Comprehensive Study Report

on

ADVERTISEMENT TAX

Policies and Practices in Selected Municipalities of Koshi Province

March 2026

Submitted to:

Provincial Support Program PSP /HELVETAS Biratnagar

Nepal

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Acknowledgement

This report on the ''**Comprehensive Study on Advertisement Tax Administration of Nepal: Case of Selected Municipalities of Koshi Province"** has been made possible through the support and collaboration of many institutions and individuals of local governments, provincial authorities, federal regulating agencies along with private advertisement agencies.

We sincerely thank the **Mr. Bidur Kumar Lingthep**, Honorable Minister, Ministry of Economic Affairs and Planning, Koshi Province, **Mr. Israil Mansoor,** Honorable Minister, Ministry of Ministry of Industry, Agriculture and Cooperative, Senior officials of Ministry, Mayors, Deputy Mayors, President of Morang Chamber of Commerce and Industry, Damak Chamber of Commerce and Industry, Chief administrative officers, Revenue Advisory Committee Members, Revenue Section staff, and other officials of the five selected urban municipalities — **Biratnagar Metropolitan City, Dharan and Itahari Sub-Metropolitan City, Damak and Birtamod** — whose cooperation and inputs were instrumental in providing the data and insights required for this study.

We also extend our appreciation to the **Provincial Revenue Office**, Itahari, **Advertisement Board Nepal (ABN), Kathmandu, Provincial Policy and Planning Commission, Biratnagar, Morang Chamber of Commerce and Industries, Aakriti Advertising Agency, Morang, Signage Hub, Biratnagar** and **Municipal Association of Nepal (MuAN)** other relevant stakeholders, and sector experts and practitioners for their valuable contributions and perspectives.

Finally, we gratefully acknowledge the financial support and guidance of **PSP/Helvetas**, without which this study would not have been possible.

Acronyms and Abbreviations

CoN	:	Constitution of Nepal
MoFAGA	:	Ministry of Federal Affairs and General Administration
MoLJPA	:	Ministry of Law, Justice and Parliament Affairs
MoEAP	:	Ministry of Economic Affairs and Planning
LGoA	:	Local Government Operation Act
PG	:	Provincial Government
LGs	:	Local Governments
ABN	:	Advertisement Board Nepal
CCI	:	Chamber of Commerce and Industry
MuAN	:	Municipal Association of Nepal
NARMIN	:	National Association of Rural Municipalities in Nepal
MRACs	:	Municipal Revenue Advisory Committees
RIAP	:	Revenue Improvement Action Plan
OSR	:	Own Source Revenue
RAC	:	Revenue Administration Cycle
PSP	:	Provincial Support Program
OAGN	:	Office of Auditor General, Nepal
PRIAP	:	Provincial Revenue Action Plan
PFM	:	Public Financial Management

Executive Summary

1. Background and Purpose

Nepal's transition to federal governance has fundamentally restructured fiscal authority across three tiers of government. Under the Constitution, advertisement tax is assigned to provincial and local governments, reflecting the principle of fiscal decentralization and local revenue autonomy. However, the rapid expansion of nationally registered media platforms, digital advertising networks, and cross-border promotional channels has introduced new complexities that extend beyond traditional local advertisement regulation.

This study assesses the constitutional, policy, legal, and administrative framework governing advertisement tax in Nepal, with particular focus on provincial and municipal practices in Koshi Province. It analyzes institutional arrangements, revenue administration practices, intergovernmental coordination mechanisms, and emerging challenges related to digital and centrally regulated media platforms. Based on field findings and comparative global insights, the study proposes a structured reform roadmap to strengthen clarity, harmonization, efficiency, and cooperative federalism in advertisement tax administration.

2. Policy and Legal Framework: Key Observations

The constitutional framework assigns advertisement tax to subnational governments; however, the operational landscape reveals areas of ambiguity and fragmentation. Federal laws primarily regulate licensing and media standards for nationally registered print, electronic, and digital platforms, while provincial and local governments exercise taxation powers. This separation between regulation and taxation has created practical coordination gaps, particularly where advertisements are broadcast or disseminated nationally but displayed locally.

At the provincial and municipal levels, many local governments rely predominantly on Annual Finance Acts for administering advertisement tax. While some municipalities have enacted separate revenue or advertisement directives, legal definitions of advertisement, tax base determination, rate structures, and enforcement mechanisms vary significantly. This lack of harmonization results in inconsistent practices, limited compliance monitoring, and uncertainty among taxpayers operating across jurisdictions.

The absence of structured intergovernmental coordination and standardized policy guidance has constrained the effective realization of advertisement tax potential.

3. Global Practices and Relevance to Nepal

International experience demonstrates that advertisement taxation frameworks evolve combined with media markets. In several countries, nationally operating broadcast and digital advertising platforms are subject to centralized assessment and collection mechanisms, with revenues redistributed through formula-based intergovernmental transfer systems. Clear legal definitions, digital reporting systems, and harmonized rate structures reduce duplication and administrative disputes.

The growing dominance of digital and cross-border advertising markets has further prompted jurisdictions to adopt coordinated regulatory and fiscal responses, including centralized monitoring, platform-based reporting, and cooperative enforcement arrangements.

For Nepal, these practices highlight the need to reassess the existing fragmented model, particularly in relation to nationally registered television channels, print networks, online media platforms, and cross-border digital advertising services. While preserving constitutional fiscal autonomy, there is a clear opportunity to develop harmonized frameworks that reduce ambiguity and enhance efficiency.

4. Provincial and Local Scenario: Key Trends

Field analysis in Koshi Province reveals substantial variation in municipal legal instruments and administrative capacity. While a few municipalities have adopted more structured revenue legislation or advertisement directives, the majority continue to administer advertisement tax through limited provisions in Annual Finance Acts. Definitions of taxable advertisements, classification of hoarding boards, digital displays, wall paintings, flex boards, and electronic media promotions differ across jurisdictions.

Administrative practices also vary. Monitoring systems are largely manual, data management is weak, and enforcement capacity remains limited. Coordination between provincial authorities and local governments is minimal, particularly in relation to nationally broadcast or digitally transmitted advertisements.

Revenue performance indicates that advertisement tax remains underutilized relative to potential. Informal advertising, unregistered displays, inconsistent valuation practices, and lack of centralized reporting for large media platforms contribute to revenue leakage. Moreover, digital and cross-border advertisements are largely outside effective monitoring mechanisms.

These patterns demonstrate the need for harmonized legal definitions, coordinated administration, and structured institutional support.

5. Major Findings

The study identifies the following key findings:

- Legal and operational ambiguity between federal regulatory authority and subnational taxation powers
- Fragmented definitions, rate structures, and administrative procedures across municipalities.
- Heavy reliance on Annual Finance Acts without comprehensive sector-specific legislation.

- Absence of coordinated collection mechanisms for nationally registered and digital media platforms.
- Weak monitoring and enforcement systems at the local level.
- Limited integration of digital reporting and data management tools.
- Inadequate intergovernmental coordination and technical support mechanisms.
- Dominant of private contractors lead collection practices
- Significant unrealized revenue potential due to structural inefficiencies.

6. Reform Roadmap and Strategic Recommendations

To strengthen clarity, efficiency, and cooperative federalism, a phased reform roadmap is proposed across three tiers of government.

A. Federal Level

- Initiate structured constitutional and legal interpretation dialogue to clarify taxation-regulation interfaces.
- Develop a National Advertisement Tax Harmonization Framework to guide provincial and local legislation.
- Examine the feasibility of centralized assessment and collection mechanisms for nationally registered broadcast, print, and digital platforms.
- Design an intergovernmental revenue-sharing modality for centrally collected advertisement revenues.
- Establish a digital reporting and compliance framework in collaboration with provinces.
- Support nationwide capacity development and technical assistance initiatives.

B. Provincial Level

- Enact comprehensive Advertisement Tax Acts to replace reliance solely on Annual Finance Acts.
- Harmonize definitions, classifications, and rate bands across municipalities within the province.
- Establish provincial-level monitoring and information systems.
- Provide technical guidance, model by-laws, and enforcement protocols for local governments.
- Facilitate coordination between local governments and centrally regulated media entities.

C. Local Level

- Adopt structured revenue legislation and clear administrative procedures.
- Strengthen licensing, inspection, and valuation systems.
- Digitize registration and reporting mechanisms for advertisers and agencies.
- Improve enforcement capacity and compliance tracking.

- Initiate to municipal lead tax collection system in place of outsourcing practices
- Enhance transparency and taxpayer awareness mechanisms.

The roadmap emphasizes harmonization rather than centralization of authority, promoting cooperative fiscal federalism while preserving constitutionally assigned powers.

7. Recommendation for Further Study

While this study primarily examined provincial and municipal practices, findings indicate the need for a more intensive follow-up assessment focusing on:

- Constitutional reinterpretation and clarification of concurrent jurisdictional boundaries.
- The evolving role of the federal government beyond licensing and regulation functions.
- Feasibility of centralized collection and redistribution models for nationally operating and cross-border advertising platforms.
- Development of a coordinated national capacity-building framework.

Such a study would contribute to institutional clarity, reduce duplication, strengthen revenue realization, and ensure that advertisement tax administration evolves in line with Nepal's federal governance architecture and the expanding digital media economy.

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Chapter 1: Introduction

1.1 Background

The Constitution of Nepal in 2015 marked a historic shift in the country's governance system by formally introducing a federal structure. Under this arrangement, governance responsibilities are distributed across three levels of government—federal, provincial, and local—each with defined powers, functions, and responsibilities. This restructuring aims to bring government closer to citizens, enhance democratic participation, and improve the efficiency and inclusiveness of service delivery.

Within this federal framework, fiscal federalism has become a central mechanism for operationalizing the autonomy of sub-national governments. It provides the legal and institutional foundation for local governments to mobilize resources, plan and manage expenditures, and deliver services in a manner that reflects local priorities and needs. Local governments, including both rural and urban municipalities, are thus constitutionally empowered to generate revenue independently, manage budgets, and ensure that resources are allocated efficiently and transparently.

The Provincial Support Programme (PSP) is the flagship program of the Koshi Province government, supported by the Swiss Agency for Development and Cooperation (SDC). PSP is conceptualized and currently implemented by the Office of the Chief Minister and Council of Ministers (OCMCM) in Koshi Province and Helvetas is the implementing agency for the PSP extension phase. The PSP aims to contribute to Nepal's successful transition to federalism by promoting platforms for inter-governmental cooperation and deliberative processes, and by fostering implementation capacities and strengthening close relationships with citizens in Koshi Province.

Advertisement tax is a constitutionally mandated revenue source under the exclusive authority of local governments, with shared fiscal implications at the provincial level. Federal and provincial legal frameworks, including the Intergovernmental Fiscal Management Act, Advertisement Regulation Act, and Provincial Financial Acts, provide the basis for levying, collecting, and sharing advertisement tax. However, in Koshi Province, inconsistencies in legal interpretation, weak compliance, procedural ambiguities, and limited institutional capacity have constrained the effective mobilization of advertisement tax.

To address these challenges, the Provincial Revenue Office, under the Ministry of Economic Affairs and Planning (MoEAP), with support from the Provincial Support Programme (PSP), intends to commission a comprehensive study of advertisement tax to assess existing practices, identify gaps, estimate revenue potential, and recommend practical legal and administrative reforms.

1.2 Local Governments Own Source Revenue (OSR) and Advertisement Tax in Nepal

Fiscal autonomy is the ability of Local Governments to generate and manage Own Source Revenue (OSR), which includes revenues from local taxes, fees, service charges, and other LGs sources. Effective mobilization of OSR plays multiple roles: it finances local development initiatives, supports infrastructure and public service provision, strengthens local fiscal discipline, and reduces excessive reliance on transfers from provincial or federal governments. Moreover, well-managed OSR systems encourage transparency and accountability, as municipal authorities are directly responsible to their constituents for the collection, management, and use of local resources. Consequently, OSR not only underpins the financial sustainability of local governments but also reinforces the principles of good governance, citizen engagement, and responsive service delivery at the local level.

Advertisement Tax is an important yet under-utilized Own Source Revenue (OSR) of local governments in Nepal. Under the federal structure, advertisement tax falls under **shared (concurrent) authority of Provincial and Local Governments,** with primary responsibility for assessment and collection resting with local governments. Rapid urbanization, commercialization, expansion of outdoor advertising (hoardings, flex boards, digital screens), and growth of digital advertising present significant revenue opportunities. However, weak policy clarity, fragmented institutional arrangements, and poor enforcement have resulted in **low revenue realization, leakage, and disputes among government tiers.**

While comprehensive **national consolidated figures** on advertisement tax specifically aren't yet available in published data. Very few data are available in such academic research journal indicated that contribution of advertisement tax to total tax revenue of municipalities has historically been modest often in the low single digits (2–3 %) of total tax revenue in case studies of specific clusters. In Koshi it is comparatively lower (below 1%) than the case studies of specific clusters.

Advertisement Board Nepal, a regulatory body in Nepal estimated that potential annual revenue from outdoor advertising could be around NPR 19.26 billion, but actual collections have been far lower (around NPR 2.37 billion) due to **inefficient collection mechanisms and leakage.** This gap suggests local governments are losing billions in potential OSR each year by relying on third-party contractors or weak enforcement.

Despite the constitutional and legal authority, advertisement tax remains **a minor contributor** to local government budgets relative to other OSR items such as property tax, business tax, household rent tax, service charges, permit fees, and transfers. Across many LGs, OSR (including but not dominated by advertisement tax) constitutes only a small share of total fiscal resources, with continued heavy reliance on fiscal transfers from federal and provincial governments.

Taking this into account, **Provincial Support Program PSP/Helvetas Nepal** undertake this **Comprehensive Study of Advertisement Tax in Koshi Province** selecting five highly commercial and urban municipalities as the sample local government units for this study. This study tried to analyze briefly the existing **legal and policy framework, prevailing practices, key gaps, generate evidence-based insights and propose actionable reform** and targeted interventions to improve advertisement tax management and recommend practical legal and administrative reforms in Nepal.

1.3 Objectives of the Study

The primary objective of this assignment is to conduct a comprehensive study of advertisement tax in Koshi Province and provide evidence-based recommendations to strengthen its legal, policy, and administrative framework.

1.4 Scope of the Study

- Conduct a desk review of relevant constitutional provisions, federal and provincial laws, economic acts, regulations, guidelines, directives, contracts, and previous studies related to advertisement tax.
- Analyze advertisement tax provisions and practices at provincial and selected local government levels, including tax base, rates, exemptions, collection, enforcement, and revenue-sharing mechanisms.
- Carry out field visits and consultations in at least 5 selected local governments across Koshi Province.
- Examine advertisement practices related to hoarding boards, wall paintings, vehicles, festivals, sports and cultural events, exhibitions, cinemas, print media, electronic media, online platforms, and social media.
- Hold consultations with provincial ministries, the Provincial Revenue Office, local governments, federal agencies, advertisement boards, media regulators, advertising agencies, chambers of commerce, and private sector stakeholders.
- Identify legal, institutional, and procedural gaps, overlaps, and inconsistencies, and assess their implications for compliance and revenue mobilization.
- Review comparative practices from other provinces and select international contexts to identify adaptable good practices.
- Estimate realistic advertisement tax revenue potential and administrative feasibility across different advertisement media.
- Draft or propose necessary amendments to relevant provincial policies, laws, procedures, or guidelines related to advertisement tax based on the findings of the study, ensuring alignment with federal laws and constitutional provisions.

- Prepare a practical and time-bound implementation roadmap for policy and legal reforms, including institutional responsibilities.
- Follow up the relevant office for the final approval of the deliverables.

1.5 Limitations of the Study

Comprehensive study generally seeks multi-dimensions and depth analysis of the given issues. Simultaneously we need more time and resources compared to rapid assessment. While the assessment generated valuable insights into advertisement tax administration and tax compliance, several limitations are acknowledged:

1.5.1 Time and Resource Constraints

The study prioritized timely data collection and reporting. Consequently, there was limited opportunity for in-depth analysis of complex municipal processes, long-term trends, or historical revenue performance. Due to the time as well as resource constraints, less possibility to cover the opinion and views of the major stakeholders such as national and multi-national companies who are the major advertisers, add agencies and directly concerned provincial as well as federal ministries.

1.5.2 Data Availability and Quality

Some municipalities had incomplete, inconsistent, or outdated records, revenue statements. Authorized documents were not always available for the same fiscal periods. Additionally, almost all sample municipalities were affected by “Zen-Z” movement and most of the physical infrastructure as well as digital system is almost collapsed. So, lack of digitized records increased reliance on manual review and observations.

1.5.3 Respondent Bias

Interviews with municipal officials, elected representatives, advertisers, advertisement agencies, regulatory authorities may be influenced by personal perceptions or organizational interests. Officials could minimize challenges or exaggerate compliance rates, while taxpayers might exaggerate dissatisfaction or misreport tax compliance.

1.5.4 Limited Geographic Coverage

The study focused on five urban municipalities representing the Koshi Province. While indicative, the findings may not fully represent all municipalities in Koshi Province, particularly those with different economic, demographic, or administrative contexts.

1.5.5 External Factors

Socio-political dynamics, ongoing reforms, or temporary disruptions during the assessment period may have influenced municipal operations and taxpayer behavior, affecting the representativeness of observed patterns. Findings were analyzed and presented in a neutral, evidence-based manner without bias.

1.5.6 Limited coverage of advertisement phenomenon

The phenomenon of advertising is currently expanding broadly, adapting advance technology like online, digital as well as social media. Still, most of the legal as well as policy provisions are limited and focused on physical as well as outdoor advertisement matters. Consequently, this study concentrates on prevailing federal, provincial and local policies and legal system related to advertisement tax administration and not covering emerging challenges related to digital and cross-jurisdictional advertisements paradigms.

Chapter 2: Approach and Methodology of the Study

2.1 Introduction

Any study work seeks such kind of approach and methodology that helps the study become more systematic and orderly in one hand. On the other hand, it helps to insure its reliability and accuracy of the findings of the study. Taking this into account, we are planning to follow different approaches and methodologies as required.

2.2 Study Approach

This study adopted a mixed-methods, policy-oriented approach consistent with donor-funded and government-commissioned analytical studies. The approach integrates legal analysis, institutional assessment, and empirical stakeholder consultation to assess the status of advertisement tax administration under Nepal's federal system and to inform future reform pathways.

Given the evolving federal context and the growing relevance of advertisement tax as a component of **Local Governments' Own Source Revenue (OSR)**, the study emphasized:

- Practical administrative realities at municipal level,
- Alignment between constitutional mandates, prevailing laws, and actual practices, and
- Forward-looking reform options responding to emerging forms of advertisement, including digital and online media.

The approach combined **legal and policy review**, **institutional assessment**, and **stakeholder-based empirical inquiry**, ensuring that both normative frameworks and ground-level implementation issues were systematically examined.

The study places strong emphasis on evidence-based analysis, intergovernmental fiscal alignment, and administrative feasibility, ensuring relevance for policy makers at local, provincial, and federal levels. Attention is given to the role of advertisement tax as a component of Local Governments' Own Source Revenue (OSR), and to emerging challenges related to digital and cross-jurisdictional advertisements.

2.3 Study Design

The study was designed as a comparative multi-municipality policy study. Five municipalities—Dharan, Itahari, Biratnagar, Damak, and Birtamod—were purposively selected based on urban scale, economic activity, and revenue significance. This design allows systematic comparison of legal provisions, administrative practices, and revenue performance.

This design enabled cross-municipality comparison of:

- Advertisement tax bases and coverage,
- Administrative and enforcement mechanisms,
- Revenue performance and trends,
- Institutional coordination practices, and
- Local-level policy innovations and constraints.

2.4 Data Sources

The study relied on both primary and secondary data sources. Primary data were collected through Key Informant Interviews (KIIs) and structured interactions with:

- Municipal Revenue Advisory Committee members,
- Elected representatives, and senior municipal officials.
- Chief administrative officers and revenue section officials,
- Legal officers,
- Urban management and planning officials, and
- Other designated members are involved in revenue policy and administration.

Secondary data included constitutional provisions, federal and local laws, municipal bylaws, annual budgets, revenue records, national policies, and relevant studies.

- Constitution of Nepal (2015),
- Local Government Operation Act, 2074,
- Intergovernmental Fiscal Arrangement Act, 2074,
- Advertisement (Regulation) Act 2076 and associated Regulation 2077
- Municipal acts, bylaws, and revenue regulations,
- Annual budgets and revenue statements of selected municipalities,
- National and provincial policies, directives, and circulars related to advertisement and media regulation,
- Relevant studies, policy briefs, and good international practices on local advertisement taxation.

2.5 Data Collection Methods

Key Informant Interviews were conducted using semi-structured questionnaires to ensure consistency while allowing context-specific insights. Group interactions with revenue advisory committees facilitated validation of findings and identification of reform priorities.

Key Informant Interviews were conducted with selected members of municipal revenue advisory committees and senior municipal officials. The interviews focused on:

- Current advertisement tax administration practices,
- Legal clarity and ambiguity in tax assignment and base definition,
- Institutional coordination challenges (e.g., with media regulators, ward offices, and provincial/federal entities),
- Compliance, monitoring, and enforcement mechanisms,
- Practical constraints in taxing non-physical, digital, and cross-boundary advertisements.

Focused Group Discussions / Committee Interactions

Interactive discussions were held with revenue advisory committee members in each municipality. These sessions facilitated:

- Collective reflection on existing tax systems,
- Identification of shared and municipality-specific challenges,
- Validation of individual interview findings, and
- Exploration of consensus-based reform priorities.

2.6 Legal and Policy Analysis Framework

A structured framework was applied to assess constitutional mandates, consistency between federal and local laws, clarity of tax base definitions, and gaps related to digital and online advertisements.

A structured legal and policy analysis framework was applied to examine:

- Constitutional allocation of taxation powers related to advertisement,
- Consistency between federal laws and municipal regulations,
- Adequacy of existing legal definitions of advertisement (physical vs. digital),
- Gaps related to emerging advertisement platforms (online, social media, mobile applications),
- Overlaps and ambiguities between local, provincial, and federal jurisdictions.

This analysis helped identify areas requiring legal clarification, harmonization, or reform.

2.7 Analytical Methods

Qualitative data were analyzed thematically. Comparative and gap analysis techniques were applied to identify institutional, legal, and operational weaknesses and reform opportunities.

The data collected were analyzed using the following methods:

- **Thematic analysis** of qualitative data from interviews and discussions, focusing on recurring issues, challenges, and reform suggestions.

- **Comparative analysis** across municipalities to identify patterns, variations, and best practices.
- **Gap analysis** between existing legal/policy provisions and actual administrative practices.

2.8 Ethical Considerations

Participation was voluntary, confidentiality was respected, and findings are presented in a non-attributable manner.

The study adhered to standard ethical research practices, including:

- Informed participation of all respondents,
- Respect for confidentiality of individual views,
- Use of data solely for research and policy formulation purposes, and
- Neutral and non-attributable presentation of sensitive institutional issues.

