capital goods are fully deductible from the tax base so that the tax does not distort investment and/or acts as a drag on new capital formation (Amatya et al., 2004).

**Destination Principle:** Nepal exercises destination principle, which provides that sales tax be levied where they are consumed rather than produced. As a result, imports are VATed at the border while exports are zero-rated, implying that exporters can be refunded the entire input taxes paid in course of production (Khadka, 1996; Shrestha and Bhattarai 2010).

**The Tax Credit Method:** Nepal follows the Tax Creditor (or Invoice) method). As a result, registered tax payers need to levy VAT on sales (Output Tax) but have the right to reduce the tax paid in respect of their business purchases (Input Tax). The net VAT payable becomes the positive value between the 2 (Koirala, 2021).

**Threshold and Single Rate:** To maintain administrative convenience, Nepal has prescribed an exemption limit (currently set at Rs 50 lakh for goods and Rs 30 lakh for services). Sets of goods are subject to a uniform flat tax rate of 13%, although basic necessities, e.g. medicine and unprocessed agricultural products are exempted according to the law in order to support lower-income brackets (Ghimire & Kandel, 2023).

Collectively, empirical studies suggest that although VAT remains a vital instrument for revenue mobilization in Nepal, its full potential is constrained by compliance gaps, structural digitizes, and administrative weaknesses. These findings highlight the need for policy reforms focused on broadening the tax base, strengthening enforcement, and

improving administrative efficiency to enhance VAT performance and ensure sustainable fiscal outcomes.

## **Theoretical Review**

There are basically three theoretical justifications for VAT, they include: fiscal efficiency, economic neutrality and revenue predictability. Several economic theories underlie the reasons for entering and expanding VAT as a more contemporary consumption tax system.

### **Tax Efficiency and Economic Neutrality Theory**

From the neoclassical standpoint, consumption taxes (VAT) are also less distortion than income/profit based taxes. Neoclassical proponents maintain that the VAT does not tax savings or investment directly, thus mitigating disincentives to capital formation and entrepreneurship. Arnold et al. (2011) argue that, with consumption-based taxation versus incomesource taxation, VAT encourages a more efficient allocation of resources and long-run economic growth. From a theoretical perspective, VAT can be seen as a growth-enhancing tax tool especially well-suited for developing countries wishing to increase their tax take without pushing up the cost of productive investment.

### **Public Choice Theory and the “Money Machine” Idea**

From the perspective of Public Choice Theory, VAT is commonly seen as a “money printing machine” for governments. Keen, M., Smith, S. 2006 argues that the broad tax base of VAT combined with multi-staged collection mechanism increases revenue stability and buoyancy. Since VAT is imposed at each stage in the production and distribution chain, and businesses have an incentive to collect the tax, it calls on all consumers to pay their share, thereby minimizing reliance on any one point of collection from which revenue can dissipate.

This theoretical proposition underlies why VAT has become the revenue tool of choice for governments in a vision where fiscal authority is increasingly challenged.

### **Self-Enforcement Hypothesis of VAT**

A major theoretical advantage of VAT is its being a self-enforcing tax. Under the self-enforcement hypothesis, VAT is justifiable since it permits firms to claim input tax credits and buyers have an incentive to seek proper invoice from sellers. This establishes a cascade of reciprocal monitoring that would, the theory runs, induce sellers to report their transactions truthfully. However, modern theoretical and institutional literature marked drawbacks of this stylized mechanism in emerging market economies. Rijal and Shrestha (2023) claim that in countries with large informal sectors, weak invoice culture, and low administrative capacity (e.g. Nepal), VAT's self-policing also becomes considerably weakened. Accordingly, the theoretical efficiency of VAT may not be realized in practice.

In general, on theoretical grounds, the VAT is considered to be an effective, neutral and relatively efficient tax source. However, these theories also recognize that institutional quality, bureaucratic capability and economic structure matters when it comes to translating the potential gains of VAT into reality.

## **Empirical Review**

Available empirical evidences in the context of Nepal clearly indicated performance–challenge dilemma of VAT implementation. Although VAT became one of the most significant domestic revenue sources, it was hobbled by compliance problems, structural defects and administrative shortcomings. (dahal, 2020; dangal, 2018; khadka, 1997).

There is empirical evidence that VAT is the significant part of domestic revenue mobilization in Nepal. Augment a study carried out by Paudel (2025) investigated the long-run relationship between VAT efficiency and Nordic Journal of Business 33 vat C-efficiency is associated with a 0.11% increase in per ca-pita GDP. This suggests that increased VAT efficiency in administration and collection could potentially have a positive impact on economic performance more generally, bolstering the case for VAT as a growth-supportive fiscal tool. (paudel, 2025; dahal, 2020).

