

BUSINESS VEHICLE PART I: SOLE PROPRIETORSHIP

Nepali entrepreneurs can invest and carry out business activities in Nepal by registering any of following types of business vehicle (i) private firms; either as (a) Sole Proprietorship, or (b) Partnership Firm (collectively hereinafter referred to as “Private Firms”), and (ii) a Company. This part provides brief on sole proprietorship, which is also known as sole trading concern. Part II and Part III on the Business Vehicle provides details on partnership firm registration and Company registration.

1. SOLE PROPRIETORSHIP

An entrepreneur can start business by registering a Sole Proprietorship which provides the firm with trading name. A Sole Proprietorship is solely owned and managed by a single entrepreneur. In comparison with other business vehicles, it is easy to establish, control, dissolve and there is room for prompt and flexible decision making as well. However, Sole Proprietorships do not have a separate corporate personality and the liability of the proprietor is unlimited. Further, it requires periodic renewal and is restricted from issuing any corporate guarantees. In Sole Proprietorships, only the sole proprietors act on behalf of the firm unless acts are done by duly authorized power of attorney holders.

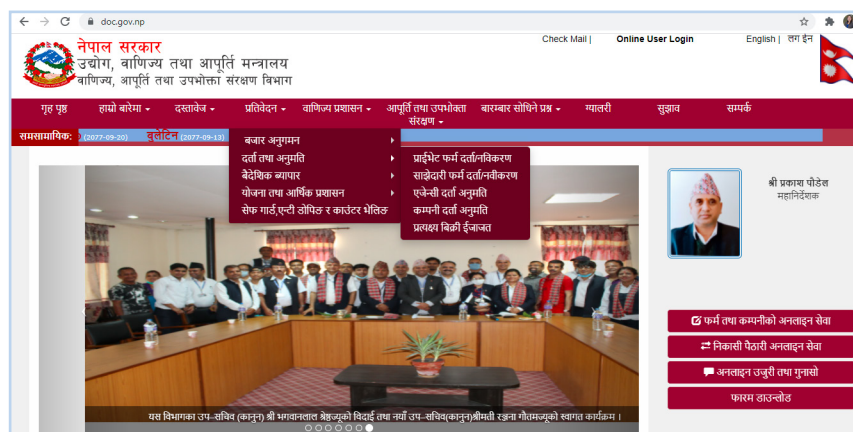
1.1 REGISTRATION OF SOLE PROPRIETORSHIPS

The procedure for registration of Sole Proprietorships related to international trading (referred as in both export and import) and non-international trading is provided as follows:

1.1.1 Registration of International Trading Related Sole Proprietorships

The current registration procedure for Sole Proprietorships relating to international trading requires entrepreneurs to make a user login ID at the website of the Department of Commerce, Supplies and Consumer Protection (“DOCSCP”). Once a login ID is created, the same ID is used for renewal and cancellation of the concerned Sole Proprietorship. The procedure of registering international trading related Sole Proprietorships is given as follows:

(a) Enter webpage www.doc.gov.np



(b) Create username and ID via “https://online.doc.gov.np/onlineuser/Login”

नेपाल सरकार
उद्योग, वाणिज्य तथा आपूर्ति मन्त्रालय
वाणिज्य, आपूर्ति तथा उपभोक्ता संरक्षण विभाग
व्यवसायिक फर्म व्यवस्थापन सूचना प्रणाली
Firm Management Information System (FMIS)

ONLINE USER REGISTER

Email :
MobileNo :
Password :
Confirm Password :
उद्देश्य :
कार्यालय :

व्यापारी प्रवेश अनुरोध गर्नुहोस्।
व्यापारी प्रवेश अनुरोध गर्नुहोस्।
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व्यापारी प्रवेश अनुरोध गर्नुहोस्।

(c) Fill in the details of the firm

The application form requires the disclosure of the following information – (i) full name and address of the sole proprietorship (ii) disclosure of capital (iii) disclosure of the source of the capital (iv) objectives of the sole proprietorships (v) goods to be transacted by the sole proprietorship (vi) website of the sole proprietorship (vii) branch (viii) employment capacity

1 फर्मको विवरण > 2 प्रोपाईटरको विवरण > 3 कामजातहरू > 4 कैफियत

नाम (नेपालीमा) (अनिवार्य) :
नाम (अंग्रेजीमा) (अनिवार्य) :
प्रादेश (अनिवार्य) :
जिल्ला (अनिवार्य) :
गा.पा. न.पा.म.पा. (अनिवार्य) :
वार्ड नं. (अनिवार्य) :
गाउँ/टोल/शहर (अनिवार्य) :
पूँजी (अनिवार्य) :
उद्देश्य (अनिवार्य) :
कारोबार (अनिवार्य) :
वेबसाइट :
शाखा :
रोजगार क्षमता (अनिवार्य) :

(d) Fill in the details of the Entrepreneur

The application requires the disclosure of the following information – (a) full name of the entrepreneur (b) full permanent and temporary addresses, (c) gender, (d) citizenship certificate no., issue date and district, (e) name of father and grand father, (f) details of spouse etc.