Chapter 3: Policy, Legal, and Institutional Framework of Advertisement Tax in Nepal

3.1 Introduction

This chapter provides an in-depth analysis of the policy, legal, and institutional framework governing advertisement tax in Nepal within the federal governance system established by the Constitution of Nepal (2015). Advertisement tax is constitutionally recognized as a local government own source revenue (OSR), reflecting the principle of fiscal decentralization and subsidiarity. Given the increasing commercialization of urban spaces, expansion of physical infrastructure, and rapid growth of digital and platform-based advertising, advertisement tax has emerged as a strategically important but underutilized revenue source for municipalities.

Despite its constitutional backing, the effective administration of advertisement tax remains constrained by unclear policy direction, fragmented legal provisions, overlapping mandates across levels of government, and weak institutional capacity at the local level. This chapter examines constitutional provisions, federal, provincial, and local legal mandates, relevant acts, regulations, and model laws, as well as institutional arrangements for advertisement tax administration. It further identifies key gaps, overlaps, and implementation challenges, and draws implications for future legal and institutional reform.

3.2 Constitutional Provisions on Advertisement Tax

3.2.1 Federal Structure and Fiscal Federalism

The Constitution of Nepal (2015) establishes a three-tier federal system comprising the federal, provincial, and local levels of government. Fiscal federalism is a foundational element of this structure, emphasizing clear assignment of revenue powers, expenditure responsibilities, and intergovernmental fiscal transfers. The constitution seeks to empower subnational governments with adequate revenue authority to execute their assigned functions and enhance accountability to citizens.

Advertisement tax aligns closely with the principles of fiscal federalism. Advertisements are location-specific, utilize local public spaces, and generate localized externalities such as visual pollution, traffic distraction, and public safety concerns. As such, advertisement tax is appropriately placed as a local tax, enabling municipalities to regulate advertising activities while mobilizing revenue for urban service delivery.

3.2.2 Constitutional Schedules and Tax Jurisdiction

The Constitution of Nepal (2015) clearly mentioned that the Federation, State and Local level may impose taxes on matters falling within their respective jurisdiction and collect revenue from these sources under the clause of distribution of source of revenue. (clause 60).

Advertisement tax authority is primarily derived from Schedule 8 of the Constitution, which lists advertisement tax as an exclusive power of local governments. This provides municipalities and rural municipalities with a strong constitutional mandate to levy, collect, and administer advertisement tax within their territorial jurisdiction.

However, other constitutional schedules also have indirect relevance to the advertisement matters. **Schedule-5** assigns the federal government authority of telecommunications, allocation of radio frequency, radio, television and postal matters including national communication systems, broadcasting, and digital platforms. Similarly, **Schedule-6** grants provinces powers related to communication such as Radio, F.M., and television. Under **Schedule 8,** local governments are granted exclusive authority over several taxes and fees, including **advertisement tax**. This provision legally empowers municipalities and rural municipalities to formulate necessary policies, enact local laws, and collect advertisement tax within their jurisdiction. **Schedule-9** list concurrent powers requiring coordination across all three levels. The interaction among these schedules has created interpretative complexities, particularly for digital and cross-boundary advertisements.

Local governments have the mandate to regulate and manage advertisement activities such as **billboards, hoarding boards, commercial signboards, and other outdoor promotional materials** located within their territorial boundaries. In practice, this authority has been operationalized through local laws enacted under the **Local Government Operation Act 2017**, which further clarifies the roles of local governments in levying and collecting various local taxes, including advertisement tax.

3.2.3 Constitutional Ambiguities and Interpretative Issues

While advertisement tax is explicitly listed as a local power, the Constitution does not define the term “advertisement” nor does it define its scope. This absence has resulted in different interpretations among local governments, especially regarding online advertisements, social media promotions, mobile applications, and platform-based advertising. The lack of constitutional clarity needs subordinate legislation and policy guidance to ensure uniform interpretation and effective implementation.

However, despite this clear constitutional mandate, the effective implementation of advertisement tax often faces challenges related to **policy harmonization, regulatory clarity, and**

coordination among federal, provincial, and local governments, particularly in the context of advertisements disseminated through **national and digital media platforms**.

3.3 Federal Policy and Legal Framework

3.3.1 National Policies Relevant to Advertisement Tax

Several national-level policies indirectly influence advertisement tax administration. National fiscal policy documents emphasize strengthening OSR of subnational governments to reduce dependency on intergovernmental transfers. The Digital Nepal Framework promotes digitalization of services and expansion of digital markets, contributing to rapid growth of online advertising. Urban development policies emphasize orderly use of public spaces, city aesthetics, and environmental protection, all of which intersect with outdoor advertisement management.

Despite these linkages, advertisement tax is not explicitly addressed in national policy documents, resulting in limited strategic guidance for local governments.

3.3.2 Federal Acts and Regulations

Key federal laws shaping advertisement tax governance include the Intergovernmental Fiscal Arrangement Act (2017), which outlines principles of revenue assignment and fiscal coordination, and the Local Government Operation Act (2017), which authorizes local governments to levy taxes and enact local laws. Media-related acts governing broadcasting, press, and online media regulate advertising content and operations but do not clarify taxation authority.

Intergovernmental Fiscal Arrangement Act (2017),

Under the constitutional framework, Inter-Governmental Fiscal Arrangement Act 2017 clearly defined the power to levy tax, non-tax and royalty of the Federal, State and Local under the clause-3 and Schedule 1,2 and 3. The Federal Financial Act 2075 amended clause - 5 of the Act and mentioned the provision of single tax administration as:

(1) Notwithstanding anything contained in this Act or in the prevailing laws, the following taxes which fall within the jurisdiction of both the Province and the Local Level pursuant to the Schedules of the Constitution shall be imposed and collected as follows:

(a) The rate of Motor Vehicle Tax shall be determined and collected by the province; however, the rate of motor vehicle tax on Tonga, Rickshaw, Auto-rickshaw, and Electric Rickshaw shall be determined and collected by the Rural Municipality or Municipality.

(b) The rate of House and Land Registration Fee shall be determined by the Province and shall be collected by the Rural Municipality or Municipality.

(c) The rate of Entertainment Tax shall be determined by the province and shall be collected by the Rural Municipality or Municipality.

(d) The rate of Advertisement Tax shall be determined and collected by the Rural Municipality or Municipality.

(2) Of the revenue collected from the taxes pursuant to clauses (b), (c), and (d) of sub-section (1), sixty percent shall be deposited by the Rural Municipality or Municipality into the Local Consolidated Fund, and forty percent shall be deposited monthly into the Provincial Consolidated Fund.

Note: "Unofficial English translation prepared by the author based on the amended Nepali text of the Intergovernmental Fiscal Management Act, 2017 (as amended by the Federal Financial Act, 2075). The Nepali version shall prevail in case of inconsistency."

Local Government Operation Act 2074 (2017)

The Local Government Operation Act, 2074, that came into effect since 15 October 2017 has paved a strong legal foundation towards institutionalizing legislative, executive and quasi-judiciary practice of the newly formed local government. The legal mechanism was enacted as per the Article 296 (1) of the Nepal Constitution-2015 to leverage local leadership and governance system.

The Act has stipulated several arrangements related to authorities, duties and responsibilities of local government, assembly meeting and working system, assembly management procedures, plan formulation and implementation, judicial works, financial jurisdictions and administrative structure.

Regarding the revenue rights, Section 11 (Gha) (1) of the Local Government Operation Act, 2074, local governments are subject to formulate policies, enact local laws, set standards, implement, and regulate various local taxes and fees including property tax, house rent tax, land registration fees, vehicle tax, service charges, tourism fees, advertisement tax, business tax, land revenue (malpot), and entertainment tax compatible with the federal and provincial legislation.

3.3.3 Advertisement (Regulation) Act 2076 and associated Regulations, 2077

Advertisement (Regulation) Act 2076 first mentioned the clear definition of the Advertisement, Hording Board, Advertisers and add agencies. The act aims to regulate the advertisement sector in a systematic, transparent, and ethical manner. Similarly, it prevents misleading, unethical, and harmful advertisements and promotes professionalism and accountability in advertisement businesses. Establishment of **Advertisement Board Nepal (ABN)** a national regulatory authority is the milestone for protecting consumers' rights and public interest. The act applies to regulating print, electronic, digital, and broadcast advertisements, outdoor and indoor advertisements, commercial, public service, and promotional advertisements and advertisements disseminated through **radio, television, online platforms, social media, and digital media.** This broad scope legally recognizes **digital and non-physical advertisements**, which is critical for expanding the future advertisement tax base of local governments.

The advertisement Regulations 2077 operationalize the Act and clarify procedures of registration, required documents, fees and renewal timelines, conditions for suspension or cancellation. On the other hand, it prescribed operational guidelines like monitoring mechanisms, complaint handling procedures, internal governance of ABN and record keeping and reporting requirements. Furthermore, it clearly provisioned financial provisions like registration and renewal fees payable to ABN and use of funds for regulatory and promotional purposes. These fees are regulatory fees, not advertisement tax, and are collected by ABN not local governments.

Both the act and regulation can be considered as a vital initiation to establish relationships with federalism and local governments providing national framework for advertisement regulation and recognizing digital and broadcast advertisement. It introduced first time the professional standards of advertisement and registration system of media and advertising agencies.

The act clearly mentioned the authority to classify any kind of advertisement based on medium such as print, digital, broadcast and outdoor, by nature such as commercial, public interest, political and social and health, children, alcohol, tobacco etc. under the content sensitivity. The law prohibits advertisements that are misleading or deceptive, against public morality or social harmony, harmful to children and promoting illegal goods or services. Under this legal framework, the content regulation is federal whereas physical manifestation and placement of advertisement still fall under local jurisdiction for permits, fees and taxation, which can be considered as the implication of this legal framework for the local governments.

The act provisioned **the Advertisement agencies, Media houses (print, digital, radio, TV) and Advertisement service providers to be registered with ABN** under the mandatory registration system. ABN's registration database can serve as a **primary identification tool for taxable entities at the local level** if integrated with municipal systems and can be utilized as a revenue linkage opportunity.

3.3.4 Advertisement Board Nepal ABN

The Advertisement Board of Nepal is a statutory body established under the **Advertisement (Regulation) Act, 2019 (2076 BS)** with the mandate to regulate, manage, and standardize advertisement practices across the country. The Board aims to promote systematic, dignified, and responsible advertising while safeguarding public interest, cultural values, and social norms.

It plays a central role in developing policies, standards, and guidelines related to advertisements, including both outdoor and media-based advertising. In addition, the Board is responsible for monitoring advertisement content and placement, controlling misleading and unauthorized advertisements, and ensuring compliance with legal provisions. It also coordinates with federal, provincial, and local governments to create a harmonized regulatory environment and supports the development of transparent and efficient systems for advertisement-related revenue management.

This statutory legal as well as regulatory framework no explicit provisions linking **Advertisement Board Nepal ABN** with local government advertisement tax system and municipal permitting process. There is no clarity on revenue coordination under federalism and weak operational guidance for inter-governmental collaboration. Thus, the act and regulation by characteristics considered regulatory not fiscal but strongly influenced the tax base. The positive aspect of the act is **ABN controls who can advertise while local governments control where and how advertisements are displayed**. Though there are limited spaces of formal coordination results in marrow tax base, under-taxation of digital advertisements and fragmented enforcement but the Act provides a strong legal foundation for future reform if integrated with local revenue frameworks.

3.3.5 Outer Advertisement Standard, 2081

The Outer Advertisement Standard, 2081 provides a comprehensive regulatory framework for managing and standardizing outdoor advertising across Nepal, including hoarding boards, billboards, digital displays, wall paintings, and similar structures. The standard introduces a classification of advertisement spaces based on their nature and location, such as roadside hoarding boards, building-mounted advertisements, digital display systems, and advertisements placed on public infrastructure like poles, bridges, and bus parks. It establishes clear provisions on location and zoning by restricting advertisements near sensitive areas such as schools, hospitals, religious and heritage sites, and by regulating placement along highways and urban corridors to maintain urban aesthetics and public safety.

Furthermore, the standard sets specifications for the size, height, design, and structural integrity of advertisement boards to ensure uniformity, safety, and environmental compatibility. It emphasizes the need to minimize risks to road users by preventing visual obstruction and distraction, while also encouraging the use of environmentally friendly materials and technologies. The framework requires mandatory approval and licensing from the concerned authority, primarily local governments, with defined procedures for application, renewal, and monitoring. It also strengthens the linkage between advertisement regulation and revenue generation by providing a basis for systematic advertisement tax collection and transparent fee structures at the local level. Additionally, the standard includes provisions for monitoring and enforcement, including the removal of unauthorized advertisements and the imposition of penalties for non-compliance, thereby promoting accountability and effective regulation in the sector

3.3.6 Federal Model Laws and Guidelines

The **Ministry of Federal Affairs and General Administration (MoFAGA)** has issued several model local tax and fee laws to guide municipalities. For example, property tax management guidelines, Business tax management guidelines, Household rent tax management guideline and tax and not tax revenue act etc. Recently (MoFAGA) issued a circular to all LGs along with a **Model Advertisement Tax Law** produced by the **Ministry of Law, Justice and Parliamentary Affairs (MoLJPA)** for the local governments for approval and execution at local level. It is the first time designed and drafted model law directly related to advertisement tax through **(MoLJPA).** Now it is under consideration under the local government authorities and needs to review and approval and enactment. This will be a legal paradigm shift on local government's advertisement tax administration in near future.

3.4 Provincial Fiscal Mandates and legal framework

Provincial governments play a supportive and coordinating role in strengthening local fiscal capacity. Provincial finance acts and annual budget often include provisions related to local revenue enhancement, capacity development, and technical assistance. Provinces do not possess direct taxation authority over advertisement tax, but their regulatory role significantly influences its administration.

At the province level, the phenomenon of the advertisement tax is still in low priority issue resulted weak legal as well as policy framework in all provinces. Most of the provinces do not have concrete legal framework relating tax and not tax revenue and almost all dependent on **Annual Financial Management Act** for overall provincial revenue system. The table below describes the overall scenario of **Advertisement Tax Framework** of the provinces:

Table 1: Comparative Overview of Provincial Advertisement Tax Frameworks

Province	Provincial Legal Basis	Dedicated Advertisement Instrument	Nature of Provincial Intervention	Key Strengths	Key Gaps/ Weaknesses
Koshi	No dedicated Advertisement Tax Act	Advertisement (Regulation) Directive, 2082	Regulatory (administrative directive)	Initial provincial engagement in advertisement regulation	No tax framing; directive not legally binding; no rate harmonization; digital advertisements excluded

Madhesh	Provincial Finance / Tax Acts (general)	None	Minimal; LG-driven	Active LG collections in urban areas	Absence of provincial guidance; fragmented LG practices
Bagmati	Province Tax & Non-Tax Revenue Act, 2075	None	Framework-level; policy intent emerging	Strong legal base for shared taxes	Weak operational guidelines; low realization of advertisement tax
Gandaki	Provincial Finance / Tax Acts	None	Passive; relies on LG implementation	Stable LG administration in selected municipalities	No sector-specific regulation; enforcement inconsistency
Lumbini	Provincial Finance Act and Tax Laws	Advertisement Tax Rule, 2075	Regulatory and fiscal	Most structured provincial framework	Needs updating; digital and cross-border ads not covered
Karnali	Provincial Finance / Revenue Acts	None	Very limited	Simple LG systems	Low institutional capacity; advertisement tax largely untapped
Sudur pashchim	Provincial Finance / Tax Acts	None	Minimal	Municipal-level experimentation	No provincial standards; weak monitoring and coordination

The comparative review of provincial practices reveals a systemic gap in the operationalization of advertisement tax under Nepal's federal system. While the Constitution assigns advertisement tax as a subnational revenue source, no province has enacted a comprehensive Advertisement Tax Act. Provincial interventions remain fragmented, ranging from the issuance of regulatory directives (Koshi Province) to the adoption of specific rules (Lumbini Province), while most provinces rely solely on general finance or tax laws without sector-specific guidance.

Lumbini Province offers a positive reference with its **Advertisement Tax Rule, 2075**, which provides clearer regulatory and fiscal direction. In contrast, Bagmati and Gandaki Provinces possess adequate legal authority but lack operational instruments, resulting in weak implementation. Provinces such as Karnali and Sudurpashchim face compounded challenges due to limited institutional capacity and absence of provincial guidance.

To strengthen local government's own source revenue (OSR), provinces should move beyond passive delegation and adopt harmonized framework legislation or model rules on advertisement tax. Such frameworks should clearly define the tax base, distinguish regulatory fees from taxes, address digital and cross-border advertisements, and establish coordination and monitoring mechanisms between provincial and local governments.

3.5 Local Government Legal Framework

3.5.1 Local Acts and By-laws

Very few municipalities either have enacted advertisement tax acts or included advertisement tax provisions within their annual finance acts. These local laws define taxable advertisements, set rates, and establish administrative procedures. However, the quality, clarity, and coverage of these laws vary significantly across local governments. In the sampled local governments for this study in Koshi Province, four municipalities out of five have included one chapter of Advertisement tax rate within the annual financial acts for Hoarding board, billboard, wall painting glow signage board and digital display board. Only **Birtamod Municipality** passed the **Advertisement Regulation Rules 2075,** but the operational status is seeming very poor.

3.5.2 Scope of Taxable Advertisements

Local laws typically cover outdoor and physical advertisements such as hoardings, banners, flex boards, wall paintings, and event-based advertisements. Coverage of digital displays, LED boards, and mobile advertisements is inconsistent, while online and platform-based advertisements are rarely addressed explicitly.

3.5.3 Tax Rate Setting and Collection Provisions

Advertisement tax rates are generally determined by Revenue Advisory Committee and approved by the municipal council based on size, location, duration, and type of advertisement. By provisioned, collection mechanisms include licensing, permits, and renewals of any kind of advertisement bun practice, most of the local governments prefer to collect advertisement tax through contracting out to the private sector. For example, all the sampled local governments for this study contract with the private company or advertisement agents for collecting the tax. In many cases, rates are outdated, politically constrained, and not aligned with market value.

3.6 Institutional Arrangements at the Local Level

3.6.1 Organizational Structure

Advertisement tax administration typically involves multiple municipal units, including the finance section, revenue unit, urban management or engineering section, and ward offices. Fragmentation of responsibilities often leads to weak coordination and accountability.

3.6.2 Roles and Responsibilities

The municipal council approves policies and tax rates, while the executive oversees implementation. Revenue sections manage assessment and billing, urban management units monitor physical advertisements, and ward offices support local enforcement. Lack of standard operating procedures undermines efficiency.

3.6.3 Human Resource and Capacity Issues

Local governments face shortages of trained personnel, limited technical expertise in valuation and monitoring, and reliance on manual systems. Capacity gaps are particularly acute in managing digital and cross-jurisdiction advertisements.

3.7 Intergovernmental Coordination Mechanisms

There are not any formal coordination mechanisms among federal, provincial, and local governments on advertisement tax and structured platforms for harmonization and dispute resolution remain weak.

3.8 Gaps, Overlaps, and Implementation Challenges

3.8.1 Legal and Policy Gaps

Key gaps include absence of unified definitions, inadequate coverage of digital advertising, weak penalty provisions, and lack of clear enforcement authority.

3.8.2 Institutional and Operational Gaps

Operational challenges include poor inter-departmental coordination, inadequate monitoring systems, informal advertising practices, and limited use of technology.

3.8.3 Overlaps and Conflicts

Overlaps arise between federal, provincial regulations and local tax authority and municipal mandates. Platform-based advertisements present unresolved jurisdictional challenges.

3.8.4 Implications for Advertisement Tax Reform

The analysis underscores the need for harmonized legal frameworks, comprehensive model laws, institutional strengthening, and integration of digital systems. Clarifying mandates and enhancing coordination are essential for unlocking the revenue potential of advertisement tax.

While advertisement tax possesses strong constitutional backup, its effective implementation is hampered by policy ambiguities, legal fragmentation, and institutional weaknesses. Addressing these challenges is critical for strengthening local governments’ OSR and advancing fiscal federalism. The next chapter examines global scenario of advertisement tax and its relevance to Nepal.

Chapter 4: Global Scenario of Advertisement Tax Administration and Its Relevance to Nepal

4.1 Introduction

Advertisement tax has emerged globally as a strategic local revenue instrument that simultaneously supports own-source revenue (OSR) mobilization, urban regulation, and public space management. Across both developed and developing countries, subnational governments increasingly rely on advertisement-related levies to capture commercial value generated through the use of public visibility and urban infrastructure.

This chapter presents global practices and trends along with an overview of the existing administrative practices of advertisement tax in Nepal, focusing on the entire tax cycle—from identification of taxable advertisements to assessment, billing, collection, monitoring, and enforcement. Simultaneously analyzes global practices and trends and their relevance under federal systems and contextualizes these lessons within Nepal's federal structure using empirical findings from five urban municipalities of Koshi Province.

4.2 Global Rationale of Advertisement Tax

Globally, advertisement tax is justified on three core principles: revenue mobilization, urban governance, and equity based on benefit received. International experience shows that advertisement tax is relatively easy to administer, location-specific, and closely linked with municipal service delivery. Under the revenue mobilization perspectives, in many countries, advertisement tax is a non-distortionary local revenue source accepting it does not discourage normal business activities and captures value from commercial use of public space and attention. It is used to control visual pollution, public safety and city aesthetics and linked with urban planning, traffic safety and heritage conservation under the urban governance and regulation perspectives. Businesses benefiting from public visibility contribute to local services and larger and more interfering advertisement are taxed higher under the equity and benefit principles.

4.3 International Practices in Advertisement Tax Administration

4.3.1 Municipal Billboard and Outdoor Advertising Taxes

In many countries, advertisement taxes particularly on outdoor advertising, is treated as a purely municipal revenue source, closely linked with urban planning and land-use control.

- **Canada (Toronto):** Municipal governments levy a specific billboard tax combined with strict zoning and permit requirements. Tax liability is linked to location, size, and type of billboard, while illegal or non-compliant advertisements are removed.

- **United States (selected cities):** Local governments impose annual billboard or signage fees/taxes based on square footage and zoning categories, integrated with building and safety codes.

Key lesson for Nepal: Advertisement tax works best when treated as a local tax tied to **urban management objectives**, not merely as a revenue instrument.

4.3.2 Permit-Linked Fee Systems (Europe)

Several European countries manage advertisement revenue through permit and licensing systems rather than stand-alone taxes:

- **United Kingdom:** Outdoor advertisements require planning consent. Fees are charged for permits, and illegal advertisements attract fines or removal orders.
- **Nordic countries:** Advertisement near highways and public spaces is highly regulated, with permits acting as both regulatory and revenue instruments.

Key lesson: Linking advertisement tax/fees with permits strengthens enforcement, reduces tax evasion, and improves urban aesthetics.

4.3.3 Zoning and Location-Based Taxation

International practice commonly differentiates advertisement tax rates by commercial vs residential zones, high-traffic corridors vs local streets and permanent vs temporary advertisements.

This approach allows cities to **discourage visual pollution** while still mobilizing revenue.

Key lesson: Nepalese local governments can adopt **location-based rate bands** to balance revenue generation with planning concerns.

4.3.4 Digital and Electronic Advertising

- Several countries have introduced **digital advertising taxes at the national level**, targeting large online platforms.
- At sub-national levels, cities increasingly regulate and charge higher fees for **digital billboards and LED screens** due to energy use and visual impact.