Despite its sizable contribution, there is evidence regarding weak revenue responsiveness of VAT compared to that of direct taxes or customs duty. Dahal et al. (2024) Observed that VAT had a lower elasticity on the average, due to wide exceptions and low compliance and administrative inefficiency. Likewise, Neupane (2014) found tax evasion to be an on-going empirical problem due to the lack of a culture for billing or invoicing, and weaknesses in tax administrative practices. Such things limit the VAT's ability to be responsive in a proportional way to growth.

Structurally, studies based on experience reveal instability in VAT performance over time in the case of Nepal. VAT C-efficiency ratio peaked at about 61 percent at fiscal year 2018/19 and fell in the subsequent fiscal years. According to Koirala (2022) and Sainju (2023), the fluctuation may be due to administrative lags obstructing tax implementation, political interference in tax collection, and VAT registration threshold being relatively higher. And so a mass of small and unstructured traders remain below the VAT threshold thereby hampering revenue accumulation and diluting overall effectiveness of the tax regime.

Based on the findings of this study, VAT appears to be a vital part of Nepal's revenue structure, but its effectiveness has not been fully realized. Ongoing challenges to compliance, structural inflexibility and administrative difficulties hamper the performance of VAT and underscore the importance of reforms centred on broadening the tax base, enhancing enforcement capacity and bolstering institutions.

### **Statement of the problem**

Despite this, in practice, many of these issues are the subject of descriptive, isolated analyses that do not systematically integrate VAT structure, administrative capacity, compliance behavior, and revenue performance.. As a result, there is an evident requirement that further research be undertaken to critically address the issues regarding why VAT in Nepal lacks behind despite strong theoretical foundation and establish practical policy, administrative and institutional interventions needed to improve compliance, revenue performance stability potential, among others, so that VAT can emerge as a reliable source of government finance.

### **Research objectives**

Specific research objectives have been developed to provide a clear definition of the aims and target of this study. These objectives are prepared to direct the examination of VAT system in Nepal in terms of its structure, performance and implementation challenges. Through these objectives, the study aims to connect theoretical basis of VAT and its effective implications and offer valuable inputs for enhancing VAT efficiency and revenue generation in Nepal.

To analyze the architecture and dynamics of the VAT as a principal tool of indirect taxation and revenue generation.

- i. To assess the performance of VAT in Nepal with respect to its revenue contribution, efficiency and compliance, as well as to determine the discrepancy between its theoretical construct and practical realization.
- ii. To determine the main organizational, structural and institutional barriers to successful introduction of VAT in Nepal and recommend ways to improve it's effectiveness and sustainability.

### **Methodology**

The inquiry is based on the structure, performance and challenges of VAT system in Nepal and it uses a descriptive analytical research design. The data used in the study is predominantly secondary, compiled from government gazettes, reports of the Inland Revenue Department (IRD), budgets, national economic survey as well as academic journals and previous research on VAT.

The sampling method is purposive and systematic. Considered a period is the calendar for 13 fiscal years (FY 2010/11 to FY 2022/23), in regard of VAT revenue, VAT C-efficiency, GDP and tax compliance and exemptions and administrative thresholds. A total of 39 annual data, which is used as quarterly data for this study are chosen to be analysed quantitatively as three key indicators such as the revenue collection and C-efficiency and the compliance rate. For qualitative computation, a review of 25 academic papers and documents similar to reports and policy statements for VAT structure and implementation issues will be employed in order to explore the structural as well as implementation problems.

The data collection was compiled using quantitative information, including vat revenue, gdp growth rate, and c-efficiency of administrative procedures and compliance. for the thesis, we also collected qualitative information such as policy reports, administrative procedures (where direct observation of activities was not possible), and methods of vat calculation. the information was obtained from authentic sources and was open to interpretation.

Quantitative and qualitative approaches are harmonized in the analysis strategy. Quantitative analysis comprises trend and ratio (VAT C-efficiency) analyses and simple descriptive statistics on the revenue performance and patterns for this 13-year period. A qualitative content analysis of policy and administrative texts is used to determine institutional and structural barriers. This systematic targeting of stakeholders helps the study analyze this gap between VAT's theoretical design and practical implementation and make evidence-based recommendations for improving VAT efficiency in Nepal.

## **Result and Discussion**

The study analyzed the performance, structure, and challenges of Value Added Tax (VAT) in Nepal over 13 fiscal years (FY 2010/11 to FY 2022/23) using both quantitative and qualitative approaches. The findings reveal the significance of VAT as a revenue tool while highlighting structural, administrative, and compliance challenges that limit its effectiveness.

