

# GOVERNANCE

Issue 74 | May 16, 2023

## Long-drawn Ncell Taxation Dispute finally Concludes

WEEKLY

Photo by Kathmandu Post

Unclear tax provisions and miscalculation of consequences by stakeholders created havoc for four years around the Ncell taxation issues, which has now been concluded. Unaccountable actions of stakeholders would have caused Nepal a whopping amount of Rs 66 billion fine, including interest and arbitration expenses.

- **April 11, 2016:** TeliaSonera sells its 80 percent stake in Ncell to Axiata, triggering debates on whether the deal is taxable in Nepal.
- **April 8, 2016:** TeliaSonera seeks clarification from the Inland Revenue Department on the taxability of the deal, but the tax authority fails to respond due to political pressure. The deal is done without paying any taxes.
- **January 2017:** The Supreme Court rules that Axiata and Ncell are responsible for paying the taxes.
- **April 2017:** The Office of the Auditor General declares that the deal is taxable, amounting NRs. 32 billion, leading to an anti-Ncell campaign.
- **February 2019:** Audit firms assess Ncell's tax liability, resulting in a tax assessment of Rs 62 billion, including penalties and interest.
- **April 2019:** Ncell appeals to the Supreme Court, claiming it has been overcharged, but the court rules in favor of the government.
- **May 2019:** Axiata files a case at the International Centre for Settlement of Investment Disputes (ICSID), seeking Rs 55.54 billion in damages, citing violations of the investment agreement.
- **October 2019:** Despite the government's refusal to participate, five law firms and legal experts are appointed to fight the case at the ICSID.
- **November 2019:** The court determined the CGT liability of Ncell at Rs21.1 billion which it paid in installments.
- **December 2019:** The Large Taxpayers' Office determines a capital gains tax of Rs 22.44 billion and orders Ncell to pay it by December 19, but the company continues its legal battles at the ICSID.

The Tribunal has indicated in the Award that Nepal should refrain from demanding any further tax, fees, penalties, or interests in relation to the transaction. Arising from Nepal's non-adherence to Tribunal orders during the early stage of the process, Nepal has also been ordered to pay a sum of approximately USD1.4 million to Axiata UK, and to reimburse Ncell for the cost of a loan taken out by Ncell.

Read more: [The Kathmandu Post](#)

### Governance Issues of the Week

1. The government has aimed to generate 71.27% of the total budget of NRs. 17.51 trillion for the fiscal year 2080/81 through revenue collection, as seen with the increase in tax rates. However, its implementation is expected to introduce uncertainty in the financial market and potentially encourage tax evasion and unhealthy competition.  
Read more: [Ukaalo](#)
2. Niraj Kamat, 25, of Morang, attempted self-immolation during the protest led by the Citizenshipless Struggle Committee at Maitighar Mandala. His grandfather and father had naturalized citizenship of Nepal, but he was deprived of the right due to the Supreme Court's interim order to halt the immediate implementation of the citizenship act.  
Read more: [The Himalayan Times](#)
3. According to a recent government survey, there is a shortage of 63,226 healthcare workers in Nepal. The total required workforce in Nepal is 275,203 health workforce, but only 211,977 are currently employed. The report also emphasized the additional need for 2,904 MBBS doctors and 5,779 specialists.  
Read more: [EKantipur](#)
4. Gyani B.K. serving her second term as elected Dalit female ward member of Namo Buddha Municipality-11, was killed by her husband, Shambu B.K, following a domestic dispute. According to the report of the Women's Rehabilitation Center (WOREC), in 2018, 76% of the violence suffered by women was attributed to their husbands.  
Read more: [Annapurna Post](#)
5. The National Vigilance Center conducted an inspection at the gate of Singha Durbar from 10 am to 12 pm to check on the officials who step outside during office hours. As many as 132 employees were found leaving the premises under different excuses. The center is preparing a report and is considering action against the officials found guilty.  
Read more: [Naya Patrika](#)
6. Mandvi in Gujarat, India, and Karachi in Pakistan are predicted to experience a severe cyclonic storm named Biparjoy with maximum sustained wind speeds of 125-135 km/h (78-84 mph). As a precautionary measure, more than 20,500 people have been evacuated from the areas in India, and around 100,000 individuals are being moved to shelters and relief camps in Pakistan.  
Read more: [Reuters](#)

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