Key lesson: While online advertising taxation may remain federal, local governments should explicitly cover **digital display boards and electronic signage** within advertisement tax frameworks.

4.3.5 Technology-Driven Administration

Common international administrative tools include **GIS-based inventories** of billboards and signboards, mandatory annual license renewal linked to tax payment and digital billing and payment systems.

Key lesson: Technology improves transparency, expands the tax base, and minimizes leakage critical for Nepal's municipalities.

Table 2: Comparative Snapshot: Nepal and International Practices

Dimension	Nepal (Current Practice)	International Good Practice	Key Lesson for Nepal
Legal positioning	Shared tax (Province–Local) with ambiguity	Mostly clear municipal authority	Clarify roles; make LGs lead administrators
Instrument	Tax + weak permits	Permit-linked fees/taxes	Link payment to licensing & compliance
Rate structure	Flat or ad-hoc rates	Size, location, zone-based rates	Introduce zoning & size-based bands
Coverage	Mostly physical ads	Physical + digital displays	Explicitly cover LED/digital boards
Administration	Manual, sometimes outsourced	Direct municipal collection	Phase out outsourcing; digitize
Enforcement	Weak, illegal hoardings common	Strong penalties & removals	Strengthen penalties & removal powers
Technology	Limited databases	GIS inventories & e-billing	Adopt GIS & digital payments

Global Scenario of Advertisement Tax Administration and Its Relevance to Nepal

Globally, advertisement tax administration is primarily anchored within **local government finance systems**, especially in urban areas where outdoor advertising constitutes a visible and commercially valuable use of public space. In many countries, municipalities are empowered to regulate and tax outdoor advertisements such as billboards, hoarding boards, transit media, and building-mounted displays. These systems are typically integrated with **urban planning, zoning regulations, and licensing mechanisms**, ensuring that advertisement placement aligns with city aesthetics, public safety, and land-use planning. Revenue collection is generally managed directly by local governments through permit-based systems, digital registries, and periodic renewal processes, which help improve transparency, compliance, and predictability of revenue flows.

At the same time, there has been a significant global shift toward **technology-enabled administration**. Many cities now use GIS mapping, digital inventories of advertisement structures, and e-permitting systems to monitor advertisement locations, sizes, and ownership.

This reduces reliance on manual inspections and minimizes revenue leakage. In addition, enforcement mechanisms are typically strong, with clear penalties for unauthorized advertisements, including removal, fines, and blacklisting of non-compliant operators. Another important trend is the gradual move away from **contract-based revenue collection models** toward **direct municipal administration**, which enhances accountability and allows local governments to capture the full revenue potential.

A major emerging dimension in the global context is the rapid expansion of **digital advertising**, which has challenged traditional tax systems. While outdoor advertisement taxation remains largely local, digital advertisement taxation is increasingly handled at the national level through instruments such as digital services taxes or value-added tax on online services. However, even in advanced systems, coordination between different levels of government remains a key issue, particularly in defining tax jurisdiction, avoiding double taxation, and ensuring equitable revenue sharing.

In the context of Nepal, and particularly in the selected urban municipalities of Koshi Province, these global practices offer several important insights. The current system of advertisement tax administration is largely characterized by **fragmented regulatory practices, limited standardization, weak monitoring mechanisms, and heavy reliance on contractor-based collection**, which often results in underreporting and revenue leakage. Unlike global practices where municipalities maintain comprehensive inventories and enforce strict compliance, many local governments in Nepal lack updated data on advertisement structures and depend on periodic or ad hoc monitoring. Furthermore, inconsistencies in tax rates, unclear classification of advertisement types, and overlapping regulatory roles between different levels of government create administrative inefficiencies.

The global experience therefore highlights the need for Nepal to transition toward a **more structured and system-based approach** to advertisement tax administration. For urban municipalities in Koshi, this implies strengthening internal administrative capacity, developing digital databases of advertisement assets, standardizing procedures for licensing and taxation, and gradually shifting toward direct revenue collection mechanisms. Equally important is improving coordination with provincial and federal frameworks to ensure clarity in policy and legal mandates. While Nepal may not immediately adopt advanced digital taxation systems, incremental reforms aligned with global practices can significantly enhance revenue performance, administrative efficiency, and regulatory control in the advertisement sector.

Chapter 5: Overview of Advertisement Tax Administration in Nepal

In Nepal, advertisement tax administration is primarily assigned to local governments as part of their **own source revenue (OSR)** under the constitutional framework of fiscal federalism. The Constitution of Nepal 2015 recognizes advertisement tax as one of the key revenue sources of local levels, which is further operationalized through laws such as the Local Government Operation Act 2017. Under this framework, municipalities are authorized to levy and collect taxes on various forms of advertisements, particularly outdoor advertisements such as hoarding boards, billboards, wall paintings, and digital displays within their jurisdiction. In practice, local governments have adopted different administrative approaches, including direct collection and contractor-based systems, often guided by local bylaws and annual fiscal acts. However, the system remains characterized by **variations in tax rates, limited standardization of tax bases, weak record-keeping, and inconsistent enforcement practices**. While recent initiatives such as the Advertisement Regulation Act 2019 and the Outer Advertisement Standard, 2081 have attempted to introduce regulatory clarity and uniform standards, the overall administration of advertisement tax in Nepal continues to face challenges related to institutional capacity, intergovernmental coordination, and effective monitoring. As a result, despite its potential, advertisement tax remains an underutilized revenue source for many urban municipalities, including those in Koshi Province.

5.1 Types of Advertisements Taxed

Local governments in Nepal generally levy advertisement tax on physical and visible advertisement materials, although the scope varies significantly by municipality.

5.2 Commonly Taxed Advertisement Types

Most municipalities impose advertisement tax on the following categories:

- **Outdoor Advertisements**
    - Hoarding boards
    - Billboards
    - Unipolar and flex boards
    - Wall paintings
- **Commercial Signage**
    - Shop name boards
    - Business logos and illuminated signs
- **Temporary Advertisements**
    - Event banners

- Promotional posters
- Festival-related advertisements

- **Vehicle-based Advertisements**
  - Advertisements displayed on buses, taxis, tempos, and delivery vehicles

These categories are generally aligned with **Municipal Advertisement Tax Acts and Fee Schedules**, though classification and definitions differ across local governments.

5.3 Emerging and Untaxed Advertisement Forms

Despite rapid changes in advertising practices, many local governments **do not systematically tax** on

- Digital screens installed in public places
- LED display boards
- Online and social media advertisements
- Influencer marketing and sponsored digital content

The exclusion of these forms reflects legal ambiguity, capacity constraints, and enforcement limitations, creating a widening gap between traditional and modern advertising markets.

5.4 Rate Structures and Tax Determination

5.4.1 Basis of Rate Determination

Advertisement tax rates in Nepal are typically determined based on:

- Size of advertisement (square feet or square meter)
- Type of material (flex, LED, painted, illuminated)
- Location (main road, commercial hub, residential area)
- Duration (daily, monthly, annual)

Rates are approved annually through **municipal budget and revenue bylaws.**

5.4.2 Nature of Rate Structures

Most local governments apply:

- Flat-rate or slab-based fees, rather than value-based taxation
- Annual licensing fees for permanent structures
- Short-term permits for temporary advertisements

This approach simplifies administration but often fails to reflect:

- Advertising value
- Business turnover
- Market reach and visibility

As a result, **high-value commercial advertisements may be undertaxed,** while small businesses face relatively higher proportional burdens.

5.5 Tax Assessment, Billing, and Collection Process

5.5.1 Tax Assessment Practices

Advertisement tax assessment is primarily **administrative and manual**, involving:

- Physical inspection by municipal staff
- Applications submitted by advertisers or agencies
- Measurement of advertisement size and type

In many municipalities, assessments are **reactive rather than systematic**, relying on:

- Complaints
- Periodic drives
- Voluntary disclosure

5.5.2 Billing and Collection Mechanisms

Billing is usually conducted through:

- Manual bills or receipts
- Cash or bank deposit payments
- Counter-based payment systems at municipal offices

Only a limited number of municipalities have integrated advertisement tax into:

- Online revenue systems
- Mobile payment platforms
- Unified municipal billing portals

Most of the municipalities are collecting advertisement tax through outsourcing private companies. Very limited municipalities are collecting themselves, but the collection performances are very weak. The lack of standard billing system and weak records often results in revenue leakages and overdue amounts.

5.6 Enforcement and Monitoring Mechanisms

Local governments employ several enforcement tools including removal of illegal advertisements, imposition of fines and penalties, non-renewal of business registration and temporary sealing of premises (in rare cases). However, enforcement is often **selective and inconsistent**, influenced by political pressure, limited manpower and fear of conflict with business communities.

Regarding monitoring mechanism, Municipal Revenue Advisory Committee and revenue section are responsible for monitoring mobilizing city police force. There are many more challenges in monitoring such as lack of updated advertisement inventory, absence of GIS-based mapping, limited inter-departmental coordination and weak follow-up mechanisms. As a result,

unregistered and unpaid advertisements remain widespread, particularly in urban and peri urban areas.

5.7 Use of Technology and MIS in Advertisement Tax Administration

5.7.1 Current Status

The use of technology in advertisement tax administration remains emerging. While some municipalities have introduced:

- Digital revenue software
- Online business registration systems
- Basic MIS dashboards

Advertisement tax is often **not fully integrated** into these systems.

5.7.2 Potential Applications of Technology

Technology can significantly improve administration through:

- GIS-based advertisement mapping
- Digital permitting and renewal systems
- QR-coded licenses displayed on advertisement boards
- Real-time monitoring using mobile inspection apps
- Data integration with business registration and property tax systems

Such tools can enhance **transparency, compliance, and revenue forecasting** while reducing administrative discretion.

5.7.3 Key Observations

Based on the current administrative practices, the following patterns emerge:

- Advertisement tax administration remains **largely manual and fragmented**
- Legal authority exists, but **implementation capacity is weak**
- Revenue potential is **under-realized**, especially from emerging advertisement forms
- Technology adoption is uneven and underutilized
- Strong linkage between **urban management, aesthetics, and revenue** is often missing

Chapter 6: Overview of Koshi Province: Geographical, Political, Socio-Economic and Fiscal Perspectives with Focus on Advertisement Tax

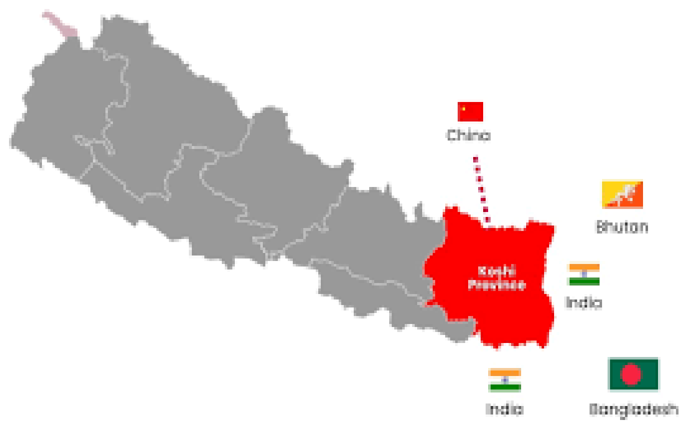
6.1 Introduction

This chapter provides an in-depth provincial-level assessment of Koshi Province in order to situate advertisement tax within the broader Own Source Revenue (OSR) mobilization framework of local governments. The analysis integrates geographical, political, socio-economic, and fiscal dimensions and links them with administrative practice and reform potential in advertisement taxation.

The purpose is to bridge macro-level structural analysis with municipality-specific field findings presented in subsequent sections of the report.

6.2 Geographical Context and Spatial Economic Structure

Koshi Province, located in the eastern part of Nepal, is geographically diverse and strategically significant. It covers approximately 25,905 sq. km which is about 17.5% of Nepal's total area and spans Himalayan, Hill, Inner-Terai, and Terai ecological belts. It borders China (Tibet Autonomous Region) in the north and India (Bihar and West Bengal) in the south and east making it geopolitically and economically strategic.



This Province is characterized by its dramatic altitudinal range, spanning from the **world's highest peak, Mount Everest (8,848.86m)**, to the **lowest point in Nepal, Kechana Kawal (58m)**. This province is divided into the **Himalayan region** (north), **Mid-hills** (center), and the **Terai plains** (south) with **Three Ecological Belts.** It is named after the **Koshi River**, Nepal's largest river system, which forms the province's western boundary. It is rich in natural resources having the **Sagarmatha National Park** which is recognized as a UNESCO World Heritage Site and the **Koshi Tappu Wildlife Reserve**, famous for its wild water buffaloes.

Biratnagar, Itahari, Dharan, Damak and Birtamode is considered as the major urban corridors including Kakarbhitta and Biratnagar ICP are the major trade route for foreign trade. **Sunsari-Morang Industrial Corridor** is the huge **Industrial Hub** that accounts for roughly 40% of the country's total industrial output. This corridor represents one of Nepal's strongest manufacturing belts. Industrial growth stimulates corporate branding, commercial signage, and digital advertising. Border trade centers such as Biratnagar and Kakarbhitta enhance cross-border advertising visibility. Rapid urban expansion in Biratnagar, Itahari, Dharan, Damak and Birtamod further expands advertisement infrastructure.

Spatial distribution of commercial activity is heavily concentrated in the Terai and major highway corridors, while mountainous districts demonstrate limited commercial density. Urban corridors along the East-West Highway and trade border points create high advertisement potential compared to mountain municipalities whereas equal potentialities tourism promotion zone such as Ilam, Taplejung and Sankhuwasabha.

Table 3: Ecological Zone and Advertisement Revenue Potential

Ecological Zone	Economic Activity Level	Advertisement Tax Potential
Mountain	Low commercial density	Low
Hill	Moderate market centers	Moderate
Inner Terai	Emerging urban nodes	Moderate to High
Terai	Industrial & trade corridor	High

Analytical Box 6.1: Spatial Inequality in Advertisement Tax Base

Advertisement tax potential in Koshi Province is structurally uneven due to geographic and infrastructure disparities. Policy design must therefore adopt segregated approaches rather than uniform rate structures.

6.3 Political and Governance Structure

Koshi Province consists of 14 districts and 137 local governments including one Metropolitan City, two Sub-Metropolitan Cities, forty-six Urban Municipalities and eighty-eight Rural Municipalities. The predominance of rural units directly influences OSR discrepancies. Regarding the political governance structure relating the advertisement tax administration, advertisement tax authority is constitutionally assigned to local governments under Schedule 8, while provinces hold broader fiscal coordination roles under Schedule 8. However, absence of harmonized provincial guidelines has resulted in rate variation and administrative inconsistency.

6.4 Fiscal Structure and OSR Composition

Local governments in Koshi Province remain heavily dependent on federal fiscal transfers. Own Source Revenue contributes a relatively smaller share of total expenditure financing, with significant disparity across local units. The contribution of advertisement tax to the overall budgetary system of the purposively sampled urban municipalities calculated below one percent.

Table 4: Typical OSR Composition in Urban Municipalities

Revenue Source	Relative Importance
Property Tax	High
Business Registration	Moderate
House Rent Tax	Moderate
Service Charges	Moderate
Advertisement Tax	Low but growing

Analytical Box 6.2: Advertisement Tax Elasticity

Compared to property tax, advertisement tax demonstrates higher short-term elasticity in expanding urban economies, especially where digital advertising is growing.

6.5 Provincial Policy and Legal Framework of Advertisement Tax in Koshi

There is no standardized provincial policy as well as legal framework governing classification, rate bands, or monitoring mechanisms for advertisement tax. This results in fragmented municipal practices. Some initiations have been taken place to regulate and calculate advertisement potentialities of Koshi Province.

6.5.1 Provincial Financial Management Act, 2082 (2025):

Provincial Financial Management Act provides an overarching legal framework for revenue administration, budgeting, and fiscal discipline at the provincial level. In the context of advertisement tax, the Act does not typically create a new tax base independently; rather, it reinforces the constitutional assignment of revenue powers and establishes procedures for managing, coordinating, and regulating such taxes within the provincial jurisdiction. Advertisement tax, being constitutionally linked to both provincial and local governments (as per concurrent powers), is therefore guided by this Act in terms of revenue recording, standard setting, and intergovernmental fiscal coordination.

In summary, while the Provincial Financial Management Act, 2082 does not exclusively regulate advertisement tax, it significantly shapes its governance environment by promoting standardization, accountability, and coordination. Its effective implementation can help address many of the existing policies and administrative gaps observed in advertisement tax systems across local governments in Koshi Province.

Clause 10, Sub-Clause 2 explicitly addresses the allocation and management of advertisement tax arising from public notices. It stipulates that **3 percent of the total fee or revenue collected from any public notice** is to be recognized as a specific form of advertisement tax and deposited into the local government's consolidated fund. This provision reflects a deliberate effort to **ensure local governments directly benefit from public communications within their jurisdiction**, thereby reinforcing local fiscal autonomy and revenue mobilization capacity. By earmarking a fixed percentage, the law provides clarity and predictability for both the provincial and local financial administrations.

Administratively, this sub-clause places a clear responsibility on the provincial authorities and the relevant agencies issuing or regulating public notices to **deduct and transfer the prescribed 3 percent to the local government's consolidated fund**. It establishes a legal obligation for proper accounting, documentation, and timely remittance, which is critical for enhancing transparency and avoiding revenue leakages. For local governments in Koshi Province, such a provision strengthens their revenue base in a relatively low-cost, non-intrusive manner, as the tax is automatically linked to public notice activities rather than requiring additional assessment or enforcement measures.

Clause 10, Sub-Clause 3 provides the **procedural framework for local governments to license advertisement activities and collect associated taxes**. This provision recognizes that local governments are the primary authorities responsible for regulating advertisements within their jurisdiction, including billboards, hoardings, banners, and other public displays. By setting out a clear licensing process, the law ensures that advertisement activities are conducted in an **organized, accountable, and revenue-generating manner**.

Finally, from a governance perspective, this provision also **reinforces compliance incentives**. By legally mandating the share to local consolidated fund, the Act reduces discretionary decisions over revenue allocation, mitigates potential disputes between provincial and local authorities, and enhances public trust in the management of local revenues. When consistently implemented, this measure can serve as a model for other minor but systematic revenue streams that support local development in a transparent, accountable, and legally secure manner.

The original version of the provincial financial management act 2082 and its provisions are as follows:

१०. **विज्ञापन कर**: (१) प्रदेशभित्र विज्ञापन सामग्री राखे बापत सम्बन्धित स्थानीय तहले कानून बमोजिम विज्ञापन कर लगाई असूल गर्नु पर्नेछ।

(२) यस ऐन र प्रचलित कानूनमा जुनसुकै कुरा लेखिएको भए तापनि कोशी प्रदेश सरकार अन्तर्गतका निकाय र स्थानीय तहका सरकारी निकाय, बैंक तथा वित्तीय संस्था, सहकारी संस्था, गैर सरकारी संस्था, उद्योग, व्यवसाय, फर्म, कम्पनी लगायतका सङ्गठित संस्था वा अन्य निकायले आफ्नो कार्यसँग सम्बन्धित कुनै विज्ञापन वा सूचनालाई छापा, श्रव्य, दृश्य, विद्युतीय माध्यम, अनलाइन वा सामाजिक सञ्जाल लगायतका माध्यम प्रयोग गरी विज्ञापन वा सूचनाको प्रसारण वा प्रकाशन गर्दा लाग्ने रकम सम्बन्धित सञ्चार माध्यम वा विज्ञापन एजेन्सीलाई भुक्तानी गर्दा मूल्य अभिवृद्धि कर बाहेकको रकममा ३ प्रतिशतका दरले विज्ञापन कर कट्टा गरी भुक्तानी गर्नु पर्नेछ र त्यसरी कट्टा गरिएको रकम आफ्नो कार्यालय वा निकाय रहेको स्थानीय तहको विभाज्य कोषमा दाखिला गर्नु पर्नेछ।

(३) विज्ञापन सार्वजनिक गर्न वा सार्वजनिक स्थलबाट देखिने गरी होर्डिङ बोर्ड राख्न वा यातायातका साधनमा विज्ञापन राख्न वा प्रचार गर्न चाहने व्यक्ति, फर्म वा सङ्गठित संस्था, विज्ञापन दाताले सम्बन्धित स्थानीय तहमा निवेदन दिनु पर्नेछ। विज्ञापन वा होर्डिङ बोर्ड राख्न निवेदन पर्न आएमा स्थानीय तहले सर्वसाधारणको अहित हुने नदेखेमा विज्ञापन कर लिई अनुमति दिन सक्नेछ।

(४) उपदफा (३) बमोजिम अनुमति दिँदा विज्ञापन वा होर्डिङ बोर्ड राख्न पाउने अवधि, नवीकरण गर्नु पर्ने समय, नवीकरण नगरेमा लाग्ने जरिबाना, वातावरणीय स्वच्छता एवम् सौन्दर्यता, सार्वजनिक यातायातमा पर्न सक्ने असर, सामग्रीको भाषिक शुद्धता, शालीनता, आकार जस्ता विषयमा आवश्यक सर्त तोक्न सक्नेछ।

(५) उपदफा (२) मा उल्लिखित विज्ञापनमा बाहेक नेपाल सरकार, प्रदेश सरकार, स्थानीय तहले राखेका अन्य विज्ञापन सामग्रीमा कर लाग्ने छैन।

(६) नेपाल सरकार, प्रदेश सरकार, स्थानीय तह वा सरकारी संस्थाका जग्गा वा सम्पत्ति प्रयोग गरी राखिएका विज्ञापन सामग्रीमा विज्ञापन कर उठाउनु अघि सम्बन्धित स्थानीय तहले त्यस्तो निकायको सहमति लिनु पर्नेछ।

(७) स्थानीय तहले सरकारी जग्गामा वा सार्वजनिक स्थलमा अनुमति नलिई वा विज्ञापन कर दाखिला नगरी राखिएका विज्ञापन सामग्री हटाई सम्बन्धित विज्ञापनकर्तालाई स्थानीय कानून बमोजिम जरिबाना गर्न सक्नेछ।

(८) व्यापारिक वा व्यावसायिक प्रयोजनका लागि राखिएका विज्ञापन सामग्रीमा लागेको विज्ञापन कर छुट वा मिनाहा हुने छैन।

तर व्यवसाय भएको स्थान अगाडि राखिएको एउटा परिचय पाटीमा र मनोरञ्जन कर दाखिला गरी निश्चित अवधिमा सञ्चालन हुने मेला, महोत्सव, प्रदर्शनी, खेलकुद जस्ता कार्यक्रम स्थलभित्र राखिएका विज्ञापन सामग्रीमा विज्ञापन कर लाग्ने छैन।

(९) उपदफा (३) बमोजिम अनुमति लिई विज्ञापन सामग्री राख्ने विज्ञापनकर्ताले विज्ञापन कर बापतको रकम प्रत्येक वर्ष समाप्त भएको तिन महिनाभित्र सम्बन्धित स्थानीय तहको विभाज्य कोषमा दाखिला गर्नु पर्नेछ।

(१०) उपदफा (९) मा तोकिएको अवधिभित्र विज्ञापन कर नबुझाउने करदातालाई सम्बन्धित स्थानीय तहले सो अवधि नाघेको मितिले बुझाउनु पर्ने कर