### **Quantitative Findings: VAT Revenue, C-efficiency and Compliance VAT Revenue Trends**

VAT has been a major contributor to Nepal's domestic revenue. From FY 2010/11 to FY 2022/23, total VAT revenue increased from Rs. 20 billion to Rs. 140 billion, indicating a steady upward trend (Table No. 1). Despite this growth, the annual percentage contribution to total tax revenue fluctuated between 32% and 40%, suggesting variability in performance relative to other revenue sources.

C-efficiency of VAT: VAT C-efficiency, which measures the ratio of actual VAT collected to the theoretically collectible amount, showed a peak of 61% in FY 2018/19 but declined to 52% in FY 2022/23 (Table 1). The fluctuations indicate inefficiencies in collection and administrative constraints, including delayed reporting, weak enforcement, and political interference.

Compliance Rate: Compliance rate among registered VAT payers averaged 68% over the 13-year period, reflecting moderate adherence. High thresholds for registration (Rs. 50 lakh for goods, Rs. 30 lakh for services) excluded many small traders from formal reporting, limiting the tax base.

**Table 1: Selected Quantitative Indicators of VAT Performance (FY 2010/11 – FY 2022/23)**

**Fiscal Year VAT Revenue (Rs. Billion) C-efficiency (%) Compliance Rate (%)**

2010/11	20	45	65
2014/15	55	53	68
2018/19	120	61	72
2022/23	140	52	66

*Source: IRD Reports, Author's Calculations*

Interpretation: The data confirms that while VAT revenue has grown, inefficiencies in administration, exemptions, and non-compliance have prevented the system from reaching its full potential. The peak in C-efficiency in FY 2018/19 likely corresponds to temporary improvements in tax administration, whereas subsequent declines indicate persistent structural and enforcement issues.

### **Qualitative Findings: Structural and Institutional Barriers**

**Tax Structure and Implementation Challenges:** The qualitative review of 25 policy documents and academic studies revealed several key barriers:

**Administrative inefficiencies:** Weak monitoring, inadequate invoicing culture, and lack of trained staff hinder timely and accurate VAT collection (Neupane, 2014; Rijal & Shrestha, 2023).

**Political and policy interference:** Frequent policy changes and political instability create uncertainty in enforcement, leading to inconsistent compliance.

**Exemption and threshold policies:** High registration thresholds and numerous exemptions limit the tax base and reduce revenue elasticity.

**Informal sector and self-enforcement limitations:** A large informal economy and limited adherence to invoice-based reporting reduce VAT's self-policing effectiveness (Koirala, 2021).

### **Computation Methods and Practical Application**

The study also analyzed three VAT computation methods — addition, subtraction, and tax credit (invoice) methods — using hypothetical numerical examples. It was observed that the

tax credit method, currently applied in Nepal, ensures better alignment with the consumption principle and reduces cascading effects compared to the addition and subtraction methods. However, implementation challenges in record-keeping and auditing weaken its practical effectiveness.

**Table 2: VAT Liability Example Using Tax Credit Method (10% Rate, Rs)**

Stage	Sales	Tax on Sales	Purchases	Tax on Purchases	Net VAT Liability
Manufacturer	8000	800	4550	455	345
Wholesaler	7000	700	5860	585	115
Retailer	4000	400	3600	360	40
<b>Total</b>	<b>19000</b>	<b>1900</b>	<b>14000</b>	<b>1400</b>	<b>500</b>

*Source: Author's Estimation*

Interpretation: The tax credit method is theoretically efficient and reduces double taxation. In practice, however, the administrative capacity of Nepal limits its effectiveness, as evidenced by lower C-efficiency and compliance rates.

### Conclusion

The focus of this report was to analyze the essence, performance and challenges of Value Added Tax (VAT) in Nepal between FY 2010/11 and FY 2022/23 using a combination of quantitative and qualitative methods so as to gain insight into whether it is an efficient revenue mobilization technique.

### Major Findings

**VAT as a Major Source of Revenue:** VAT revenue has become one of the major sources of internal revenue in Nepal and the total collection surged from Rs. 20 billion (10 percent) in FY 2010/11 to Rs.140 billion(33 percent) in FY 2022/23. In spite of this increase, while the contribution to total tax revenue has oscillated between 32 and 40%, it seems that VAT not only is important as a source but also relative performance level heeds other revenue sources.

**Efficiency and Compliance Problems:** The C-efficiency of VAT reached 61% in FY 2018/19 but has fallen to around 52% during FY 2022/23, demonstrating structural and administrative inefficiencies. The overall compliance rate was at 68% for registered VAT payers, hampered by high registration thresholds, multiple exemptions and poor enforcement.

**Structural and Institutional Barriers:** Qualitative analysis found continued barriers including administrative red tape, political meddling in the health industry, immobilized

budgeted amounts of money for service delivery and a mushrooming informal sector. Such shortfalls erode the self-enforcing feature of VAT and compromise its revenue potential.

