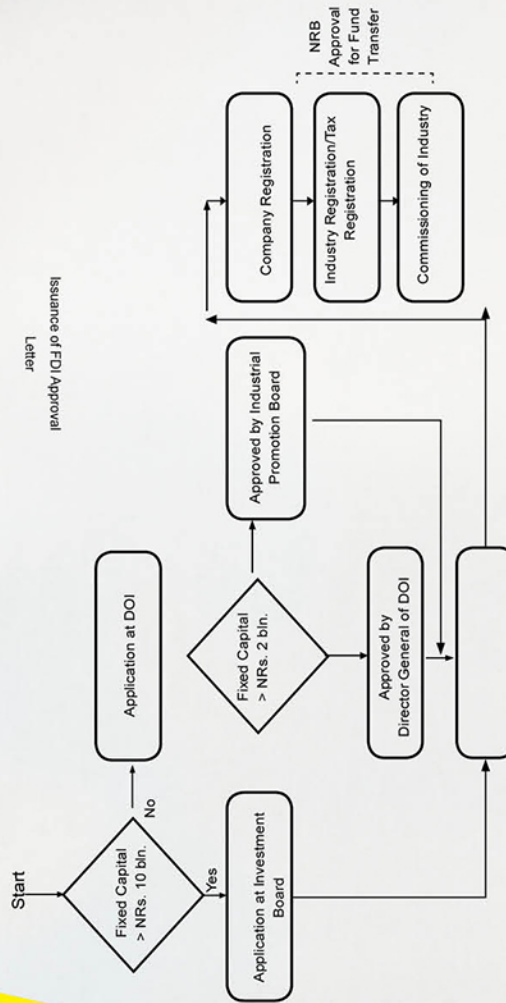
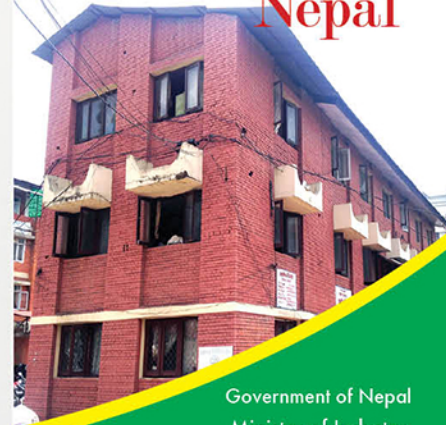


Foreign Investment Approval Flow Chart



Foreign Investment in Nepal



Government of Nepal
Ministry of Industry
Department of Industry
Foreign Investment Section
Tripureshwar, Kathmandu, Nepal
Tel: +977 1 4261168, 4261101, 4261169
Fax: +977 1 4261112
Email: fdi@doind.gov.np
web: http://www.doind.gov.np

June, 2015

- ed industry) and academic certificates
- Photo copy of the passport with last visa
- Name list of Nepalese workers who will be trained from the expatriate
- Industry registration certificate
- Copy of vacancy announcement advertised in national daily
- Tax clearance, Audit report of the company
- Application must be submitted with in 60 days of tourist visa

10.3 Business Visa

Documents required at DOI:

- Photo copy of the passport with last visa
- Proof showing investment made in the company.
- Industry registration certificate
- Progress report of the industry including the current status
- Certificate of relationship with the dependents.
- In case of an authorised representative, a letter authorising representation for the foreign investor and the photocopy of passport. Verification is required.
- Contact address and telephone number of the investor
- Foreign investment approval letter for the first time application.