Website: pro.koshi.gov.np

कोशी प्रदेश आर्थिक ऐन, २०८२ को दफा १० को उपदफा (२) अनुसार विज्ञापन वा सूचना प्रसारण/प्रकाशनको भुक्तानीमा लाग्ने

विज्ञापन कर सम्बन्धी जानकारीः-

- **भुक्तानीमा ३ प्रतिशत विज्ञापन कर कट्टा गरी स्थानीय तहमा दाखिला गर्नु पर्ने निकायहरुः**
  - कोशी प्रदेश सरकार अन्तर्गतका निकाय (प्रदेशका सबै मन्त्रालय/कार्यालयहरु)
  - **स्थानीय तहका सरकारी निकाय (जिल्ला समन्वय समिति, महानगरपालिका, उप-महानगरपालिका, नगरपालिका, गाउँपालिका र मातहतका सबै कार्यालय/निकायहरु)**
  - बैंक तथा वित्तीय संस्था,
  - सहकारी संस्था,
  - गैर सरकारी संस्था
  - उद्योग, व्यवसाय, फर्म, कम्पनी लगायतका सङ्गठित संस्था,
  - अन्य निकाय (शैक्षिक संस्था, स्वास्थ्य संस्था, कन्सल्टेन्सी, एजेन्सी आदि)
- माथि उल्लेखित निकायले आफ्नो कार्यसँग सम्बन्धित कुनै विज्ञापन वा सूचनालाई छापा, श्रव्य, दृश्य, विद्युतीय माध्यम, अनलाइन वा सामाजिक सञ्जाल लगायतका माध्यम प्रयोग गरी विज्ञापन वा सूचनाको प्रसारण वा प्रकाशन गर्दा लाग्ने रकम सम्बन्धित सञ्चार माध्यम वा विज्ञापन एजेन्सीलाई भुक्तानी गर्दा मूल्य अभिवृद्धि कर बाहेकको रकममा **३ (तीन) प्रतिशतका दरले विज्ञापन कर कट्टा गरी भुक्तानी गर्नुपर्ने** छ र त्यसरी कट्टा गरिएको रकम आफ्नो कार्यालय वा निकाय रहेको **स्थानीय तहको विभाज्य कोषमा** दाखिला गर्नुपर्नेछ।
- विज्ञापन करको रकम राजस्व शीर्षक **३३३४३** मा दाखिला गर्नु पर्नेछ।

पुनश्चः

- विज्ञापन नियमन गर्ने ऐन, २०७६ को दफा २१ को उपदफा (२) को खण्ड (ख) र दफा ३२ बमोजिम विज्ञापन वापतको भुक्तानीमा **नेपाल सरकार अन्तर्गतका निकायले मात्र** ३ प्रतिशत रकम कट्टा गरी **विज्ञापन बोर्डको खातामा** जम्मा गर्नु पर्ने व्यवस्था रहेको छ।
- प्रदेश सरकार, स्थानीय सरकार अन्तर्गतका कार्यालयले र अन्य निकायले विज्ञापन वापतको भुक्तानीमा तीन प्रतिशत रकम विज्ञापन बोर्डको खातामा जम्मा गर्नु पर्ने प्रावधान छैन।
- प्रदेश तथा स्थानीय तहका कार्यालय र अन्य निकायले विज्ञापन वा सूचना प्रसारण/प्रकाशनको भुक्तानीमा तीन प्रतिशत कर कट्टा गरी आफ्नो कार्यालय/निकाय रहेको स्थानीय तहको विभाज्य कोषमा जम्मा गर्नु पर्ने हुन्छ।

6.5.2 Advertisement (Regulation) Directive, 2082

Provincial (Advertisement Regulation) Directives, 2082 were issued by the provincial government under **Clause 23(1) of the Federal Advertisement (Regulation) Act, 2076**, to provide a more structured and operational framework for advertisement monitoring, licensing, and regulation within the province. These directives aim to **strengthen provincial oversight while supporting local governments in effectively managing advertisement activities**, ensuring compliance with safety, aesthetic, and fiscal standards.

One of the key features of the directives is the establishment of the **Provincial Advertisement Monitoring and Regulation Committee**, as per **Clause 3**. This committee is mandated to oversee the implementation of advertisement-related policies, coordinate with local governments, and monitor compliance across the province. Its responsibilities include advising on standard license conditions, resolving disputes over advertisement placements, ensuring alignment with zoning and safety standards, and recommending policy updates to the provincial government. By creating a dedicated oversight body, the directives institutionalize a mechanism for **coordinated regulation and monitoring**, which helps prevent arbitrary or inconsistent practices among municipalities.

Additionally, the directives provide a clear **framework for registering and licensing advertising agencies** operating within the provincial jurisdiction. All ad agencies must register with the provincial authority and obtain the required license before engaging in any advertisement activities. This measure serves multiple purposes: it enhances **accountability of advertising operators**, ensures **tax compliance**, and provides a reliable database of active advertising entities for monitoring purposes. Registration and licensing also enable the province to track the scale and reach of advertisement activities, allowing for better **policy planning and revenue projections**.

Overall, the Provincial Advertisement Regulation Directives, 2082, complement existing federal and provincial legal frameworks by combining **oversight, coordination, and compliance mechanisms**. They help streamline advertisement governance, facilitate intergovernmental coordination, and promote transparent and predictable revenue mobilization. For local governments in Koshi Province, these directives provide guidance on best practices for licensing, tax collection, and monitoring of advertisements, thereby supporting a more organized and accountable urban environment.

The original version of the Provincial Advertisement Regulatory Directive 2082 is as follows:

प्रदेश राजपत्र

कोशी प्रदेश सरकारद्वारा प्रकाशित

खण्ड ९) विराटनगर, नेपाल, जेठ २२ गते, २०८२ साल (अतिरिक्ताङ्क ४

भाग २

प्रदेश सरकार

कोशी प्रदेश

विराटनगर, नेपाल

आन्तरिक मामिला तथा कानून मन्त्रालयको सूचना

कोशी प्रदेश विज्ञापन (नियमन गर्ने) निर्देशिका, २०८२

प्रस्तावना: प्रदेश सरकारबाट अनुमति प्राप्त गरी सञ्चालन भएका सञ्चार माध्यममा हुने विज्ञापनलाई व्यवस्थित बनाई विज्ञापन (नियमन गर्ने) ऐन, २०७६ को दफा २३ मा भएको व्यवस्था कार्यान्वयनका लागि सोही ऐनको दफा २३ को उपदफा (१) ले दिएको अधिकार प्रयोग गरी प्रदेश सरकारले यो निर्देशिका जारी गरेको छ।

परिच्छेद-१

प्रारम्भिक

१. संक्षिप्त नाम र प्रारम्भ: (१) यस निर्देशिकाको नाम "कोशी प्रदेश विज्ञापन (नियमन गर्ने) निर्देशिका, २०८२" रहेको छ।

(२) यो निर्देशिका तुरुन्त प्रारम्भ हुनेछ।

२. परिभाषा: विषय वा प्रसङ्गले अर्को अर्थ नलागेमा यस निर्देशिकामा,-

(क) "अध्यक्ष" भन्नाले प्रदेश विज्ञापन अनुगमन तथा नियमन समितिको अध्यक्ष सम्झनुपर्छ।

(ख) "ऐन" भन्नाले विज्ञापन (नियमन गर्ने) ऐन, २०७६ लाई सम्झनुपर्छ।

(ग) "मन्त्रालय" भन्नाले कोशी प्रदेशको सूचना तथा सञ्चार सम्बन्धी विषय हेर्ने मन्त्रालय सम्झनु पर्छ।

(घ) "विज्ञापन" भन्नाले कुनै वस्तु, सेवा, कार्यक्रम वा अवसरको बारेमा छापा, विद्युतीय माध्यम, अनलाइन, सामाजिक सञ्जाल, वाह्य विज्ञापन (होर्डिङ बोर्ड), बेलुन वा कुनै संरचना लगायतका माध्यमबाट सार्वजनिक रूपमा प्रचार-प्रसार वा प्रदर्शन गरिएको वा प्रचार-प्रसार वा प्रदर्शन गर्ने उद्देश्यले तयार गरिएको शब्द, वाक्य, चित्र, तस्विर,

परिच्छेद-२

अनुगमन तथा नियमन समिति सम्बन्धी व्यवस्था

३. अनुगमन तथा नियमन समितिको गठन: (१) विज्ञापन अनुगमन तथा नियमन सम्बन्धी काम गर्नको लागि देहाय बमोजिमको एक कोशी प्रदेश विज्ञापन अनुगमन तथा नियमन समिति रहनेछ:-

(क) मन्त्रालयको सचिव -अध्यक्ष

(ख) कोशी प्रदेश सरकार अन्तर्गत गठन भएका सूचना तथा सञ्चार सम्बन्धी विषय हेर्ने निकायको प्रमुख -सदस्य

(ग) कोशी प्रदेश उद्योग वाणिज्य संघले तोकेको प्रतिनिधि एकजना -सदस्य

(घ) नेपाल पत्रकार महासंघ कोशी प्रदेश समितिले तोकेको प्रतिनिधि एकजना -सदस्य

(ङ) विज्ञापन व्यवसाय सम्बन्धी कोशी प्रदेश स्तरीय समितिले तोकेको प्रतिनिधि एकजना -सदस्य

(च) मन्त्रालयले तोकेको विज्ञापनदाता, विज्ञापन एजेन्सी, सञ्चार माध्यम वा उपभोक्ता हितका क्षेत्रमा कार्यरत संघ/संस्थाको महिला प्रतिनिधि एकजना -सदस्य

(छ) सञ्चार हेर्ने मन्त्रालयको सञ्चार महाशाखा/शाखा प्रमुख -सदस्य सचिव

(२) उपदफा (१) को खण्ड (ग), (घ), (ङ) र (च) बमोजिमका सदस्यको पदावधि चार वर्षको हुनेछ।

(३) समितिका पदाधिकारीलाई नियमानुसार बैठक भत्ता उपलब्ध गराईनेछ।

(४) उपदफा (२) मा जुनसुकै कुरा लेखिएको भए तापनि कुनै सदस्यको काम सन्तोषजनक नदेखिएमा वा समितिको हित विपरीत कुनै काम गरेमा वा खराब आचरण भएमा वा कार्य सम्पादन नगरी निष्कृय भएको वा फौजदारी अभियोगमा कसुरदार ठहरिएमा मन्त्रालयले कारण खुलाई जुनसुकै बेला निजलाई पदमुक्त गर्न सक्नेछ।

(५) उपदफा (४) बमोजिम कुनै सदस्यलाई पदमुक्त गर्नु अघि निजलाई सफाई पेस गर्ने मनासिव माफिकको मौका दिनु पर्नेछ।

४. समितिको काम, कर्तव्य र अधिकार: ऐनमा तोकिएका काम, कर्तव्य र अधिकारको अतिरिक्त समितिको काम, कर्तव्य र अधिकार देहाय बमोजिम हुनेछ:-

(क) प्रचलित कानून बमोजिम तोकिएको मापदण्ड र विज्ञापन आचारसंहिता बमोजिम विज्ञापन भए/नभएको अनुगमन तथा नियमन गर्ने,

(ख) नेपाल सरकारको सञ्चार हेर्ने मन्त्रालय, स्थानीय तह, विज्ञापन एजेन्सी, विज्ञापनदाता र सञ्चारमाध्यमसँग समन्वय गर्ने,

(ग) प्रदेशको आवश्यकता अनुसार सार्वजनिक हित सम्बन्धी विज्ञापन निर्माण गरी प्रकाशन तथा प्रसारण गर्न प्रोत्साहन गर्ने,

6.5.3 Province Forest Regulation 2080

The Koshi Province Forest Regulation, 2080, issued by the Ministry of Tourism, Forest and Environment, incorporates a provision under Clause 124 that enables the Provincial Forest Division to authorize and regulate the placement of advertisement materials within forest areas and along forest roads. The regulation prescribes an annual fee structure, including a rate of NPR 1,000 per square foot for advertisements placed along main roads, thereby effectively introducing a form of advertisement tax or fee linked to the use of forest land. The provision also establishes procedural requirements for prior approval, submission of detailed applications, and revenue collection through the provincial treasury, reflecting an attempt to regulate commercial use of environmentally sensitive public spaces while generating provincial revenue.

Notwithstanding its regulatory intent, this provision has given rise to legal and institutional ambiguity within the federal framework. Advertisement tax is constitutionally assigned to local governments under Schedule 8 of the Constitution of Nepal, and is generally administered through local laws and bylaws. The imposition of a similar levy by provincial forest authorities creates potential overlaps in jurisdiction, risks of double taxation, and uncertainty for taxpayers and advertisers operating across jurisdictions. This situation highlights a broader challenge of fragmented legal provisions across sectors and tiers of government, underscoring the need for clear delineation of revenue rights, harmonization of sectoral regulations, and strengthened intergovernmental coordination to ensure consistency, legal clarity, and effective revenue administration.

6.5.4 Province Revenue Office, Koshi Province

The Province Revenue Office (PRO), Koshi Province, operates under the Ministry of Economic Affairs and Planning, Government of Koshi Province. The office is responsible for administration, collection, monitoring, and management of provincial taxes and non-tax revenues in accordance with prevailing provincial laws. The establishment of the office aims to strengthen provincial fiscal capacity and improve revenue performance through systematic administration and coordination.

Job Description and Mandate of PRO Koshi Province

The major roles and responsibilities of the Province Revenue Office include:

- Implementation and administration of provincial tax and non-tax revenue laws.
- Collection of provincial taxes such as entertainment tax, advertisement tax (provincial share), vehicle-related taxes, tourism fees, and other prescribed revenues.
- Maintenance of revenue records, reporting, and financial reconciliation.

- Facilitation of taxpayer services, including information dissemination and compliance support.
- Monitoring revenue performance against annual targets.
- Coordination with line ministries, local governments, and relevant stakeholders.

Organizational Structure

The Province Revenue Office functions under the leadership of an Office Chief and is structured into functional units to ensure effective revenue administration. The typical organizational structure includes:

- Office Chief (Section Officer / Under Secretary level)
- Revenue Administration Unit
- Accounts and Finance Unit
- Administration and Human Resource Unit
- Information and Taxpayer Service Support

The office coordinates directly with the Ministry of Economic Affairs and Planning for policy direction and reporting.

Major Activities for Provincial OSR Strengthening

- Preparation of annual revenue targets and performance monitoring.
- Enforcement of provincial tax laws and compliance measures.
- Data collection and analysis to identify potential revenue gaps.
- Digitization and modernization of revenue administration systems.
- Public awareness and taxpayer education programs.

Role in Supporting Local Government OSR Strengthening

Although local governments are empowered by the constitution to mobilize their own source revenues (OSR), the Province Revenue Office contributes indirectly through policy harmonization, coordination, and technical support.

- Providing guidance on revenue legislation alignment between provinces and local levels.
- Sharing best practices in tax administration and compliance management.
- Supporting capacity-building initiatives in collaboration with provincial ministries.
- Facilitating coordination on shared or concurrent tax bases.

The Province Revenue Office, Koshi Province plays a crucial role in strengthening provincial fiscal autonomy through systematic revenue administration and intergovernmental coordination. Its effective functioning contributes to improved revenue performance and supports broader public fiscal management reforms within the federal structure of Nepal.

6.6 Provincial Own Source Revenue Feasibility Study Report (FY 079/080-084/085)

The **Own-Source Revenue (OSR) Feasibility Study 2079** was undertaken by the Ministry of Economic Affairs and Planning, Koshi Province, to *assess the status, potential, and strategic opportunities for enhancing internally mobilized revenues* at the provincial level. Given the constitutional mandate for fiscal federalism and provincial fiscal autonomy, the study evaluates revenue streams currently under provincial and concurrent jurisdiction and identifies constraints and prospects for improved revenue performance.

The study is based on trends of internal revenue collections over recent fiscal years, highlighting that while the province has demonstrated a capacity to mobilize revenues in the range of billions of rupees, the level of internal revenue remains limited relative to provincial budget needs. This gap reinforces dependence on federal transfers and grants. It examines major OSR categories including provincial taxes, fees, charges, service levies, and fines, with a focus on underperforming areas such as advertisement tax, entertainment tax, and service charges, which have potential to contribute more through administrative reforms and rate rationalization.

A key component of the study emphasizes the institutional and administrative bottlenecks that hinder effective revenue collection. These include inconsistent rate schedules across local governments, weak compliance mechanisms, and inadequate integration of digital revenue administration systems. The report underscores the need for capacity building in revenue assessment, audit, and taxpayer services to support improved compliance and expand the tax base.

The feasibility study also benchmarks international practices in provincial revenue diversification, identifying models for modernizing revenue administration and strengthening provincial-local coordination. Specifically, the report advocates for standardized revenue frameworks, integrated tax information systems, and enhanced intergovernmental fiscal coordination. The report made own source revenue projection of Koshi in 16 different headings including tax, non-tax, service fees and royalty. Based on the status, potentialities analysis, reform measurements, the potential own source revenue projection of Koshi province for next five fiscal year (FY 080/081-084/085) is shown in table below.

Table 5: Koshi province for next five fiscal year (FY 080/081-084/085)

क्र.सं.	राजस्व स्रोत	२०७८/७९ यथार्थ	२०७९/८० अनुमान	राजस्व प्रक्षेपण					
				२०७९/८०	२०८०/८१	२०८१/८२	२०८२/८३	२०८३/८४	२०८४/८५
१	घरजग्गा रजिस्ट्रेसन शुल्क	१६५०८७२	१५०००००	२,०६२,५१८	२,८३४,४८९	३,५४१,२७२	४,४२४,२९१	५,५२७,४९१	६,९०५,७७६
२	सवारी साधन कर	११९३१९०	१३२००००	१,३७५,०८५	१,७४३,१८०	२,००८,९१८	२,३१५,१६६	२,६६८,१००	३,०७४,८३७
३	विज्ञापन कर	४४९७	९५४०	९,८५८	१७,०७६	२३,९३३	३१,५१९	३९,९६७	४९,४४२
४	मनोरञ्जन कर	५	२५००	४१७	६,८३५	१३,८७०	२१,६१४	३०,१२३	३९,४५४
५	ढुङ्गा, गिट्टी, बालुवा (दहत्तर बहत्तर)	२८०४००	१५००००	४६२,३८३	७८५,६८९	९३५,०४९	१,११६,६९६	१,३३७,९८७	१,६०८,००१
६	कृषि आयमा कर	०	०	१	४,३८७	९,२२६	१४,५५४	२०,४०९	२६,८३१
७	उद्योग व्यापार	९५१५८	९३०५०	१०९,०२९	१३७,४१३	१५७,४४३	१८०,३९३	२०६,६८७	२३६,८१५
८	जलस्रोत	५७	१००	७४९	१,६४५	२,६३२	३,७१७	४,९०७	६,२१०
९	यातायात क्षेत्र	६७४०१८	८०००००	८४९,४९३	१,१७७,७१५	१,४८४,३२२	१,८७०,७५२	२,३५७,७८५	२,९७१,६१२
१०	विक्री, सेवा शुल्क, दस्तुर, दण्ड जरिवाना	१३६५०६	२८३७००	१६६,७४६	२२६,६१६	२७८,३१४	५४२,१५६	४१४,९८०	५०५,००८
११	अन्तःशुल्क	२४७०३८०	३१४०८००	२,८३०,४७३	३,२४३,०५५	३,७१५,७७७	४,२५७,४०४	४,८७७,९८२	५,५८९,०१७
१२	मूल्य अभिवृद्धि कर	७३०४४३९	८४९१६००	८,३६९,१६६	९,५८९,०११	१०,९८६,८३८	१२,५८८,३२७	१४,४२३,२५६	१६,५२५,६५२
१३	पर्वतारोहण रोयल्टी	११०२१७	१३७५००	१२६,२८३	१४४,६९१	१६५,७८१	१८९,९४६	२१७,६३४	२४९,३५७
१४	विद्युत रोयल्टी	५९६९२	४७५००	८७,९२५	१३५,८७४	२४७,१०७	२९९,४३३	३८७,७०६	५०२,०३०
१५	खानी खनिज रोयल्टी	१०७७६	२५०००	१२,३५०	१४,१४९	१६,२१२	१८,५७४	२१,२८१	२४,३८३
१६	वन रोयल्टी	६८०५५	४००००	८४,९९६	१०५,५३१	१३०,४५५	१६०,७३०	१९७,५२८	२४२,२८२
	जम्मा रकम (रु. हजारमा)	**१४,०५८,२६२**	**१६,०४१,२९०**	**१६,५४७,४६९**	**२०,१६७,४३६**	**२३,७१७,१४९**	**२८,०३५,२७४**	**३२,७३३,८२३**	**३८,५५६,७०८**

नोटः *(१) राजस्व प्रक्षेपणमा संघीय सरकारको अनुदानलाई समावेश गरिएको छैन।*

(२) पर्यटन शुल्क र पदयात्रा शुल्क शीर्षकमा चालु वर्षका लागि अनुमान गरिएको रु. ३५ लाख रकम पर्वतारोहण शीर्षकमा राखिएको छ।

(३) यस प्रतिवेदनमा दिएका सुझावहरुमध्ये केही क्रियाकलाप चालु आर्थिक वर्षमा पनि शुरु वा पूरा गर्न सम्भव भएकाले आव २०७९/८० पनि प्रक्षेपणमा समावेश छ।

SWOT Analysis: Advertisement Tax in Koshi Province

Strengths	Opportunities
• Strong industrial and commercial base • Expanding urban centers • Highway and border trade corridors • Constitutional authority at local level • Province Revenue Office	• Digital advertisement regulation • Provincial harmonization framework • GIS-based monitoring • Integration with urban planning • Comfort for coordination.
Weaknesses	**Threats**
• Fragmented legal framework • Administrative capacity gaps • Outsourcing practice in tax collection • Weak enforcement systems • Absence of digital regulation	• Revenue leakage from informal installations • Legal disputes over authority • Unregulated online advertisement growth • Business resistance to harmonized rate increases.

6.7 Digital Advertisement Gap

There is no structured taxation framework for:

- LED digital boards
- Mobile advertising screens
- Online platform-based local advertising
- Social media-based local promotions

6.8 Potential for Reform and Revenue Expansion

6.8.1 Strategic High-Potential Zones

- East–West Highway corridor
- Industrial municipalities
- Border municipalities
- Urban commercial hubs
- Tourism municipalities

6.8.2 Reform Opportunities

1. Provincial Model Advertisement Tax Guideline
2. Standardized classification system
3. GIS-based advertisement registry
4. Digital permit system
5. Integration with building permit approval

6. Risk-based inspection mechanism.
7. LED and digital board regulatory framework

6.8.3 Alignment with OSR Strengthening Strategy

Strengthening advertisement tax aligns with broader OSR objectives:

- Reducing fiscal dependency
- Improving local revenue autonomy
- Enhancing urban management
- Promoting fair business regulation

6.9 Current Status of Advertisement Tax Administration in Koshi Province

Advertisement tax administration across Koshi Province remains predominantly manual and permit based. Municipalities lack GIS mapping, digital permit systems and standardized monitoring protocols. **Annual Financial Act** is the key legal and policy instrument of all LGs in Koshi Province for advertisement tax administration and no provincial standard classification system exists.