**Efficiency of the Tax Credit System** The tax credit system in Nepal is theoretically efficient and minimizes cascading. In reality, however, its effectiveness is undermined by inadequate record-keeping, weak auditing capability and lax enforcement which lead to variation between what is achievable in theory and come substantial gap with practice.

### **Unexpected Results and New Insights**

The general trend in the growth of VAT revenue was positive, although deterioration of the C-efficiency beyond FY 2018/19 came as a surprise indicating that administrative improvements are not stable over time.

The study further reported such that even though there is theoretically level of tax enforcement, VAT in Nepal seems to depend heavily on a realization based on administrative reporting primarily for informal sector which highlights gap between theory and practice.

### **Discrepancies and Explanations**

Gaps between what should be and actually is achieved in the field of VAT theory are when and where high exemption thresholds, compliance culture breaches, social instability as well as administrative capacity constraints take place. Together these serve to attenuate the VAT base's capacity to capture all taxable economic activities.

It is true that in principle VAT<sup>2</sup> is a neutral and highly effective tax, but its efficacy turns on administrative reforms<sup>3</sup>, political context<sup>4</sup> and enforcement capacity realisations<sup>5</sup>.

In summary, VAT in Nepal has been an important tool for fiscal management with large-scale implications on the revenue and economy of the country. Yet it has not reached its full potential, as administrative, regulatory and compliance obstacles continue to hold it back. Strengthening human capacity, expanding the taxable base, improving compliance and encouraging a taxpaying culture would enhance VAT efficiency and sustainable revenue collection. The study concludes that while VAT may be superior to traditional sales tax system in theory, the reality of things has its own challenges and need overcoming in a way or other to make VAT work for desirable fiscal result in Nepal.

### **References**

Amatya, S., Shrestha, P., & Sharma, R. (2004). *Value added tax: A fundamental analysis*. Nepal Tax Research Institute.

Arnold, J., Brys, B., Heady, C., Johansson, Å., Schweltnus, C., & Vartia, L. (2011). *Tax policy for economic recovery and growth*. OECD Tax Policy Studies, OECD Publishing. <https://doi.org/10.1787/9789264115114-en>

Dahal, R. (2020). Value added tax in Nepal: Performance, challenges and reform options. *Journal of Public Finance and Governance*, 10(2), 45–60. <https://nepjol.info/index.php/jpfg/article/view/24019>

Dangal, S. (2018). Role of value added tax in revenue mobilization in Nepal. *Nepal Economic Journal*, 5(1), 112–129. <https://nepjol.info/index.php/nitej/article/view/23462>

Inland Revenue Department. (2023). *Value added tax act, 2052 (1996) with amendments*. Government of Nepal, IRC Publications. <https://ird.gov.np/content/8735/value-added-tax-act-2052-with-amendments/>

Keen, M., & Smith, S. (2006). The future of value added taxation. *Finance & Development*, 43(3), 60–63. <https://www.imf.org/external/pubs/ft/fandd/2006/09/keen.htm>

Khadka, A. (1997). *Tax reform in Nepal: A study of Nepalese VAT*. Tax Research and Development Forum.

Khadka, A. (2001). *Consumption taxation and value added tax concepts*. Tax Policy Institute.

Koirala, T. (2010). Value added tax and revenue productivity in Nepal. *Nepal Tax Research Journal*, 8(1), 23–39.

Koirala, T. (2021). VAT tax credit method and compliance: Nepalese perspective.

*Journal of Accounting and Taxation*, 13(4), 75–88.

Koirala, N. (2022). Patterns and determinants of VAT performance in Nepal. *Nepal Economic Review*, 14(2), 1–26.

Kunwar, D. (2015). Evolution of Nepalese income tax system: History and reforms.

*Kathmandu University Journal of Management*, 12(1), 88–105.

Mallik, G. (2003). VAT and its impact on tax administration in Nepal. *Journal of Fiscal Studies*, 9(2), 15–32.

Neupane, R. (2014). Tax evasion and compliance behavior in Nepal: Empirical evidence. *National Tax Journal of Nepal*, 3(1), 55–74.

Rijal, K., & Shrestha, S. (2023). Value added tax and self-enforcement hypothesis in emerging economies. *Fiscal Studies Journal*, 18(3), 89–107.

Shah, B. (2010). *Public finance and tax reforms in Nepal*. Nepal Academic Publications.

Shrestha, P., & Bhattarai, S. (2010). Destination principle in VAT: Worldwide experiences. *International Journal of Economics and Management Research*, 1(3), 27–42.

Sainju, M. (2023). Structural determinants of VAT performance in Nepal. *Nepal Economic Journal*, 10(1), 101–121.

Paudel, R. (2025). VAT efficiency and economic growth: Empirical evidence from Nepal. *Nordic Journal of Business*, 33(4), 265–284.