Criteria for 5 years business visa

- Industry must be in operation and
- Investment : >= US\$ 200,000 in consecutive 3 years, OR
- Average Income Tax Paid in the last 3 years = Rs. 200,000 - 1 investor; for every next Rs 100,000 - 1 additional investor; OR
- Permanent Employment = 50 people -1 investor, for every next 20 employment - 1 additional investor, OR
- Average Export of Last 3 years= Rs. 20,000,000 - 1 investor, for every next Rs 20,000,000 of export -1 additional investor
- For the National priority industry/Mega projects with FA>Rs 500 million, even if Industry is not in operation but Investment US\$ 1 million. for person, US\$ 5 million. for a company

10.4 Residential Visa

For the Foreign investor making an investment equivalent to more than one hundred thousand United States Dollar, at one time

Documents required at DOI:

- Photo copy of the passport with last visa
- Proof showing investment made: equivalent to more than one hundred thousand United States Dollar in one time in convertible foreign currency.
- Industry registration certificate
- Progress report of the industry including the current status
- Certificate of relationship with the dependents.

11. Compliance with Environmental Regulations

Any industry (including capacity expansion or diversification scheme of existing industry) may have to get approval on the environmental assessment reports such as Initial Environmental Examination (IEE) or Environmental Impact Assessment (EIA) prior to industry registration as per Environmental Protection Act (EIA) 1997 and Environmental Protection Regulation (EPR) 1997.

Note: All the copies of document submitted to the department shall be notarized

1. Prevailing Acts

- Foreign Investment and Technology Transfer Act 1992
- Industrial Enterprise Act 1992
- Company Act 2006
- Investment Board Act 2011

2. Forms of Foreign Investment

- Investment in share (Equity),
- Reinvestment of the earnings derived from the clause (a) above,
- Investment made in the form of loan or loan facilities

3. Minimum Threshold for Foreign Investment Approval : Rs. 5,000,000 per investor

4. Areas Not Allowed for Foreign Investment

- Cottage Industries (Except industries using electricity more than 5 kW)
- Personal Service businesses (Business such as hair cutting, beauty parlour, tailoring, driving training, etc.)
- Arms and Ammunition Industries
- Gunpowder and Explosives
- Industries related to Radio-Active Materials
- Real Estate Business (excluding construction industries)
- Film Industries (National Languages and other recognised languages of Nation)
- Security Printing
- Bank notes and Coins
- Retail Business (excluding international chain retail business with its business in at least two countries)
- Bidi (excluding more than 90% exportable)
- Internal Courier Service
- Atomic Energy
- Poultry
- Fisheries
- Bee Keeping
- Consultancy Services such as Management, Accounting, Engineering, Legal Services (Maximum 51% foreign investment is allowed)
- Beauty Parlour
- Processing of Food Grains on Rent
- Local Catering Services
- Rural Tourism

5. Foreign Equity Investment in a New Industry Documents required:

- Project Report 3 copies
- Joint Venture Agreement (JVA), in case of more than one investor 3 copies
- Citizenship certificate of local party or Certificate of Incorporation including Memorandum of Association and Articles of Association, if the local party is a company 1 copy
- Copy of passport of foreign party or Certificate of incorporation, including Memorandum of Association and Articles of Association, if the party is a company 1 copy
- Bio-data / Company profile of the foreign party 1 copy
- Financial Credibility Certificate (FCC) of the Foreign Investor provided by a home country bank or domiciled country bank 1 copy
- Authority letter from the concerned companies or individuals to carry out any necessary work on their behalf, if applicable

6. Deposits and Fees

The amount to be deposited at the time of Foreign Investment Approval, refundable after the operation of industry are as follows:

Range of Fixed Asset	Amount Rs.
Fixed assets ≤ 2,500,000	4,000
2,500,000 < Fixed assets ≤ 5,000,000	7,000
5,000,000 < Fixed assets ≤ 10,000,000	10,000
10,000,000 < Fixed assets	20,000

Note: The amount shall be deposited at the Rastriya Banijya Bank, Teku, Code Number. 27-307-07, Account number S.A.A. 1700203

The non refundable fees for the Company Registration are as given below:

Range of Authorised Capital	Amount Rs.
500,000 < Authorised Capital ≤ 2,500,000	9,500
2,500,000 < Authorised Capital ≤ 10,000,000	16,000
10,000,000 < Authorised Capital ≤ 20,000,000	19,000
Similarly the additional fee will be calculated at the rate of Rs. 30 per Rs. 100,000 of Authorised Capital	