Local governments in Koshi province levy advertisement tax through **Annual Financial Act**. However, rate structures vary widely, definitions of advertisement differ, digital and online advertising are mostly unregulated.

Regarding the status of revenue potentiality and actual collection, **Own Source Revenue Feasibility Study Report of Koshi Province (FY 079/080-084/085)** mentioned that only 34 out of 137 (24.81%) LGs are executing the advertisement tax system in the province and actual collection of advertisement tax is **NPR.130,43,787** in the fiscal year of 2078/079.

This report analyzed the different perspectives of advertisement tax and projected NPR. 16,19,37,000 for fiscal years 080/081 – 084/085. Details of the projection is as below:

Actual collection F.Y.078/079	Projection of F.Y.079/080	Projection Fiscal Year NPR.000						Total
		079/080	080/081	081/082	082/083	083/084	084/085	
44,97	95,40	98,58	170,76	239,33	315,19	399,67	494,42	16,19,37

Source: OSR Feasibility Study Report 2079

6.9.1 Existing Administrative Practice at Local Level in Koshi

All local governments have **Annual Financial Acts** and overall revenue administration is being operationalized through the acts. There is ICT based revenue administration system for **property tax, business tax and household rent tax** but there is no system integration of advertisement tax in the municipal revenue system.

Most of the Local governments in Koshi levy advertisement tax on: Hoarding boards and billboards, Wall paintings and flex banners, Shop signboards and Digital display boards and LED screens but there are not any comprehensive administrative practices in advertisement tax existing. Non municipalities have inventory of hording boards and billboards, Wall paintings and flex banners, Shop signboards, Digital display boards and LED screens within the municipal authority. Rate structures differ widely across municipalities, often based on Size of advertisement, Location (roadside, commercial area, highways) and Types like temporary vs permanent.

Tax collection is made through direct collection by municipal revenue sections, or outsourcing/contracting to private collectors which is common in urban municipalities. Despite growing advertisement activity, actual revenue collection remains extremely low compared to potential.

Weak institutional capacity, unskilled and unprofessional human resources, unclear and ambiguity policy and legal framework, weak database and manual permit and collection system, outsourcing the private companies for tax collection are the key constraints in weak collection.

Field observations and stakeholder interactions indicate:

- Manual application processes
- No inventory of advertising materials within the municipal authority
- Paper-based record-keeping
- Limited inspection mechanisms
- Infrequent field monitoring
- Weak enforcement for illegal boards
- Weak policy guidance and coordination role by the province.
- Unregistered hoardings and temporary advertisements result in revenue leakage.

Chapter 7: Municipality Specific Analysis and Field Findings on Advertisement Tax Admiration in Koshi Province

7.1 Introduction

Five municipalities were purposively selected for this study based on urban scale, economic activity, and revenue significance. These urban municipalities are geographically located around the East- West Highway and **Sunsari-Morang Industrial Corridor**. The objective of this analysis is to examine how advertisement tax is implemented in practice, identify institutional, legal, and operational gaps, assess revenue performance and compliance behavior; and generate evidence-based findings to inform the reform roadmap.

The analysis is based on:

- Key Informant Interviews (KII) with municipal officials, revenue officers, revenue advisory committee members and provincial authorities.
- Focus Group Discussions (FGDs) with local business associations like local Chamber of Commerce and Industry, Advertisers, Advertising Agencies and Civil Society actors.
- Review of municipal revenue records, laws, and administrative documents.
- Field observations of advertisement boards, hoardings, and compliance practices.

7.2 Brief Profile of Selected Municipalities

The selected municipalities represent variation in urbanization level, economic activity, revenue size, political context, and exposure to commercial advertisement activities. For this study five urban municipalities are selected as the representatives LGs from the Koshi Province providing special attention on highly urban and economically strong local governments. The selected urban municipalities are:

- Biratnagar Metropolitan City, Morang
- Itahari Sub-Metropolis, Sunsari
- Dharan Sub-Metropolis, Sunsari
- Damak Municipality, Jhapa and
- Birtamod Municipality, Jhapa

Table 6:Comparative Profile of Selected Municipalities

Indicators	*Biratnagar*	*Itahari*	*Dharan*	*Damak*	*Birtamod*
Population	*2,43,927*	*,197,241*	*1,66,531*	*1,07,227*	*1,16,192*
Urban/Rural Classification	*Urban*	*Urban*	*Urban*	*Urban*	*Urban*
Annual Budget (FY 080/081) NPR.000	*3,10,89,38*	*1,75,12,80*	*1,53,42,18*	*1,29,94,23*	*1,40,95,50*
Own Source Revenue (OSR) Share (%)	*60,06,44 (19.31%)*	*34,75,80 (19.84%)*	*25,73,19 (16.77%)*	*17,04,89 (13.12%)*	*10,64,55 (7.55%)*
Advertisement Tax Revenue (Next 3 FY)	*1,20,00 (1.99%)*	*97,42 0.93%)*	*88,42 (1.14%)*	*57,00 (1.11%)*	*31,00 (0.97%)*
Growth Rate (%)	*1.70%*	*NA*	*10%*	*-*	*-*
Number of Registered Advertisers	*NA*	*NA*	*NA*	*NA*	*NA*
Presence of Digital Boards	*NA*	*NA*	*NA*	*NA*	*NA*
Dedicated Revenue Unit (Yes/No)	*Yes*	*Yes*	*Yes*	*Yes*	*Yes*

Although all selected municipalities are urban in classification, population size varies significantly. Biratnagar, as the largest metropolitan economic center in Koshi Province, theoretically possesses the highest advertisement tax potential due to larger market density, business concentration, and commercial corridors. However, population alone does not proportionally translate into advertisement revenue performance, indicating the role of administrative and regulatory factors.

Itahari and Biratnagar demonstrate stronger fiscal autonomy with OSR shares close to 20%, suggesting better internal revenue mobilization mechanisms. In contrast, Birtamod's OSR share (7.55%) indicates heavy reliance on intergovernmental transfers, which may reflect weaker tax base exploitation or administrative inefficiencies. Despite strong OSR performance, advertisement tax contributes less than 1% of total revenue across municipalities, suggesting that advertisement tax remains a marginal yet under-exploited revenue source.

A striking finding is that Biratnagar, despite being the largest and economically most vibrant municipality, records only 1.99% contribution from advertisement tax, significantly not better than Dharan (1.14%) and Damak (1.11%). This indicates a substantial gap between potential and realization. The discrepancy may reflect weak enforcement, outdated rate structures, informal advertisement practices, or lack of systematic digital inventory of billboards.

The presence of dedicated revenue units across all municipalities suggests that institutional structure alone does not guarantee performance. The variation in advertisement tax collection implies differences in operational practices, monitoring mechanisms, enforcement capacity, and political commitment.

The comparative profile clearly demonstrates that advertisement tax performance is not directly correlated with population size or overall budget strength. Administrative effectiveness and enforcement practices are more decisive determinants.

7.3 Municipal Legal and Policy Framework

7.3.1 Existence and Quality of Local Legislation

Regarding the municipal legal and policy framework of advertisement tax administration, municipalities have adopted varying legal and policy approaches. Some have enacted specific Advertisement Tax By-laws and others regulate advertisement tax within a broader Revenue Act; In some cases, provisions are limited to rate schedules without procedural clarity.

Field findings indicate that most municipalities administer advertisement tax through annual Financial Acts, which primarily function as rate-setting instruments rather than comprehensive regulatory frameworks. In contrast, Dharan, Biratnagar, and Birtamod have attempted to institutionalize advertisement taxation through dedicated legal instruments for **example**: Dharan has **Revenue Mobilization Act 077**, Birtamode have **Advertisement Directives 2081** and Bitatnagar have **Tax and non-tax revenue act 2078**. They are initiating thereby moving from fiscal authorization to regulatory governance.

Municipalities that have incorporated definitional clarity within their legislation demonstrate greater regulatory precision. Clear articulation of advertisement categories, taxable units (per sq. ft., per display, per duration), and rate differentiation reduces interpretative ambiguity and enhances enforceability. In municipalities relying solely on annual fiscal acts, definitional ambiguity persists, potentially constraining effective tax administration and enabling informal advertisement proliferation.

Having a dedicated revenue unit without a strong legal framework limits operational effectiveness. Legal clarity appears to correlate with stronger advertisement tax contributions in municipalities such as Dharan. This suggests that normative structure enhances administrative confidence and enforcement capability.

The comparative legal review demonstrates that advertisement tax governance at municipal level remains fiscal rather than regulatory in orientation. While a few municipalities such as **Dharan, Biratnagar and Birtamod** have initiated broader legal instruments, the overall system lacks uniformity, legal depth, and enforcement clarity. This fragmented approach contributes to inconsistent revenue performance and underutilization of advertisement tax potential across municipalities.

7.3.2 Alignment with Provincial Framework

Provincial Government, Koshi regularly approved the Annual Financial Act. As usual, in the fiscal year 2082, Ministry of Internal Affairs and Law issued the Financial Act 2082 and Ministry of Financial Affairs and Planning (Ministry Level Decision) issued a provincial circular directing all 137 local governments to implement Clause 10 sub-clause 2. It represents an attempt to standardize advertisement tax governance across Koshi Province. This reflects a shift from fragmented local practices toward coordinated provincial oversight. It indicates that province is emphasizing regulatory coordination and Local governments are adapting their laws accordingly. This indicates administrative alignment, but also vertical fiscal tightness.

While most municipalities are adjusting their local legal instruments to align with provincial provisions, this development raises important questions regarding the balance between standardization and local fiscal autonomy. The harmonization effort enhances uniformity and reduces regulatory ambiguity, yet it may simultaneously narrow municipal flexibility in designing context-specific rate structures and enforcement mechanisms.

The directive requiring 3% of public advertisement expenditure to be deposited into the Local Consolidated Fund for subsequent redistribution (40% Province, 60% Local) introduces a structured revenue-sharing mechanism. This model attempts to operationalize concurrent taxation powers through formula-based distribution rather than separate parallel taxation.

Although municipalities are formally complying with provincial directives, the effectiveness of the alignment depends on administrative clarity, reporting mechanisms, and intergovernmental coordination. Without robust monitoring and reconciliation systems, revenue-sharing arrangements may generate procedural delays or fiscal disputes.

Field observations indicate a high degree of formal compliance among municipalities. However, compliance appears primarily normative (legal adjustment) rather than systemic (institutional reform). The alignment process remains document-driven rather than performance-driven.

The evolving provincial-local alignment on advertisement tax in Koshi Province reflects a transition from fragmented municipal practice to coordinated fiscal governance. While the Provincial Annual Financial Act 2082 and subsequent circulars have introduced regulatory uniformity and revenue-sharing clarity, the arrangement also highlights the delicate balance between harmonization and local fiscal autonomy. The long-term sustainability of this model will depend not merely on legal compliance but on strengthened intergovernmental coordination, transparent accounting systems, and clearly defined administrative roles.

7.4 Institutional and Administrative Arrangement

7.4.1 Organizational Structure

Most municipalities administer advertisement tax under the Revenue Section without a specialized desk. The status of the organizational hierarchy varies upon the Metropolitan, Sub-Metropolis and Municipality as well. Some municipalities have **Revenue Administration Division** whereas some have revenue sections. Biratnagar Metropolitan is operationalized revenue administration system through Revenue Administration Division and deputed high-level staff. In Dharan Sub-Metropolitan and Itahari Sub-Metropolitan, Revenue Section is in place and deputed senior level staff for overall revenue administration. Remaining Municipalities like Damak and Birtamod, setting up the revenue section with mid-level staff.

Key findings include:

- Organizational structure and institutional setting up vary among the sampled municipalities.
- No dedicated inventory unit for inventory management.

- Absence of clear internal SOPs of advertisement tax administration.

7.4.2 Human Resource Capacity

Human resource management system is also varying with the hierarchy of the municipalities. KII findings suggest:

- Deputed Level 6th to 8th level human resource in revenue administration division or section or unit.
- Revenue staff weak technical knowledge for measuring digital or complex advertisement structures.
- High workload with limited specialization.
- Not interest to work on advertisement tax administration and preferring to outsourcing the private companies for tax collection.

7.4.3 Inter-Governmental Coordination

Inter-Governmental Coordination gaps are observed between local governments and Province, municipality and oversight agencies e.g. traffic police and local administration. local CBOs e.g. TLOs and municipality and planning and building permit section.

7.5 Revenue Performance Analysis

7.5.1 Trend Analysis

Trend analysis models are the one of the important tools in revenue performance analysis. Key indicators of the trend analysis are considered as annual target vs actual collection, growth trends and share of advertisement tax in total OSR. Findings of desk review and KII indicate that most municipalities awarded multi-years (commonly 3 years' package) contracts to the private companies for collecting advertisement tax along with annual fixed amount. Non-municipalities have actual database of advertisement within the jurisdiction resulted in not being possible to calculate actual volume of collection for trend analysis as well. Consequently, advertisement tax collection remains significantly below potential and revenue contribution to OSR is marginal.

7.6 Operational Practices

Operational practice is the vital agenda of tax administration. Registration and licensing process, assessment modality, billing and collection system, monitoring and enforcement are key aspects of operational practice. Filed observation and KII indicate that no municipality has place in registration and licensing process, assessment practice, billing system, monitoring, and law enforcement. Because all municipalities handed over the complete system including inventory management, billing and collection system to the private companies. Major private companies working with the municipalities are:

- Dharan and Itahari Sub-Metropolitan: (Aakriti Advertising Pokharia, Morang)
- Biratnagar Metropolitan: Signage Hub Private Limited, Biratnagar
- Damak Municipality, Jhapa: Nepal Media Technology, Lalitpur
- Birtamod Municipality, Jhapa: (Chomolongma Multi-Propose Pvt. Ltd)

Monitoring and enforcement actions are rare due to political sensitivity, resource constraints and fear of conflict with business community.

7.7 Stakeholder Perception Analysis

At the local level, municipal officials both administrative and elected representatives, Business community and advertisers, contractors and citizens are the key stakeholders related to the advertisement tax administration. KII and FDG indicate the perception of the municipal officials are likely to legal ambiguity, lack of enforcement authority clarity, inadequate staff capacity and political pressure during election periods. FGD participants of business community highlighted:

- Perceived inconsistency in rate application,
- Lack of transparency,
- Limited consultation during rate revision,
- Concern over multiple taxation risks.
- Tax administration is absolutely related to governmental authority with authorized billing systems and no authorities to issuing bill and collect the tax through private companies so strongly recommend executing advertising tax administration by the local governments (municipalities themselves) rather than private companies.
- Private companies or outsourcing should be used for inventory management and management contracts modalities can be practiced in tax collections.
- Local TLOs/CBOs can be utilized in inventory management and monitoring system.

The common people or citizens raised their concerns about the visual pollution, traffic obstruction and safety risks from poorly installed boards.

7.8 Key Challenges

Field observation, KII and FDG identified the challenges such as legal challenges, administrative Challenges, political economy, and technological challenges. Overlapping constitutional interpretation, absence of harmonized rate guidelines is considered as the legal challenges. In the same way, lack of digital inventory system, weak documentation and lack of SOPs come under the administrative Challenges. Influence of the large advertisers, selective enforcement and rent-seeking risks under political economy challenges.

7.9 Synthesis of Municipal-Level Findings

Key cross-cutting findings include:

1. Legal and institutional ambiguity weakens enforcement of confidence.
2. Advertisement tax remains underutilized relative to potential.
3. Revenue leakage is structurally rooted in weak monitoring systems.
4. Technology adoption is minimal.
5. Political economy factors significantly influence compliance.

Advertisement tax administration in Koshi Province municipalities is characterized by fragmented legal interpretation, weak institutional capacity, limited technological integration and governance-related enforcement constraints. The structural, institutional, and operational challenges identified at the municipal level, there is a need for a comprehensive reform roadmap that addresses legal harmonization, administrative strengthening, technological modernization, and stakeholder engagement mechanisms.

Chapter 8: Findings, Recommendations and Reform Roadmap for Advertisement Tax Administration in Koshi Province

8.1 Introduction

The municipal-specific analysis presented that advertisement tax administration in Koshi Province is characterized by fragmented legal explanation, weak institutional arrangements, limited technological integration, contractor-driven operational practices, and significant political economy constraints. Although urban municipalities such as **Biratnagar**, **Itahari**, **Dharan**, **Damak**, and **Birtamod** demonstrate varying degrees of fiscal capacity, advertisement tax remains underutilized relative to its potential.

The evolving provincial intervention through the Annual Financial Act 2082 and related circulars issued by the **Ministry of Financial Affairs and Planning** signals a transition toward coordinated fiscal governance. However, harmonization efforts remain largely document-driven and have not yet translated into systemic administrative reform.

This chapter tries to synthesize the major findings and proposes recommendations and a comprehensive reform roadmap structured around legal harmonization, institutional strengthening, technological modernization, operational restructuring, and intergovernmental coordination.

8.2 Guiding Principles of Reform

The reform roadmap is guided by the following principles:

1. **Legal Clarity and Harmonization** – Clear definitions, standardized classifications, and procedural transparency.
2. **Respect for Fiscal Autonomy** – Harmonization without undermining municipal discretion.
3. **Administrative Accountability** – Institutional ownership of assessment and monitoring.
4. **Technological Modernization** – Digital systems for transparency and efficiency.
5. **Equity and Non-Distortion** – Rational rate structure avoiding arbitrary burden.
6. **Transparency and Stakeholder Engagement** – Public disclosure and consultation mechanisms.
7. **Political Economy Safeguards** – Minimization of rent-seeking and selective enforcement.

8.3 Key Findings

8.3.1 Policy and Legal Ambiguity

The study reveals that advertisement tax administration in Nepal is characterized by significant policy, legal, and institutional gaps. Despite constitutional provisions assigning taxation powers to different tiers of government, there remains a lack of a clear and comprehensive national policy framework, resulting in overlapping jurisdictions and ambiguity in roles. This is particularly evident in the taxation of digital, online, and cross-border advertisements, which are not adequately addressed within existing legal instruments. Absence of a clear provincial harmonization framework and weak policy guidance and coordination role at provincial level is the key constraints on smooth tax administration.

8.3.2 Institutional and Coordination Gaps

At the institutional level, weak coordination among federal, provincial, and local governments has limited the effectiveness of advertisement tax administration. The absence of integrated data systems, clear institutional mandates, and structured collaboration mechanisms has further contributed to inefficiencies and revenue leakage.

8.3.3 Underdeveloped Provincial Role

Provincial governments have not fully operationalized their role in legislating and harmonizing advertisement tax policies, Lack of provincial laws covering emerging advertisement platforms (digital and social media) and weak harmonization between provincial and local policies resulting weak performance in advertisement tax administration.

8.3.4 Weak Local-Level Implementation

At the local level, although local governments hold primary responsibility for advertisement tax collection, implementation remains weak and inconsistent. The continued reliance on contract-based collection systems has constrained transparency, accountability, and revenue optimization. In addition, limited administrative capacity, absence of standardized operational guidelines, and weak enforcement practices have further undermined effective tax administration.

8.3.5 Digital and Cross-Border Taxation Gap

A major emerging challenge is the rapid expansion of digital and non-traditional advertisement formats. LED digital boards, mobile advertising screens, online platform-based advertising, and social media promotions are increasingly prevalent; however, these remain largely the existing tax framework due to gaps in legal provisions and monitoring mechanisms. This reflects a growing mismatch between traditional tax systems and evolving market practices.

8.3.6 Untapped Revenue Potential

Overall, the study identifies substantial untapped potential for enhancing Own Source Revenue (OSR) through improved advertisement tax systems. However, realizing this potential requires comprehensive reforms, including policy clarification, legal harmonization, institutional strengthening, and administrative modernization across all levels of government.

8.3.7 Data and Information Deficiency

Data and information gaps represent another critical weakness. Most municipalities lack a comprehensive inventory of advertisement installations, and there is no GIS-based mapping system to support monitoring and planning. Tax administration continues to rely heavily on manual, paper-based processes, limiting efficiency and transparency. In addition, non-standardized rate structures and lack of coordination among municipalities have created inconsistencies and confusion for taxpayers.

8.3.8 Weak Monitoring and Enforcement

Monitoring and enforcement mechanisms remain weak, with limited field inspections, inadequate penalties, and ineffective control of illegal and unregistered advertisements. As a result, revenue leakage is widespread, particularly from temporary and informal advertisement activities. The lack of digital systems further exacerbates these challenges, as technology adoption in advertisement tax administration remains minimal.

8.3.9 Spatial and Economic Potential for Advertisement Tax

The study identifies significant spatial concentration of advertisement tax potential across key economic corridors and growth centers, including the East–West Highway corridor, industrial municipalities, border areas, urban commercial hubs, and tourism-oriented municipalities. Despite high advertisement density in these areas, the existing tax system has not been able to effectively capture revenue, indicating substantial untapped potential.

Overall, advertisement tax in the study area remains significantly underutilized relative to its potential. Weak monitoring systems, administrative inefficiencies, and policy gaps have structurally constrained revenue performance. However, the study also identifies clear opportunities for reform, including the development of a provincial model guideline, standardization of tax structures, adoption of GIS-based registries, digitalization of permit systems, integration with building permit processes, and the introduction of risk-based inspection mechanisms. These reforms provide a practical pathway toward modernizing advertisement tax administration and strengthening local Own Source Revenue (OSR).

8.4 Reform Roadmap for Advertisement Tax Administration in Nepal

The findings from the study and stakeholder consultations in Koshi Province clearly indicate that while the legal foundation for advertisement tax exists across federal, provincial, and local levels, significant gaps remain in policy coherence, jurisdictional clarity, and administrative practices.

Addressing these challenges requires a coordinated, multi-tier reform roadmap anchored in fiscal federalism principles.

At the **federal level**, ongoing efforts to formulate a **National Advertisement Tax Management Policy Framework** represent a positive step toward systematizing advertisement regulations. However, current policy discourse remains largely focused on regulatory aspects such as licensing of national-level media, with insufficient attention to taxation rights and revenue assignment. A key reform priority is to explicitly incorporate taxation provisions within this framework, particularly clarifying the jurisdiction over advertisement tax related to national-level media houses, digital and online platforms, and cross-border advertising services. Given the increasing dominance of digital advertising and the obscured geographical boundaries of service delivery, federal leadership is essential to define clear tax bases, avoid overlaps, and ensure equitable revenue sharing. In this regard, strategic policy advocacy through collective platforms such as **Municipal Association of Nepal** and **National Association of Rural Municipalities in Nepal** can play a critical role in influencing federal decision-making and ensuring that local government interests are adequately represented in national policy formulation.

At the **provincial level**, the absence or limited enforcement of dedicated advertisement tax legislation has created a policy vacuum, particularly in regulating and taxing province-level advertisement activities. Provinces should prioritize the formulation and endorsement of comprehensive **Provincial Advertisement Tax Laws** that clearly define tax bases, rates, and administrative responsibilities. Such laws must explicitly cover emerging domains including provincial-level digital, online, and social media advertising, which are currently under-regulated. Furthermore, provinces have a crucial role in ensuring vertical policy harmonization by aligning provincial laws with federal frameworks while simultaneously providing guidance to local governments. This intermediary function is vital to minimize legal ambiguities, reduce double taxation risks, and promote a coherent tax system across jurisdictions.

At the **local level**, although local governments hold constitutionally assigned authority over advertisement tax, the study reveals that implementation remains weak and fragmented. Many local governments continue to rely on outdated **Contract-Based Revenue Collection Mechanisms**, often resulting in revenue leakage, weak accountability, and limited institutional capacity development. To address this, local governments should formally endorse advertisement tax laws as designed and recommended by the **Ministry of Law and Parliament Affairs** and **Ministry of Federal Affairs and General Administration**, ensuring legal clarity and standardization. In addition, each local government should adopt detailed Advertisement Tax Operational Guidelines that provide clear procedures for assessment, billing, monitoring, and enforcement.

A critical component of local-level reform is the gradual transition from **contract-based collection systems to direct municipal administration** of advertisement tax. This shift should be implemented through a phased approach, allowing local governments to build administrative capacity, strengthen institutional systems, and adopt digital tools for tax management. Direct administration not only enhances transparency and accountability but also improves revenue efficiency and aligns with the broader objective of strengthening Own Source Revenue (OSR).

In conclusion, the reform of advertisement tax administration in Nepal requires a synchronized effort across all three tiers of government. Federal policy clarity, provincial legal structuring, and local administrative strengthening must work in tandem to create a coherent, efficient, and future-ready advertisement tax system capable of capturing emerging revenue streams, particularly from digital and cross-border advertising

8.5 Recommendation for further study on role of federal government in advertisement tax administration.

A further critical recommendation emerging from the study is the need for **an in-depth and dedicated assessment** of the federal government's facilitative role in advertisement tax administration, particularly in relation to large media houses, digital platforms, social media, and cross-border advertising. The rapid expansion of digital advertising ecosystems—dominated by national and international media networks and global technology platforms—has significantly outpaced the existing legal and administrative frameworks in Nepal. As a result, a substantial portion of potential advertisement tax revenue remains either undertaxed or entirely out of box due to absence of the effective jurisdiction of subnational governments.

In this context, the federal government should undertake a comprehensive study to map the advertisement value chain, identify key actors (including large national media houses and international digital platforms), and assess existing gaps in taxation authority, enforcement mechanisms, and intergovernmental coordination. Such a study should also explore international practices on taxing digital and cross-border advertising, including mechanisms such as digital service taxes, withholding arrangements, and platform-based reporting systems. Based on this evidence, the federal government can design facilitative instruments—such as a centralized registration system for major advertisers and platforms, data-sharing protocols with provincial and local governments, and clear guidelines on revenue assignment and collection responsibilities.

Moreover, federal facilitation is essential to address jurisdictional limitations faced by local governments, particularly in taxing advertisements disseminated through social media platforms and cross-border channels where physical presence is absent. This may include establishing legal provisions for mandatory reporting by large advertisers, collaboration with regulatory bodies such as telecommunications and information technology authorities, and the development of digital monitoring systems. Such interventions would not only enhance tax compliance and broaden the revenue base but also ensure that the evolving digital advertisement economy is equitably integrated into Nepal's fiscal federalism framework.

8.6 Conclusion

Advertisement tax in Koshi Province remains significantly underutilized despite substantial urban commercial activity. The analysis demonstrates that legal ambiguity, institutional weakness, contractor dependency, limited technological adoption, and political economy pressures constrain revenue performance.

The reform roadmap presented in this chapter proposes a transition from fragmented, contractor-driven and manually operated practices to a harmonized, institutionally anchored, and technology-enabled governance framework. The sustainability of this reform depends on strengthening intergovernmental coordination, institutional accountability, and transparent administrative systems.

If implemented in a phased and coordinated manner, advertisement tax can evolve from a marginal revenue source into a structured, transparent, and growth-oriented component of municipal own-source revenue in Koshi Province.

Chapter 9: Way Forward and Implementation Strategy

The successful reform of advertisement tax administration in Nepal requires a phased, coordinated, and institutionally anchored approach across all three tiers of government. Based on the study findings and stakeholder consultations, the following way forward is proposed to ensure practical and sustainable implementation.

9.1 Short-Term Actions (0–1 Year): Establishing Foundations

In the immediate term, priority should be given to strengthening the basic legal, institutional, and administrative foundations of advertisement tax systems.

At the **federal level**, policy advocacy should be intensified to ensure that the proposed National Advertisement Tax Management Policy Framework explicitly incorporates taxation components, particularly covering national media houses, digital platforms, and cross-border advertising.

At the **provincial level**, governments should initiate the drafting and endorsement of a **Provincial Model Advertisement Tax Law/Guideline** to provide a harmonized framework for local governments. This should include standardized classification of advertisement types and broad principles for rate setting.

At the **local level**, municipalities should:

- Endorse advertisement tax laws in line with federal and provincial guidance
- Develop and adopt **Advertisement Tax Operational Guidelines**
- Begin creating a **basic inventory of advertisement structures** within their jurisdiction
- Gradually reduce reliance on contract-based revenue collection

Additionally, immediate **quick-win interventions** should include:

- Introduction of simplified digital or semi-digital permit systems
- Pilot mapping of advertisement hotspots (e.g., highways, market centers)
- Awareness programs for taxpayers and advertisers

9.2 Medium-Term Actions (1–3 Years): System Development and Harmonization

The medium-term phase should focus on system strengthening, technological adoption, and intergovernmental coordination.

At the **federal level**, the government should:

- Undertake a detailed study on taxation of digital, social media, and cross-border advertising
- Develop frameworks for data sharing, platform regulation, and compliance monitoring
- Facilitate intergovernmental coordination mechanisms

At the **provincial level**, key actions include:

- Enforcing provincial advertisement tax legislation
- Ensuring **policy harmonization** across municipalities
- Providing technical backstopping and capacity-building support to local governments

At the **local level**, municipalities should:

- Transition toward **fully administered municipal tax systems**
- Implement **GIS-based advertisement registry systems**
- Introduce **digital permit and approval systems** integrated with municipal revenue system.
- Standardize rate structures to reduce inconsistencies
- Strengthen inspection and monitoring mechanisms

In addition, **risk-based inspection systems** should be introduced to prioritize high-value and high-risk advertisement zones such as highways, urban hubs, and border areas.

9.3 Long-Term Actions (3–5 Years): Modernization and Integration

In the long term, the focus should shift toward building a modern, technology-driven, and fully integrated advertisement tax system.

At the **federal level**, this includes:

- Establishing a **comprehensive regulatory and taxation framework for digital and cross-border advertising**
- Integrating advertisement tax into broader digital economy taxation systems

At the **provincial and local levels**, efforts should focus on:

- Full digitalization of advertisement tax administration (registration, permit, monitoring, and payment)
- Advanced GIS-based monitoring and real-time tracking of advertisement installations
- Strengthening enforcement through automated compliance systems

Furthermore, institutionalizing **inter-municipal coordination mechanisms** will be critical to avoid tax competition, ensure consistency, and improve overall system efficiency.

9.4 Institutional Strengthening and Capacity Development

Across all phases, sustained investment in institutional capacity is essential. This includes:

- Training revenue officials and inspectors
- Developing standard operating procedures (SOPs)
- Strengthening organizational structures for revenue administration
- Promoting a culture of compliance and accountability

9.5 Strategic Partnerships and Policy Advocacy

Effective implementation will require strong collaboration among key stakeholders. Platforms such as Municipal Association of Nepal (MuAN) and National Association of Rural Municipalities in Nepal (NARMIN) should be leveraged for:

- Policy advocacy at the federal level
- Knowledge sharing and peer learning
- Coordinated reform efforts across municipalities

9.6 Monitoring, Evaluation, and Adaptive Learning

Finally, a robust monitoring and evaluation (M&E) framework should be established to track progress and adapt reforms over time. This should include:

- Periodic assessment of revenue performance
- Monitoring compliance and enforcement effectiveness
- Reviewing policy and legal frameworks based on emerging trends, particularly in digital advertising

Conclusion

The way forward for advertisement tax reform lies in a **phased, coordinated, and technology-driven approach** that aligns federal policy leadership, provincial harmonization, and local implementation capacity. By systematically addressing existing gaps and leveraging emerging opportunities, Nepal can transform advertisement tax into a significant and sustainable source of Own Source Revenue (OSR).

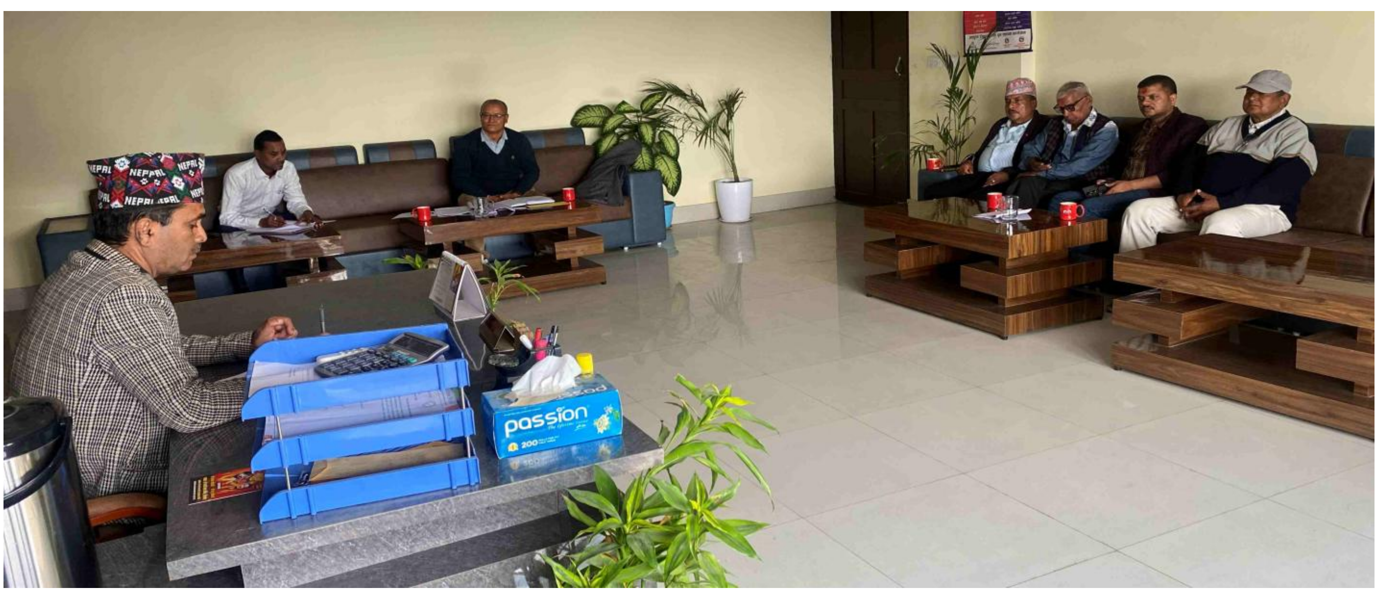
ANNEXES

Annex 1: Name list of KII/FGD

S.N.	Name	Organization	Designation
1	Mr. Bidur Kumar Lingthep	Ministry of Economic Affairs and Planning	Honorable Minister
2	Mr. Israil Mansur	Ministry of Industry, Agriculture and Cooperative	Honorable Minister
3	Mr. Taranath Niraula	Province Policy Planning Commission	Honorable Vice-Chairman
4	Mr. Nagesh Koirala	Bitatnagar Metropolitan City, Morang	Mayor
5	Mr. Ram Kumar Thapa	Damak Municipality, Jhapa	Mayor
6	Mr.Aindra Bikram Begha	Dharan Sub-Metropolitan, Sunsari	Acting Mayor/Chairperson Revenue Advisory committee
7	Mr. Hem Karna Paudel	Itahari Sub-Metropolis, Sunasari	Mayor
8	Mrs. Shilpa Nirala Karki	Bitatnagar Metropolitan City, Morang	Deputy Mayor/Chairperson Revenue Advisory committee
9	Mrs.Sangita Kumari Chaudhari	Itahari Sub-Metropolis, Sunasari	Deputy Mayor/Chairperson Revenue Advisory committee
10	Mrs. Regina Bhattarai Prasai	Damak Municipality, Jhapa	Deputy Mayor/Chairperson Revenue Advisory committee
11	Mr. Nagendra Prasad Sangraula	Birtamod Municipality, Jhapa	Deputy Mayor/Chairperson Revenue Advisory committee
12	Mr. Sushil Bastola,	Ministry of Economic Affairs and Planning	Under Secretary/Spokesperson
13	Mr. Ambika Prasad Chaulagai	Dharan Sub-Metropolitan, Sunsari	Chief Administrative Officer
14	Mr. Min Bahadur Bhattarai	Itahari Sub-Metropolis, Sunasari	Chief Administrative Officer
15	Mr. Sunil Niraula	Damak Municipality, Jhapa	Chief Administrative Officer
16	Mr. Sagar Mishra	Birtamod Municipality, Jhapa	Chief Administrative Officer
17	Mr. Indra Bahadur Gurung	Damak Municipality, Jhapa	Ward Chairman, Member Revenue Advisory committee
18	Mr. Sarada Bhattarai	Damak Municipality, Jhapa	Member Revenue Advisory committee
19	Mr. Devi Prasad Guragai (Gopal)	President, Damak CCI, Jhapa	Member Revenue Advisory committee
20	Mr. Anil Shah	Morang Chamber of Commerce and Industry	Member, Revenue Advisory Committee
21	Mr. Anil Sarada	Morang Chamber of Commerce and Industry	Past President, MCCI
22	Mr. Nabin Rijal	Morang Chamber of Commerce and Industry	Past President, MCCI
21	Mr. Dipesh Subedi	Morang Chamber of Commerce and Industry	Executive Member
23	Mr. Bharat Prasai	Morang Chamber of Commerce and Industry	Executive Director
24	Mr. Raj Kumari Rai	Ministry of Economic Affairs and Planning	Under Secretary

25	Mr. Keshav Koirala	Ministry of Economic Affairs and Planning	Legal Officer/ Nodal Officer
26	Mr. Mahesh Nepal	Province Support Program/Helvetas Nepal, Biratnagar	Chief of the program
27	Mr. Tulasi Prasad Shrestha	Province Support Program/Helvetas Nepal, Biratnagar	Admin/Finance
28	Mr. Bidur Paudel	Province Revenue Office, Koshi Province	Chief of the Office
29	Mr. Khagendra Prasad Khatiwada	Dharan Sub-Metropolis, Sunsari	Chief Revenue Department
30	Mr. Prakash Tamang	Dharan Sub-Metropolis, Sunsari	Officer Revenue Section
31	Mr. Santosh Dhakal	Itahari Sub-Metropolis, Sunasari	Chief, Revenue Division
32	Mr. Kamal Prasad Pokharel	Itahari Sub-Metropolis, Sunasari	Legal Officer
33	Mr. Lakhanlal Chaudhari	Itahari Sub-Metropolis, Sunasari	Chief, Account Section
34	Mr. Dambar Raj Baral	Damak Municipality, Jhapa	Chief, Revenue Division
35	Mr. Himal Sigdel	Damak Municipality, Jhapa	Assistant, Revenue Division
36	Mr. Sagar Mishra	Birtamod Municipality, Jhapa	Member, Revenue Advisory Committee
37	Mr. Agni Prasad Pande	Birtamod Municipality, Jhapa	Member, Revenue Advisory Committee
38	Mr. Rohit Prasai	Birtamod Municipality, Jhapa	Member, Revenue Advisory Committee
39	Mrs Sita Dhungana BK	Birtamod Municipality, Jhapa	Member, Revenue Advisory Committee
40	Mr. Kusal Khatiwada	Birtamod Municipality, Jhapa	Member, Revenue Advisory Committee
41	Mr. Om Krishna Bimali	Birtamod Municipality, Jhapa	Member, Revenue Advisory Committee
42	Mr. Yubaraj Niraula	Birtamod Municipality, Jhapa	Member, Revenue Advisory Committee
43	Mr. Padma Raj Ghimire	Birtamod Municipality, Jhapa	Member, Revenue Advisory Committee
44	Mr. Shambhu Kumar Shah	Birtamod Municipality, Jhapa	Member, Revenue Advisory Committee Invitee
45	Mr. Saroj Kumar Gautam	Bitatnagar Metropolitan City, Morang	Chief, Revenue Division
46	Mr. Laxman Humagai	Advertisement Board Nepal	Chairman
47	Mrs Devi Panday Khatri	Advertisement Board Nepal	Chief Administrative Officer
48	Mr. Dilliram Subedi	Advertisement Board Nepal	Spokeperson
49	Mr. Manoj Chauhan	Aakriti Advertising Company, Biratnagar	Managing Director
50	Mr. Abhisekha Yadab	Aakriti Advertising Company, Biratnagar	Marketing Manager
51	Mr. Kiran Giri	Signage Hub Advertising Company,	Executive Director
52	Mr. Kalanidhi Devkota	Municipal Association of Nepal MuAN	Executive Director
53	Mr. Rajendra Sharma	Shivam Cement Limited	Head HR/ Admin
54			
55			

Annex 2: Photographs relating to KII/GDG




FIRE

Annex 3: Glimpse of Advertisement in market places in Koshi Provice

Annex 4: Advertisement Management Directive of Birtamod Municipality, Jhapa

बिर्तामोड नगरपालिकाको विज्ञापन सम्बन्धी निर्देशिका, २०८१

नगर कार्यपालिकाबाट स्वीकृत मिति:- २०८१।०९।१२

<u>प्रस्तावना</u>: बस्तु वा सेवाको बजार प्रवर्द्धन, बिक्रि वितरण वा प्रचार-प्रसारको लागि गरिने बाह्य विज्ञापनलाई नियमित, व्यवस्थित र पारदर्शी बनाउन र त्यस्तो विज्ञापन सम्बन्धी अभ्यासमा एकरुपता कायम गर्न वाञ्छनीय भएकाले,,

बिर्तामोड नगरपालिकको (प्रशासकीय कार्य फछ्यौट) ऐन २०७४ को दफा ४ र स्थानीय सरकार संचालन ऐन,२०७४ को दफा १०२(२) ले दिएको अधिकार प्रयोग गरी नगर कार्यपालिकाले यो निर्देशिका स्वीकृत गरी लागु गरेको छ।

<u>परिच्छेद –१</u>

<u>प्रारम्भिक</u>

१. <u>संक्षिप्त नाम र प्रारम्भः</u> (१) यो निर्देशिकाको नाम “बिर्तामोड नगरपालिकाको बिज्ञापन सम्बन्धी निर्देशिका, २०८१” रहेको छ ।

(२) यो निर्देशिका नगर कार्यपालिकाबाट स्वीकृत भई राजपत्रमा प्रकाशन गरेपछी प्रारम्भ हुनेछ ।

२. <u>परिभाषा</u>: विषय वा प्रसङ्गले अर्को अर्थ नलागेमा, यस निर्देशिकामा,

(क) “अनुमतिपत्र” भन्नाले दफा ६, ७ वा ८ बमोजिम प्रदान गरिने अनुमतिपत्र सम्झनुपर्छ ।

(ख) “आचार संहिता” भन्नाले विज्ञापन उत्पादन, वितरण, प्रकाशन तथा प्रसारण सम्बन्धी आचार संहिता, २०७९ सम्झनु पर्छ।

(ग) “नगरपालिका” भन्नाले बिर्तामोड नगरपालिका सम्झनुपर्छ ।

(घ) “प्रमुख प्रशासकीय अधिकृत” भन्नाले बिर्तामोड नगरपालिकाको प्रमुख प्रशासकीय अधिकृत सम्झनुपर्छ ।

(ङ) " बाह्य विज्ञापन" भन्नाले होर्डिङ्ग बोर्ड, डिजिटल बोर्ड वा अन्य विभिन्न

परिच्छेद-२

<u>अनुमतिपत्र सम्बन्धी व्यवस्था</u>

३. <u>अनुमतिपत्र नलिई बाह्य विज्ञापन गर्न नहुने :</u> (१) कसैले पनि यस निर्देशिका बमोजि अनुमतिपत्र नलिई बिर्तामोड नगरपालिका क्षेत्रभित्र देखिने गरी सार्वजनिक स्थलमा बाह विज्ञापन गर्न वा गराउने प्रयोजनका लागि कुनै संरचना बनाउन वा होर्डिङ्ग बोर्ड राख्न व राख्न लगाउन हुँदैन ।

(२) उपदफा (१) को प्रयोजनका लागि अनुमतिपत्र लिन चाहने व्यक्तिले बाह्य विज्ञापन गर्न चाहेको स्थानको संख्या खुलाई प्रमुख प्रशासकीय अधिकृत समक्ष देहायका विवरण संलग्न गरी अनुसुची-१ बमोजिमको ढाँचामा निवेदन दिनु पर्नेछ:

(क) बाह्य विज्ञापन गर्न चाहेको घर वा जग्गा रहेको स्थानको जिआईएस म्याप,

(ख) बाह्य विज्ञापनको आकार वा प्रकार खुल्ने नमुना स्केच,

(ग) बाह्य विज्ञापन गर्न कुनै भौतिक संरचना निर्माण गर्ने भए सोको ड्रईङ्ग वा नक्सा,

(घ) बाह्य विज्ञापन राख्न प्रस्ताव गरेको स्थान कसैको निजी स्वामित्वमा भए निजी स्वामित्व प्रमाणित हुने कागजात तथा त्यस्तो विज्ञापन राख्न सम्बन्धित व्यक्तिसँग भएको सम्झौता,

(ङ) बाह्य विज्ञापन गर्न प्रस्ताव गरेको स्थान सार्वजनिक स्वामित्वमा भए स्वामित्व भएको सार्वजनिक निकाय वा स्थानीय तहसँग गरेको सम्झौता,

(च) बहालकर तिरेको प्रमाण,

(छ) विज्ञापन एजेन्सी भए बोर्डमा सूचीकृत भएको प्रमाणपत्र,

(ज) विज्ञापनदाता, कुनै संघ, संस्था वा ब्यक्तिले सोझै विज्ञापन गर्न चाहेमा कानूनबमोजिम दर्ता भई नवीकरण गरेको प्रमाणपत्र तथा करचुक्ता प्रमाणपत्र,

(झ) बिर्तामोड नगरपालिकाले समय-समयमा तोकेको अन्य विवरण।

(३) उपदफा (१) मा जुनसुकै कुरा लेखिएको भए तापनि कसैले आफ्नो पेशा वा

प्रकारका बोर्ड, सूचना पाटी वा संरचनामार्फत घरबाहिर गरिने विज्ञापन

व्यवसाय गर्ने घर वा कार्यालय परिसरभित्र सार्वजनिक सडक वा सडक सीमा वा जग्गामा बाधा नपर्ने वा सर्वसाधारणको आवागमन वा सुरक्षामा प्रतिकुल असर नपर्ने र छत्तिस बर्ग फिटमा नबढ्ने गरी आफ्नो पेशा वा व्यवसायका सम्बन्धमा परिचयपाटी राख्न सक्नेछ ।

तर परिचयपाटीमा विज्ञापन गर्न चाहने व्यक्तिले दफा ३ बमोजिम अनुमतिपत्र लिनु पर्नेछ।

(४) उपदफा (२) बमोजिम प्राप्त निवेदनहरु प्रमुख प्रशासकीय अधिकृतले अनुमति प्रदान गर्न यस निर्देशिका बमोजिम गठन हुने विज्ञापन निर्देशक समिति समक्ष पठाउनु पर्नेछ ।