7. Foreign Investment in an Existing Industry by Share Transfer

Documents required:

- Request from the share transferor
- Request from the share transferee
- Share Transfer Agreement 3 copies
- Copy of minute of the Board meeting of Nepalese company regarding inclusion of foreign investor into the company 1 copy
- Copy of minute of Board meeting, Certificate of incorporation and company profile of the foreign party if the party is a company 1 copy
- Copy of passport and Bio-data of foreign party, if party is an individual 1 copy
- Financial Credibility Certificate of the Foreign Investor provided by a bank 1 copy
- Current Share Holders' List as certified by the Company Registrar's Office 1 copy
- Auditor's Report 1 copy
- Tax clearance certificate 1 copy
- Authority letter(s) from the companies concerned to sign on behalf of the companies. 1 copy
- Industry Registration Certificate 1 copy

8. Loan Investment in an Existing Nepalese Industry Documents required:

- Loan Agreement 3 copies
- Certificate of Incorporation, including Memorandum of Association and Articles of Association of the lending agency 1 copy
- Company profile of the lending agency 1 copy
- Industry Registration Certificate 1 copy
- Copy of the minute of the Board of the recipient company regarding the loan to be acquired 1 copy
- Authority letter from the concerned companies or individuals to carry out any necessary work on their behalf, if applicable

9. Technology Transfer

Technology transfer is possible even in areas where foreign investment is not allowed.

Forms of "Technology Transfer"

- Use of any technological right, specialisation, formula, process, patent or technical know-how of foreign origin,
- Use of any trademark of foreign ownership,
- Acquiring any foreign technical consultancy, management and marketing service,

Documents required:

- Technology Transfer Agreement (TTA) 3 copies
- Citizenship certificate of local party or Certificate of Incorporation including Memorandum of Association and Articles of Association, if local party is a company 1 copy
- Copy of passport of foreign party/or Certificate of Incorporation, including Memorandum of Association and Articles of Association, if the party is a company 1 copy
- Bio-data / Company profile of the foreign party 1 copy
- Industry Registration Certificate 1 copy
- Copy of the minute of the Board of the recipient company 1 copy
- Authority letter from the concerned companies or individuals to carry out any necessary work on their behalf, if applicable

10. Repatriation

- The amount received by the sale of the share of foreign investment as a whole or any part thereof,
- The amount received as profit or dividend from foreign investment,
- The amount received as the payment of principal and interest on any foreign loan.
- The foreign investor or a foreign technology supplier is also entitled to repatriate the amount received under the agreement for the technology transfer in such currency as set forth in the concerned agreement as approved by the DOI.
- Foreign national, working in any industry with prior approval of the Department of Labour and who is from a country where convertible foreign currency is in circulation, may repatriate his/her salaries, allowances, emoluments etc. in convertible foreign currency in an amount not exceeding seventy five percent of such salaries, allowances and emoluments.

11. Provisions Related to Dispute Settlement

- For industries with fixed assets investment of upto NRs. 500 millions: Nepalese Law, Venue: Kathmandu.
- For industries with fixed assets investment of above NRs. 500 millions: as mentioned in the Joint Venture Agreement/Share Purchase Agreement.

10. Visa Arrangements

All the visa applications shall be submitted to DOI at least a month prior to expiry of current visa.

10.1 Non-tourist Visa for Carrying out the Feasibility Study

Documents required at DOI:

- Bio-Data of the applicant
- Photo copy of the passport with the last visa
- Brief description of the project in which research and study will be undertaken.
- Photocopy of the citizenship certificate of the Nepalese investor, if the proposed industry is going to be established as a joint venture.
- Application must be submitted with in 60 days of tourist visa

10.2 Non-tourist visa for Expatriates working in the industries:

Documents required at DOI:

- Copy of the Agreement between the industry and expatriate
- Progress report of the industry
- Bio-Data of the expatriate personnel (mainly describing the experience in the relat-