(५) कुनै व्यक्तिले राखेको होर्डिङ्ग बोर्ड वा होर्डिङ्ग बोर्डको विज्ञापन अवरोध हुने गरी अर्को होर्डिङ्ग बोर्ड वा परिचयपाटी राख्न हुदैंन।

तर एउटा होर्डिङ्ग बोर्ड वा परिचयपाटीसँगै अर्को होर्डिङ्ग बोर्ड वा परिचयपाटी राख्न र निश्चित दुरी कायम गरी वा अर्को तलामा निश्चित आकारमा परिचयपाटी राख्न निर्देशिकाले बाधा पुर्‍याएको मानिने छैन।

(६) भित्ते लेखन वा सटर पेन्टिङ्ग गरी बाह्य विज्ञापन गर्न नगरपालिकाबाट रोक लगाउन सक्नेछ।

<u>ाह्य विज्ञापन गर्न सकिने स्थानः</u> (१) बाह्य विज्ञापन गर्न नगरपालिकाले देहायका स्थानमा ार्डिङ्ग बोर्ड राख्न अनुमति दिन सक्नेछ:-

(क) सार्वजनिक घर, भवन वा जमिन,

(ख) निजी घर, भवन वा जमिन,

(ग) सडक आसपासको क्षेत्र,

(घ) शहरका मुख्य चोक तथा भित्री सडक,

(ङ) बसपार्क, बस बिसौनी, रेल स्टेशन, विमानस्थल,

(च) सपिङ्ग मल, चलचित्र घर वा नाट्यशाला,

(छ) रंगशाला, व्यायामशाला वा सार्वजनिक उद्यान,

(ज) स्थानीय हाट, बजार, जात्रा वा मानिस आवत-जावत गर्ने वा भेला हुने ठाउँ,

(झ) कार्यालय वा व्यवसाय रहेको स्थान,

(ञ) अन्य उपयुक्त स्थान ।

Annex 5: Provincial Initiations on advertisement Tax administration

Website: pro.koshi.gov.np

कोशी प्रदेश आर्थिक ऐन, २०८२ को दफा १० को उपदफा (२) अनुसार विज्ञापन वा सूचना प्रसारण/प्रकाशनको भुक्तानीमा लाग्ने

विज्ञापन कर सम्बन्धी जानकारी:-

- **भुक्तानीमा ३ प्रतिशत विज्ञापन कर कट्टा गरी स्थानीय तहमा दाखिला गर्नु पर्ने निकायहरु:**
  - कोशी प्रदेश सरकार अन्तर्गतका निकाय (प्रदेशका सबै मन्त्रालय/कार्यालयहरु)
  - **स्थानीय तहका सरकारी निकाय (जिल्ला समन्वय समिति, महानगरपालिका, उप-महानगरपालिका, नगरपालिका, गाउँपालिका र मातहतका सबै कार्यालय/निकायहरु)**
  - बैंक तथा वित्तीय संस्था,
  - सहकारी संस्था,
  - गैर सरकारी संस्था
  - उद्योग, व्यवसाय, फर्म, कम्पनी लगायतका सङ्गठित संस्था,
  - अन्य निकाय (शैक्षिक संस्था, स्वास्थ्य संस्था, कन्सल्टेन्सी, एजेन्सी आदि)
- माथि उल्लेखित निकायले आफ्नो कार्यसँग सम्बन्धित कुनै विज्ञापन वा सूचनालाई छापा, श्रव्य, दृश्य, विद्युतीय माध्यम, अनलाइन वा सामाजिक सञ्जाल लगायतका माध्यम प्रयोग गरी विज्ञापन वा सूचनाको प्रसारण वा प्रकाशन गर्दा लाग्ने रकम सम्बन्धित सञ्चार माध्यम वा विज्ञापन एजेन्सीलाई भुक्तानी गर्दा मूल्य अभिवृद्धि कर बाहेकको रकममा **३ (तीन) प्रतिशतका दरले विज्ञापन कर कट्टा गरी भुक्तानी गर्नुपर्ने** छ र त्यसरी कट्टा गरिएको रकम आफ्नो कार्यालय वा निकाय रहेको **स्थानीय तहको विभाज्य कोषमा** दाखिला गर्नुपर्नेछ।
- विज्ञापन करको रकम राजस्व शीर्षक **३३३४३** मा दाखिला गर्नु पर्नेछ।

पुनश्चः

- विज्ञापन नियमन गर्ने ऐन, २०७६ को दफा २१ को उपदफा (२) को खण्ड (ख) र दफा ३२ बमोजिम विज्ञापन वापतको भुक्तानीमा **नेपाल सरकार अन्तर्गतका निकायले मात्र** ३ प्रतिशत रकम कट्टा गरी **विज्ञापन बोर्डको खातामा** जम्मा गर्नु पर्ने व्यवस्था रहेको छ।
- प्रदेश सरकार, स्थानीय सरकार अन्तर्गतका कार्यालयले र अन्य निकायले विज्ञापन वापतको भुक्तानीमा तीन प्रतिशत रकम विज्ञापन बोर्डको खातामा जम्मा गर्नु पर्ने प्रावधान छैन।
- प्रदेश तथा स्थानीय तहका कार्यालय र अन्य निकायले विज्ञापन वा सूचना प्रसारण/प्रकाशनको भुक्तानीमा तीन प्रतिशत कर कट्टा गरी आफ्नो कार्यालय/निकाय रहेको स्थानीय तहको विभाज्य कोषमा जम्मा गर्नु पर्ने हुन्छ।

प्रदेश सरकार

आर्थिक मामिला तथा योजना मन्त्रालय

कोशी प्रदेश

विराटनगर

फोन नं. ०२१-५७२५०६, ०२१-५७४३३१, ०२१-५७५७८५, ०२१-५७११४०, ०२१-५७३६७६, ०२१-५७४१६८

प.सं. : २०८१/८२

च.नं. : ८२

२०८१/०४/१७

मिति ने.सं.११४४ दिल्लागा १२ बिहीबार

प्रदेश सरकार आर्थिक मामिला तथा योजना मन्त्रालय कोशी प्रदेश विराटनगर, नेपाल

विषय:- विज्ञापन वा सूचना प्रसारण/प्रकाशनको भुक्तानीमा विज्ञापन कर कट्टा गर्ने सम्बन्धमा।

श्री मुख्यमन्त्री तथा मन्त्रिपरिषद्को कार्यालय,
श्री कोशी प्रदेश सभा सचिवालय,
श्री प्रदेश मन्त्रालयहरु, सबै,
श्री प्रदेश योजना आयोग,
श्री जिल्ला समन्वय समितिको कार्यालयहरु सबै, १४ जिल्ला
श्री स्थानीय तह, सबै (१३७)
श्री प्रदेश लोक सेवा आयोग,
श्री मुख्यन्यायाधिवक्ताको कार्यालय,
श्री निर्देशनालय/कार्यालयहरु सबै,
कोशी प्रदेश, नेपाल।

प्रस्तुत विषयमा नेपालको संविधानको अनुसूची-६ र ८ मा विज्ञापन कर प्रदेश र स्थानीय तहको अधिकारको सूचीमा रहेको विदितै छ। सो व्यवस्था कार्यान्वयन गर्न बनेको कोशी प्रदेश आर्थिक ऐन, २०८१ को दफा १० को उपदफा (२) अनुसार आफ्नो निकायको विज्ञापन वा सूचनाको प्रसारण वा प्रकाशन गर्दा लाग्ने रकम सम्बन्धित सञ्चार माध्यम वा विज्ञापन एजेन्सीलाई भुक्तानी गर्दा मू.अ.कर बाहेकको रकममा ३ (तीन) प्रतिशतका दरले विज्ञापन कर कट्टा गरी आफ्नो निकाय रहेको स्थानीय तहको विभाज्य कोषमा दाखिला गर्ने व्यवस्था कार्यान्वयनका लागि अनुरोध छ। साथै विज्ञापन (नियमन) गर्ने ऐन, २०७६ को दफा २१ को उपदफा (२) को खण्ड (ख) र दफा ३२ बमोजिम विज्ञापन वापतको भुक्तानीमा नेपाल सरकार अन्तर्गतका कार्यालय/निकायले मात्र तीन प्रतिशत रकम कट्टा गरी विज्ञापन बोर्डको खातामा जम्मा गर्नुपर्ने व्यवस्था रहेकोले प्रदेश सरकार, स्थानीय तह र अन्य निकायले विज्ञापन वापतको भुक्तानीमा तीन प्रतिशत रकम कट्टा गरी विज्ञापन बोर्डको खातामा जम्मा गर्नु पर्ने व्यवस्था नभएको हुँदा कोशी प्रदेश आर्थिक ऐन, २०८१ बमोजिम स्थानीय तहको विभाज्य कोषमा मात्र दाखिला गरी विज्ञापन करको प्रावधान कार्यान्वयन गर्न, गराउनु हुन यस मन्त्रालय (माननीय मन्त्रीस्तर) को मिति २०८१/०४/१५ गतेको निर्णयानुसार अनुरोध छ।

विदुर पौडेल
शाखा अधिकृत
शाखा अधिकृत

बोधार्थ
श्री अर्थ मन्त्रालय, सिंहदरबार, काठमाडौं।
श्री सञ्चार तथा सूचना प्रविधि मन्त्रालय, सिंहदरबार, काठमाडौं।

website : moeap.koshi.gov.np   e-mail: info.moeap@p1.gov.np

Annex 6: Issues of Advertisement Tax Administration in Media

भाद्र १८, २०८२ E-Kantipur.com

सजना बराल

- Revenue of 19 billion in hoarding board, collection of only two and a half billion in contracts
- "Outdoor advertising including hoarding boards are also a source of revenue, but contracting local governments to collect taxes is losing billions of rupees in revenue. Currently, there is a data that collects about 19 billion 26 million rupees in the revenue of outdoor advertising including hoarding boards, but only about 2.37 billion rupees is being collected."
- "Revenue should be paid to the local level for doing outdoor advertisements like hoarding boards, the municipalities have given the responsibility of collecting that revenue to the contractors, some contractors have been collecting money by bullying."

- होर्डिङ बोर्डलगायत बाह्य विज्ञापनबाट वार्षिक १९ अर्ब २६ करोड रुपैयाँ राजस्व संकलन हुन सक्ने भए पनि ठेक्कामा लगाउँदा सवा दुई अर्ब मात्र उठिरहेको छ।
- ठेकेदार, स्थानीय तहका कर्मचारी र जनप्रतिनिधिबीचको मिलेमतो, अपारदर्शी प्रक्रिया र नियमनको कमजोरीका कारण अर्बौं राजस्व चुहावट भइरहेको छ।
- विज्ञापन कर संकलनमा पारदर्शिता र प्रभावकारी व्यवस्थापन नहुँदा विज्ञापनदाता हैरान छन् भने स्थानीय तहको आम्दानी गुमिरहेको विज्ञ र व्यवसायीहरूको गुनासो छ।

Any company uses outdoor advertising (including hoarding board, flex, glow-sign board, banner, poster, shutter painting and wall painting) along with other means of communication to promote its market. Revenue should be paid to the local level for advertising in this way. Municipalities have given the responsibility of collecting that revenue to contractors. Some contractors have been collecting money by bullying and the state is also losing revenue. There are many examples of nonsense. Last February, Riddhisiddhi Cement sent a letter asking the municipality to pay the tax owed to Ashrit Nirman Seva to the Global IME Bank account. Ashrit pointed out to Riddhisiddhi that he had the responsibility of collecting advertisement tax. Bharatpur metropolis, which has been collecting advertisement tax at an annual average of 3 crore rupees, has given a contract to Ashrit Nirman Seva for the fiscal year 2081/82 to 2083/84 to monitor advertisements and collect tax. Chitrasen Adhikari, deputy head of Bharatpur, says that the contract was awarded due to the lack of manpower and complicated issues.

Pranish Construction in Bharatpur wrote 'Tax Not Paid' on the compound wall of Coca-Cola Company's contact office and painted the logo in black. Pranish, who got the contract from the metropolis, did this in December 2079 saying that the tax of Rs 4 crore was not collected. "We have been paying taxes regularly, that year we wanted to investigate after demanding more tax than before," says the representative of Coca-Cola producer company Bottlers Nepal (Tarai) Limited. We also filed a complaint with the advertisement board and the police office.'

Unilever, a multinational company that manufactures products like Sunsilk Shampoo, Close Up Manjan, Lux Soap, Vaseline, Surf Excel, has almost stopped outdoor advertising due to tax collection disputes. The company said that the contractor who had sent a bill worth crores of rupees in the name of revenue went to Unilever's office in India and caused an uproar saying that he had not received the payment.

Sujit Ale, brand manager of Jagdamba Enterprises, which manufactures construction materials such as iron rods, pipes, poles, and beams, says that although outdoor advertising is an effective means of promotion for advertisers, the tax rate is extremely burdensome. He says that he has to pay four/five times more tax than his expenses for advertisement. "There is collusion between the vendor and the municipality, the tax rate will increase after the agreement on food," he said.

There are also examples of the same contractor taking dozens of municipal contracts. Akriti Advertising of Morang, Pokhria has bagged the contract to collect advertisement tax of Bhirkot, Birgunj, Virtamod, Dhangadhi, Gajuri, Itahari, Putlibazar, Sainamaina, Sandhikhark, Shivraj, Sundar Bazar, Tokha and Tulsipur Town/Village. This company sent a letter to Patanjali Ayurveda on June 10 and requested to pay tax of Rs. Akriti Advertising published a notice on July 8 stating that it has received mandates from various local levels to collect advertising tax and has warned that the advertising materials of companies that do not pay tax within the specified time, advertise illegally or keep content in prohibited places, will be fined and the entire cost will be recovered from the relevant company. "If there is any damage to the reputation of any firm/company/establishment or loss/damage during the said work, it is informed that the company concerned will be fully responsible for it," the notification said.

Tara Thapa, the deputy mayor of Sunsari's Ramdhuni municipality, has said that there is no expected revenue collection from advertising tax in her municipality and all taxes are collected through the contract process. She asserted that she emphasized on increasing the scope of tax rather than the rate of tax and for this she has been motivating the businessmen to participate in the tax. She said that during the collection of taxes through contractors, the advertisers also receive complaints of fear, threats and political influence. "Our municipality is not safe from such problems," she said, "Sometimes there is a problem, we have solved it."

According to the Local Finance Act and the Public Procurement Act, municipalities claim that they can collect advertising tax by mobilizing internal manpower or through bidding process. But instead of mobilizing internal manpower, municipalities have been collecting revenue entirely from contracts. Experts say that because this process is not transparent, there is an increase in irregularities in the field of 'outside advertising' and billions of revenue is being leaked.

According to the 'final report on the study of the advertising market through on-site outdoor advertising (hoarding board)' published by the Regulatory Advertising Board in June 2081, 74 percent of municipalities have given contracts to collect such revenue. Municipalities have given contracts for a maximum of 5 years, the same contractor has taken dozens of municipal contracts.

Roshan Srivastava, a businessman in this area, says that the outdoor advertising market has been contaminated by collusion between public representatives, employees and contractors. "It is natural for the government to contract for some development, but can work like tax collection be contracted?" he asked, The advertiser is bound to pay as much tax as the contractor demands. At a time when the economy has slowed down like this, the local government has run the contractor's quilt. Advertisers are panicking. Why can't local bodies regulate ?'

Lekhnath Aryal of Shivam Cement comments that the contract system has increased distortions. "If a contract is made to collect advertisement tax, income tax, excise duty, customs fee will all be done through the tax collection contract," he says, "Although the right to impose and collect advertisement tax belongs to the local level, that tax also belongs to the provincial government. But the municipalities have not sent the share of advertising tax to the provincial government.'

Due to the non-transparent tax collection on outdoor advertising, local level income has been lost and advertisers have to face harassment, businessmen say. Last January, the Nepal Cement Manufacturers Association issued a statement and objected to the indecent behavior, pressure and demand for payment in the name of advertising tax collection.

"Advertising agencies that take contracts to collect taxes submit voluntary bills to the offices of various industrial and commercial companies, pressurize them for payment, send a large number of people, engage in indecent behavior and abuse, make unnecessary phone calls, threaten, and tear advertisements at will, so we request the relevant agencies to take action against those who do such actions," the statement of the association said.

The agencies that get the contract for advertising tax collection respond that they get the contract through competition and the work of revenue collection is very challenging. According to Manoj Chauhan, head of Akriti Advertising, which has received contracts from various municipalities, the municipality only gives a slip of paper to the companies that have received the contract to collect the money and does not provide any assistance in taking action against companies that do not pay tax. 6 . 'We are only facilitators, on the contrary, we have been beaten,' he says, 'Some businessmen have not paid me crores of rupees for ten years . My shoes are torn, I am in debt, the municipality has taken away my house and land. Businessmen are saying that they don't pay tax. What are we going to do?'

According to the advertisement board's report, if all the local levels of the country collect revenue themselves, the revenue from advertising will increase to 19.26 billion rupees. "There is a possibility of an increase in the local level's internal income from 9 to 41 percent," said the report, "There is no need to turn to foreign countries for internal revenue." But for this, advertising should come under the scope of tax, laws should be formulated, and the role of the regulatory body should be effective. Out of the 25 municipalities surveyed by the board, the share of outdoor advertising in the overall income has been found to be less than one percent.

Not only advertising professionals and advertising experts, also the Minister of Communication and Information Technology, Prithvi Subba Gurung, has been insisting that the revenue collection from the hoarding board should be done by the local level itself. "It has been found that there is a wide revenue leakage in advertising from hoarding boards and about 20 billion rupees in revenue has been lost," he said in an advertisement board program some time ago, "I request that the contract be stopped immediately and the revenue collected by myself."

As outdoor advertising is more in urban areas, busy places and business centers, the metropolis has been getting 90 percent of the revenue. Similarly, sub-metropolitan cities occupy 5 percent, municipalities 3 percent and rural municipalities 2 percent. Out of the 37 surveyed, only 25 local levels have recorded income from outdoor advertising. It is clear that there is corruption.

The Constitution and the Local Government Operation Act have empowered states and local levels to impose and collect advertising tax. According to the Inter-Governmental Finance Management Act 2074, 60 percent of the amount raised from advertising tax should be deposited in the local reserve fund and 40 percent in the state reserve fund. According to Section 4 of the Advertising (Regulation) Act 2076, a person, business or firm wishing to place an outdoor advertisement (hoarding board) must obtain permission from the relevant local level. It is mentioned in the act that the criteria determined by the advertisement board should be taken as a basis and the local level can designate a particular place as a prohibited area for outdoor advertising.

Laxman Humagai, chairman of the advertisement board, says that most of the local levels have not been able to act according to their rights and responsibilities. "There is apahy of the local level in the collection of internal revenue," he says. There is a tendency for local levels to depend on central government grants without collecting revenue themselves.'

Some local levels have also argued that collecting revenue through contractors will result in more income and less hassle. According to the deputy chief officer of Bharatpur, the contract was awarded due to lack of manpower and complicated matters. "The first thing is the human resources and this is also a complicated issue," he says, "We did not collect it ourselves because it is easy to contract after looking at the past trends. The tender has been done because the people's representatives consider it a bit difficult.' A study of advertisement boards showed that despite the increase in the number of billboards due to urbanization, it had a negative impact. Besides reducing the beauty, it also causes the risk of road accidents and the digital boards of some places are hacked. . Humagain, the chairman of the board, also said that the random and uncontrolled placement of hoarding boards has had such negative effects. He mentioned that although the law regulating advertisement was passed in the year 2076, the method and procedure related to hoarding board has not been defined and the practice of contracting is still in place. "We are preparing to take it forward as a national issue," he said.

When inquiring about the reason why the advertisement tax collection is not transparent and entrusting it to the contractor, the municipalities have responded that they are not used to this type of tax collection practice, there is no policy basis or it has not been created, the market is small, lack of awareness, advertisement rates are not set, lack of coordination and not enough manpower.

'It is true that we have not been able to collect as much advertising tax as we should,' says Bhim Prasad Dhungana, Mayor of Neelkanth Municipality, who is also the chairman of the Federation of Municipalities, 'We have become a municipality from a village. Earlier, there was no ad tax when it was a village. In the background of not having the habit of collecting and paying such taxes, bringing outdoor advertising under the ambit of taxation has been the main problem. But it is gradually improving.'

Dhungana, the chairman of the Municipal Federation, admitted that even though the local government has the sole authority to levy advertising tax, it has not been managed. He also said that various municipalities are being oriented about this. "We are gradually bringing everyone into the tax range, we are trying to bring them on track as far as we know," he said, "a lot of money can be collected, but we have insisted on widening the tax rate, not increasing the tax rate at all local levels."

Kathmandu Metropolitan City has been collecting such tax itself. Mahaganar currently charges 1,000 rupees per square foot for advertising through flex boards, digital boards, neon signs, and temporary boards up to a maximum of twenty square feet on the right and left side of vehicles. 100 rupees per day, Sponsorship Board has fixed a tax of Rs 1,000 per square foot and Rs 100 per bag for advertising. According to the Revenue Department of the Metropolitan Corporation, in the financial year 2081/82, the advertisement tax was collected at Rs. 84 lakh 91 thousand 587 rupees in 2080/81, 3 crore 21 lakh 27 thousand rupees in 2079/80, 7 crore 43 lakh 50 thousand rupees in 2078/79. Kathmandu Metropolis has been discouraging outdoor advertising as the city is ugly and prone to accidents.

Advertising businessman Roshan Srivastava says that advertising companies have reduced the number of hoarding boards due to the collusion of the local level and contractors. "If you go to the local level to get a permit to put up a billboard or an identity board, the local staff hesitates. There is a strategy to make the process complicated and force them to come through the contractor," he says. "The advertiser feels like they are entrusting the scapegoat to the butcher." "Contractors and employees of the metropolis ate money," he says, "how many such examples are there, how many!" Who will take action?'

1. **Cost of Outdoor Advertising in Nepal**
2. **Outdoor marketing costs vary depending on location, size, and format**

- **Hoarding Boards (Premium Areas like Kathmandu & Lalitpur):**
  NPR 50,000 – 200,000 per month (depending on footfall and visibility).
- **Mid-Tier Locations (Pokhara, Chitwan, Butwal):**
  NPR 30,000 – 80,000 per month.
- **Transit Ads (Buses, Vans, Taxis):**
  NPR 10,000 – 40,000 per month.
- **Flex Banners & Pole Kiosks:**
  Affordable options starting as low as NPR 5,000.

Annex 7: Municipal Advertisement Tax Management Guideline (Sample Model)

विज्ञापन कर प्रशासन तथा व्यवस्थापन सम्बन्धी कार्यविधी २०८२ (नमुना)

प्रस्तावना:

यस ... ... गाउपालिका, नगरपालिका, उपमहानगरपालिका, माहानगरपालिकाले .. .. गाउपालिका, नगरपालिका, उपमहानगरपालिका, माहानगरपालिकाको विज्ञापन कर (व्यवस्थापन तथा नियमन) ऐन, २०८२ को दफा ... तथा आर्थिक एन ......को दफा .... ले दिएको अधिकार प्रयोग गरि नगरपालिका क्षेत्र भित्र वस्तु तथा सेवाको प्रचार प्रसार गरी बजार प्रवर्धन गर्ने गरिने कुनै प्रकृतिको विज्ञापन तथा तत्सम्बन्धी व्यवसायलाई नियमन गर्ने र विज्ञापन करको संकलन प्रक्रियालाई व्यवस्थित गर्ने बाञ्छनीय भएकोले नगरकार्यपालिकाले यो कार्यविधी तर्जुमा गरि लागु गरिएको छ ।

धारा १: संक्षिप्त नाम र प्रारम्भ

(१) यस कार्यविधिको नाम **"विज्ञापन कर प्रशासन तथा व्यवस्थापन सम्बन्धी कार्यविधी २०८२"** रहनेछ।

(२) यो कार्यविधि नगर कार्यपालिकाबाट स्वीकृत भएको मितिदेखि लागू हुनेछ।

धारा २: परिभाषा

यस कार्यविधिमा, विषय वा प्रसङ्गले अर्को अर्थ नलागेमा–

(क) "विज्ञापन" भन्नाले कुनै वस्तु, सेवा, कार्यक्रम वा अवसरको बारेमा छापा, विद्युतीय माध्यम, अनलाइन, सामाजिक सञ्जाल, होर्डिङ्ग बोर्ड, बेलुन वा कुनै संरचना लगायतका माध्यमबाट सार्वजनिक रुपमा प्रचार प्रसार गरिएको वा प्रचार गर्ने उद्देश्यले तयार गरिएको शब्द, वाक्य, चित्र, तस्विर, संकेत, पोष्टर, पर्चा, प्रकाश, चिन्ह, संरचना वा जुनसुकै किसिमको श्रव्य, दृश्य, श्रव्यदृश्य वा मुद्रित सामग्री सम्झनु पर्छ।

(ख) "स्थानीय तह" भन्नाले गाउपालिका, नगरपालिका, उपमहानगरपालिका, माहानगरपालिका समेतलाई जनाउनेछ।

(ग) "आर्थिक ऐन" भन्नाले गाउँ/नगरपालिकाले सालबसाली रुपमा जारी गर्ने आर्थिक ऐन सम्झनु पर्छ

(घ) "कर" भन्नाले गाउँ/नगरपालिकाको आर्थिक ऐन बमोजिम लगाइने विज्ञापन कर सम्झनु पर्छ ।

(ङ) "विज्ञापन एजेन्सी" भन्नाले विज्ञापन सम्बन्धी सामग्री उत्पादन, वितरण वा विज्ञापन सम्बन्धी व्यवसाय गर्ने गरी प्रचलित कानून बमोजिम स्थापना भएका फर्म, संस्था वा कम्पनी सम्झनु पर्छ ।

(च) "विज्ञापनदाता" भन्नाले विज्ञापन प्रकाशन, प्रसारण गर्न वा विज्ञापन राख्न लगाउने वा विज्ञापन गर्ने व्यक्ति वा संस्था सम्झनु पर्छ ।

(छ) "होर्डिङ्ग बोर्ड" भन्नाले विज्ञापन प्रदर्शनको लागि राखिएको वा राखिने साधन सम्झनु पर्छ र सो शब्दले डिजिटल डिस्प्ले, चलदृश्य बोर्ड, एलसीडी बोर्ड,लिड बोर्ड, रोलर बोर्ड, ग्लो बोर्ड, नियोन साइन, प्रोजेक्टर, स्टल डिस्प्ले वा यस्तै अन्य प्रविधि वा बाह्य विज्ञापनको साधनलाई समेत जनाउँछ ।

(ज) “ठेकेदारी प्रणाली” भन्नाले विज्ञापन कर संकलन निजी सेवा प्रदायक मार्फत गरिने व्यवस्था जनाउनेछ।

(झ) “दर्ता अभिलेख” भन्नाले स्थानीय तहले राख्ने विज्ञापनसम्बन्धी विवरणको आधिकारिक अभिलेख जनाउनेछ।

धारा ३: विज्ञापन कर प्रशासन सम्बन्धी मूल व्यवस्था

(१) प्रचलित कानून बमोजिम विज्ञापन करको प्रशासन, संकलन, अनुगमन तथा नियमन गर्ने प्रमुख जिम्मेवारी सम्बन्धित स्थानीय तहको हुनेछ।

(२) कुनै पनि स्थानीय तहले विज्ञापन कर संकलनका लागि अन्यथा व्यवस्था नभएको अवस्थामा बाहेक निजी ठेकेदार नियुक्त गर्न पाउने छैन।

(३) हाल कायम रहेको ठेक्का सम्झौता अनुसार भैरहेको कर संकलन सम्बन्धी व्यवस्थालाइ यस कार्यबिधी अनुसार नगरपालिका मातहत कर प्रशासन संचालन गर्न चरणबद्ध संक्रमणकालिन प्रक्रिया अपनाइनेछ।

धारा ४: निजी ठेकेदारी प्रणालीको चरणबद्ध अन्त्य गर्ने सम्बन्धी संक्रमणकालिन व्यवस्था

(१) यो कार्यविधि लागू भएपछि कुनै पनि नयाँ निजी संस्था संग बिज्ञापन कर संकलन ठेक्का सम्झौता नवीकरण गरिने छैन।

(२) आवश्यक भएमा कानुन बमोजिम समयपूर्व समाप्त गर्न सकिनेछ।

(३) संक्रमणको चरण:

प्रारम्भिक चरण (०–३ महिना): यस अवधिमा स्थानीय तहले देहाय बमोजिमको काम गर्नु पर्नेछ ।

(क) ठेक्का सम्झौता समीक्षा गर्ने

(ख) नयाँ ठेक्का नवीकरण नगर्ने

(ग) विज्ञापनहरूको सूची (Inventory) तयार गर्ने

(घ) राजस्व फोकल व्यक्ति तोक्ने

(ङ) (Excel वा MIS मा अभिलेख सुरु गर्ने

मध्यम चरण (३–६ महिना): यस अवधिमा स्थानीय तहले देहाय बमोजिमको काम गर्नु पर्नेछ ।

(क) स्थानीय तहबाट कर निर्धारण र बिलिङ सुरु गर्ने

(ख) भुक्तानी स्थानीय तहको खातामा मात्र लिनु

(ग) ठेकेदारलाई सहायक भूमिकामा सीमित गर्ने

(घ) कर्मचारीलाई तालिम प्रदान गर्ने

पूर्ण कार्यान्वयन चरण (६-१२ महिना): यस अवधिमा स्थानीय तहले देहाय बमोजिमको काम गर्नु पर्नेछ ।

(क) ठेकेदारी प्रणाली पूर्ण रूपमा अन्त्य गर्ने

(ख) सम्पूर्ण कर प्रशासन स्थानीय तहबाट सञ्चालन गर्ने

(ग) डिजिटल प्रणाली (online payment/MIS) लागू गर्ने

(घ) अनुगमन र कारबाही प्रणाली सुदृढ गर्ने

धारा ५: विज्ञापन दर्ता तथा अभिलेख व्यवस्थापन

(१) स्थानीय तहले स्थानीय बिज्ञापन कानूनको अधिनमा रही आफ्नो कार्यक्षेत्रभित्र रहेका सम्पूर्ण विज्ञापनहरू अनिवार्य रूपमा दर्ता अभिलेखन गरिनेछ ।

(२) प्रत्येक विज्ञापनलाई छुट्टै पहिचान नम्बर (Unique ID) प्रदान गरिनेछ।

(३) दर्ता अभिलेखमा देहायका विवरणहरू समावेश गरिनेछ:

(क) विज्ञापनको स्थान
(ख) प्रकार (मुद्रित, विद्युतीय, डिजिटल आदि)
(ग) आकार तथा संरचना
(घ) स्वामित्व विवरण
(ङ) कर भुक्तानी स्थिति

धारा ६: कर निर्धारण तथा असुली

(१) प्रचलित कानूनको अधिनमा रही स्थानीय तहले विज्ञापन कर निर्धारण देहायका आधारमा गरिनेछ:

(क) विज्ञापनको आकार
(ख) स्थान
(ग) प्रकार
(घ) समयावधि

(२) कर निर्धारण तथा बिलिङ स्थानीय तहबाट गरिनेछ।

(३) कर भुक्तानी सम्बन्धित स्थानीय तहको आधिकारिक खातामा मात्र जम्मा गरिनेछ।

धारा ७: पूर्ण स्थानीय तह प्रशासन

(१) यस कार्यबिधीको दफा ७ (१) अनुसारको संक्रमण अवधि समाप्त भएपछि विज्ञापन कर प्रशासन पूर्ण रूपमा स्थानीय तहबाट सञ्चालन गरिनेछ।

(२) यस पश्चात कुनै पनि प्रकारको कर संकलन outsourcing गर्न पाइने छैन। तर बिज्ञापनकर लगायत अन्य राजश्व संकलन कार्यमा व्यवस्थापन करार वा सेवा करारका लागी प्रतिस्पर्धा गर्न अवरोध मानिने छैन ।

धारा ८: अनुगमन तथा कारबाही

(१) दर्ता नभएका वा कर नतिरेका विज्ञापनहरूमा स्थानीय तहले देहायका कारबाही गर्न सक्नेछ:

(क) जरिवाना लगाउने
(ख) विज्ञापन हटाउने
(ग) सेवा अवरुद्ध गर्ने

(२) स्थानीय तहले नियमित रूपमा अनुगमन तथा निरीक्षण गर्नेछ।

धारा ९: संस्थागत व्यवस्था

(१) स्थानीय तहले विज्ञापन कर प्रशासन स्थानीय तहको राजस्व शाखा वा इकाई मार्फत कार्यान्वयन गरिनेछ ।

(२) वडा कार्यालयहरूलाई अनुगमन तथा तथ्यांक संकलनमा संलग्न गराइनेछ।

(३) यस कार्यमा स्थानीय सामाजिक संघ सस्था तथा स्थानीय टोल बिकास सस्थाहरु समेत लाइ परिचालन गर्न सकिने छ ।

धारा १०: कार्यान्वयन संरचना र जिम्मेवारी

यस कार्यबिधीको प्रभावकारी कार्यन्वयनका लागि देहाय बमोजिमको संयन्त्र निर्माण गरी जिम्मेवारी प्रदान गरिनेछ ।

(क) प्रमुख प्रशासकीय अधिकृत: समग्र समन्वय
(ख) राजस्व शाखा: समग्र कार्यान्वयन
(ग) वडा कार्यालय तथा नगर रक्षक समूह: अनुगमन तथा तथ्यांक संकलन

धारा ११: प्रतिवेदन प्रणाली

यस कार्यबिधीको प्रभावकारी कार्यन्वयनका लागि देहाय बमोजिमको प्रतिवेदन प्रणालीको व्यवस्था गरिनेछ ।

(क) यस शीर्षकबाट संकलन भएको मासिक राजस्व रकम सम्बन्धी प्रतिवेदन राजश्व शाखा मार्फत तयार गरी राजश्व परामर्श समिति समक्ष प्रस्तुत गर्नु पर्नेछ ।

(ख) राजश्व परामर्श समितिले त्रैमासिक अनुगमन प्रतिवेदन नगर कार्यपालिका समक्ष प्रस्तुत गर्नु पर्नेछ ।

धारा १२: प्रदेश सरकारको भूमिका

यस कार्यबिधीको प्रभावपूर्ण कार्यन्वयनका लागि प्रदेश सरकारले देहाय बमोजिमको काम गर्नु पर्नेछ :

(क) स्थानीय तहको प्रशासनिक तथा व्यवस्थापकीय क्षमता बिकासका लागि आवस्यक तालिम तथा प्राविधिक सहयोग उपलब्ध गराउने

(ख) संघ तथा स्थानीय तहहरु संग आवश्यक समन्वय गर्ने

धारा १३: संघीय सरकारसँग समन्वय

स्थानीय तह तथा प्रदेश सरकारले संघीय नीतिसँग समन्वय कायम गरी विज्ञापन कर प्रशासन सञ्चालन गर्नेछन्।

धारा १४: अधिकार प्रत्यायोजन

स्थानीय तहले यस कार्यविधि कार्यान्वयनका लागि आवश्यक अधिकार सम्बन्धित शाखा वा पदाधिकारीलाई प्रत्यायोजन गर्न सक्नेछ।

धारा १५: बाधा अड्काउ फुकाउने अधिकार

यस कार्यविधिको कार्यान्वयनमा कुनै बाधा उत्पन्न भएमा स्थानीय कार्यपालिका/नगर कार्यपालिकाले आवश्यक निर्णय गरी फुकाउन सक्नेछ।

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3. Provincial Government, Koshi (2021*): Provincial Own Source Revenue Feasibility Study Report, Biratnagar Nepal*
4. Provincial Government, Koshi (2021*): Provincial Forest Regulation, Biratnagar Nepal*
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कार्यकारी सारांश

१. पृष्ठभूमि र उद्देश्य

नेपालको संघीय शासन व्यवस्थासँगै राजस्व अधिकार तीन तहमा विभाजित गरिएको छ। विज्ञापन कर संविधानअनुसार प्रदेश र स्थानीय तहको अधिकार सूचीभित्र पर्ने कर हो। तथापि, सञ्चार तथा मिडिया बजारको तीव्र विस्तार, राष्ट्रिय स्तरमा दर्ता तथा नियमन हुने टेलिभिजन, छापा, डिजिटल र सामाजिक सञ्जाल प्लेटफर्महरूको बढ्दो प्रभाव, तथा सीमापार डिजिटल विज्ञापनको प्रवृत्तिले पारम्परिक स्थानीय विज्ञापन व्यवस्थापनभन्दा जटिल संरचना सिर्जना गरेको छ।

यस अध्ययनले नेपालमा विज्ञापन करसम्बन्धी संवैधानिक, नीतिगत, कानुनी तथा प्रशासनिक व्यवस्थाको समग्र विश्लेषण गर्दै संघ, प्रदेश र स्थानीय तहबीचको अधिकार प्रयोग, समन्वय संयन्त्र, राजस्व प्रशासन अभ्यास, र विद्यमान चुनौतीहरूको समीक्षा गरेको छ। अध्ययनको उद्देश्य विज्ञापन कर प्रशासनमा स्पष्टता, समन्वय, कार्यक्षमता तथा राजस्व सम्भावनाको प्रभावकारी उपयोगका लागि सुधार मार्गचित्र प्रस्ताव गर्नु हो।

२. नीतिगत तथा कानुनी परिप्रेक्ष्य

संवैधानिक व्यवस्थाअनुसार विज्ञापन कर प्रदेश र स्थानीय तहको कर अधिकारअन्तर्गत पर्ने भए तापनि व्यवहारमा संघीय कानुनहरूले राष्ट्रिय स्तरमा दर्ता तथा नियमन हुने सञ्चार माध्यमहरूको लाइसेन्स, प्रसारण मापदण्ड र नियमन पक्ष सम्हाल्दछन्। नियमन र कराधानबीचको यो संरचनात्मक विभाजनले केही अवस्थामा व्यावहारिक अस्पष्टता तथा समन्वय अभावको अवस्था सिर्जना गरेको देखिन्छ।

धेरैजसो स्थानीय तहहरूले विज्ञापन कर प्रशासन वार्षिक आर्थिक ऐनमार्फत सञ्चालन गरिरहेका छन्। केही स्थानीय तहहरूले पृथक् राजस्व ऐन वा निर्देशिका जारी गरे पनि विज्ञापनको परिभाषा, कराधार निर्धारण, दर संरचना, वर्गीकरण तथा कार्यान्वयन प्रक्रियामा एकरूपता देखिँदैन। यसले करदातामा अन्योल सिर्जना गर्नुका साथै अन्तर-स्थानीय तह सञ्चालन गर्ने विज्ञापन व्यवसायीका लागि अनुपालन जटिल बनाएको छ।

प्रदेश तहमा पनि एकीकृत तथा विस्तृत विज्ञापन कर कानुनी ढाँचा विकासको आवश्यकता देखिएको छ, जसले स्थानीय तहहरूलाई मार्गनिर्देशन, दर दायरा (rate band) निर्धारण, र अनुगमन प्रणाली सुदृढ गर्न सहयोग पुऱ्याउन सक्छ।

३. अन्तर्राष्ट्रिय अभ्यास र नेपालको सान्दर्भिकता

अन्तर्राष्ट्रिय अभ्यासले देखाउँछ कि राष्ट्रिय स्तरमा सञ्चालन हुने प्रसारण तथा डिजिटल विज्ञापन प्लेटफर्महरूका लागि स्पष्ट कराधार परिभाषा, केन्द्रीयकृत विवरण प्रणाली (reporting system), र राजस्व बाँडफाँट संयन्त्र अपनाउने प्रवृत्ति बढ्दो छ। विशेषगरी डिजिटल तथा सीमापार विज्ञापनको वृद्धि सँगै समन्वित नियमन र कर प्रशासन अपरिहार्य बन्दै गएको छ।

कतिपय देशहरूमा राष्ट्रिय स्तरमा कर मूल्याङ्कन तथा सङ्कलन गरी पूर्वनिर्धारित सूत्रका आधारमा उप-राष्ट्रिय सरकारहरूलाई वितरण गर्ने अभ्यास पनि रहेको छ। यसले दोहोरो कराधानको जोखिम घटाउने, प्रशासनिक लागत कम गर्ने, र राजस्व पारदर्शिता बढाउने कार्य गरेको छ।

नेपालको सन्दर्भमा पनि राष्ट्रिय रूपमा दर्ता तथा नियमन हुने टेलिभिजन, छापा, डिजिटल तथा सामाजिक सञ्जाल प्लेटफर्महरूबाट प्रवाह हुने विज्ञापन करको व्यवस्थापनमा नीतिगत समन्वय तथा सम्भावित केन्द्रीयकृत सङ्कलन-वितरण मोडालिटीबारे थप अध्ययन आवश्यक देखिन्छ।

४. प्रदेश तथा स्थानीय तहको अवस्था: प्रमुख प्रवृत्ति

अध्ययनबाट प्राप्त तथ्याङ्क तथा क्षेत्रीय अन्तरक्रियाबाट निम्न प्रवृत्तिहरू देखिएका छन्:

- स्थानीय तहहरूबीच विज्ञापनको परिभाषा र वर्गीकरणमा असमानता।
- वार्षिक आर्थिक ऐनमा सीमित प्रावधानका आधारमा कर प्रशासन सञ्चालन।
- भौतिक अनुगमनमा निर्भरता तथा डिजिटल अभिलेख प्रणालीको अभाव।
- राष्ट्रिय स्तरमा प्रसारण हुने वा डिजिटल माध्यमबाट प्रवाह हुने विज्ञापनको कर अनुगमन कमजोर।
- राजस्व सम्भावनाको तुलनामा न्यून संकलन दर।
- अन्तर-तह समन्वय संयन्त्रको स्पष्ट संरचना नहुनु।

यी अवस्थाले विज्ञापन कर प्रशासनमा संरचनागत सुधार, नीतिगत एकरूपता, र क्षमता विकासको आवश्यकता औंल्याउँछ।

५. प्रमुख निष्कर्षहरू

यस अध्ययनका मुख्य निष्कर्षहरू निम्नानुसार छन्:

- नियमन (Regulation) र कराधान (Taxation) बीच संरचनात्मक अन्तरले व्यावहारिक अस्पष्टता सिर्जना गरेको।
- स्थानीय तहहरूबीच दर, परिभाषा तथा प्रशासनिक प्रक्रियामा असंगति।
- राष्ट्रिय रूपमा सञ्चालन हुने मिडिया प्लेटफर्मका लागि समन्वित कर सङ्कलन प्रणालीको अभाव।
- डिजिटल तथा सीमापार विज्ञापन कर प्रशासन प्रभावकारी रूपमा समेटिएको नदेखिनु।
- सूचना प्रणाली, तथ्याङ्क व्यवस्थापन तथा अनुगमन क्षमतामा कमजोरी।
- कर सम्भावनाको तुलनामा राजस्व संकलन न्यून रहनु।

६. सुधार मार्गचित्र र सिफारिसहरू

(क) संघीय तह

- विज्ञापन करसम्बन्धी संवैधानिक व्याख्या तथा अन्तर-तह अधिकार सीमाबारे संरचित अध्ययन प्रारम्भ गर्ने।

- राष्ट्रिय विज्ञापन कर नीतिगत रूपरेखा (National Harmonization Framework) विकास गर्ने।
- राष्ट्रिय रूपमा दर्ता तथा सञ्चालन हुने प्रसारण र डिजिटल प्लेटफर्मका लागि केन्द्रीयकृत विवरण तथा सम्भावित सङ्कलन प्रणालीको अध्ययन गर्ने।
- केन्द्रीय रूपमा संकलित राजस्वको अन्तर-सरकारी बाँडफाँट मोडालिटी विकास गर्ने।
- डिजिटल अनुगमन तथा सूचना प्रणाली विकासमा नेतृत्व प्रदान गर्ने।

(ख) प्रदेश तह

- समग्र विज्ञापन कर ऐन निर्माण गरी स्थानीय तहहरूका लागि मार्गनिर्देशन गर्ने।
- दर दायरा, वर्गीकरण तथा परिभाषामा एकरूपता ल्याउने।
- प्रदेशस्तरीय अनुगमन तथा डाटा व्यवस्थापन प्रणाली स्थापना गर्ने।
- स्थानीय तहको प्राविधिक क्षमता विकास कार्यक्रम सञ्चालन गर्ने।

(ग) स्थानीय तह

- पृथक् तथा संरचित राजस्व ऐन/निर्देशिका जारी गर्ने।
- लाइसेन्स, दर्ता तथा अनुगमन प्रणाली सुदृढ गर्ने।
- डिजिटल अभिलेख तथा करदाताको विवरण व्यवस्थापन प्रणाली विकास गर्ने।
- अनुपालन प्रवर्द्धन तथा जनचेतना कार्यक्रम सञ्चालन गर्ने।

सुधार मार्गचित्रले अधिकार केन्द्रीकरणभन्दा पनि **सहकारी संघीयता, नीतिगत एकरूपता र प्रशासनिक कार्यक्षमता** सुदृढ गर्ने दिशामा केन्द्रित हुनुपर्नेमा जोड दिन्छ।

७. थप अध्ययनको आवश्यकता

यस अध्ययनको दायरा मुख्यतः प्रदेश तथा स्थानीय तहको अभ्यासमा केन्द्रित रहेकोले, राष्ट्रिय रूपमा दर्ता तथा सञ्चालन हुने मिडिया प्लेटफर्महरूको सन्दर्भमा संघीय सरकारको विस्तारित भूमिका, केन्द्रीय सङ्कलन-वितरण प्रणालीको सम्भाव्यता, तथा डिजिटल तथा सीमापार विज्ञापन कर प्रशासनसम्बन्धी विस्तृत संवैधानिक र नीतिगत अध्ययन आवश्यक देखिन्छ।

यस प्रकारको थप अध्ययनले कर प्रशासनमा स्पष्टता, दोहोरोपन न्यूनीकरण, राजस्व अभिवृद्धि, तथा संघीय शासन संरचनाअनुकूल समन्वित प्रणाली विकासमा योगदान पुऱ्याउने अपेक्षा गरिएको छ।