फर्मको विवरण > 2 प्रोपाईटरको विवरण > 3 कामजातहरू > 4 कैफियत

पहिलो नाम (अनिवार्य) :
स्थायी ठेगाना
स्थायी ठेगाना
प्रादेश (अनिवार्य) :
जिल्ला (अनिवार्य) :
गा.पा. न.पा. (अनिवार्य) :
वार्ड नं. (अनिवार्य) :
गाउँ/टोल/शहर (अनिवार्य) :
अस्थायी ठेगाना
प्रादेश (अनिवार्य) :
जिल्ला (अनिवार्य) :
गा.पा. न.पा. (अनिवार्य) :
वार्ड नं. (अनिवार्य) :
गाउँ/टोल/शहर (अनिवार्य) :

(e) Upload the following documents

In this step the applicant requires to upload the documents (a) a scanned copy of citizenship certificate, (b) recent passport size photo, (c) digital signature, (d) disclosure of source of investment, (e) sector specific approval if any, (f) scan copy of lease or land ownership certificate etc. and (f) self-declaration of the proprietor

✓ फर्मको विवरण > ✓ प्रोप्राइटरको विवरण > 3 कागजातहरू > 4 कैफियत

नागरिकता (अगाडि) (अनिवार्य):
Choose File No file chosen

नागरिकता (पछाडि) (अनिवार्य):
Choose File No file chosen

हालसालैको पासपोर्ट साईजको फोटो (अनिवार्य):
Choose File No file chosen

दस्तखत (अनिवार्य):
Choose File No file chosen

पूँजीको स्रोत खुल्ने कागजात:
Choose File No file chosen

व्यवसाय स्विकृत पत्र(औषधी, सुरक्षा, वित्तीय कारोबारको लागि):
Choose File No file chosen

घर/जग्गा सम्पत्ती/नक्सा/जग्गा पुर्जा:
Choose File No file chosen

प्रोप्राइटर स्वमको स्वघोषणा पत्र (अनिवार्य):
Choose File No file chosen

अन्य:
Choose File No file chosen

Previous Next

(f) Self-presence at DOCSCP for verification

After fulfilling the online procedure, DOCSCP will inform the entrepreneur of the requirement of his/her self-presence at the DOCSCP for the finalization of registration procedure. For the finalization of registration, the DOCSCP may require the entrepreneur to submit the applicable registration fee and the copy of any other documents already submitted online.

(g) Issuance of Sole Proprietorship Registration Certificate: The Regulatory

Authority will issue a sole proprietorship registration certificate in the following format.

नेपाल सरकार
उद्योग, वाणिज्य तथा आपूर्ति मन्त्रालय
वाणिज्य विभाग

प्रा.फा.नं.

प्रमाण-पत्र

निम्न लेखिएको विवरण भएको सम्वत् २०
साल गते रोज मा प्राइभेट फर्म रजिष्ट्रेशन फर्म रजिष्ट्रेशन ऐन, २०१४
बमोजिम रजिष्ट्र गरी यो प्रमाण-पत्र दिइएको छ ।

विवरण

धनी (प्रोप्राइटर) को नाम, थर र वतन :-
फर्मको ठेगाना:-
पूँजी रु.

महानिर्देशक

(a) **Registration Fees:**

The following registration fee must be submitted while registering international trading related Sole Proprietorships:

S.N.	Capital Amount (in NPR)	Registration Fee (NPR)
1.	Up to 10,00,000	1,000
2.	More than 10,00,000 up to 50,00,000	5,000
3.	More than 50,00,000 up to 1,00,00,000	10,000
4.	More than 1,00,00,000 up to 10,00,00,000	50,000
5.	More than 10,00,00,000	75,000

The payment of registration fees must be made via a verified bank deposit slip. As per Private Firm Registration Regulation, 50% waiver is provided in the registration fee for women, and members of the Dalit community & deprived groups. The registration fee must be submitted via a bank deposit slip verified by the concerned bank as prescribed by the DOCSCP at the time of registration.

The following are the documents required for registering international trading related Sole Proprietorships:

S.N.	Documents
1.	Application form in the prescribed format. <i>(Note: The hard copy application must be affixed with signature, thumb impression and passport sized photo of the entrepreneur.)</i>
2.	Certified copy of Nepali citizenship <i>(Note: The entrepreneur must be present in the DOCSCP himself/herself with his/her original citizenship certificate as well.)</i>
3.	Recent passport sized photo: 2 Copies
4.	Recommendation letter, and other required documents from the concerned offices of the GON (if any)
5.	For <i>Dalit</i> and people of deprived groups, a copy of any certificate furnishing such status of the entrepreneur issued by the concerned body of the GON is also required.

1.1.2 REGISTRATION OF NON-INTERNATIONAL TRADING RELATED SOLE PROPRIETORSHIPS

As aforementioned, registration, renewal and cancellation of non-international trading related Sole Proprietorships is done by the Regulatory Authorities prescribed as under the provincial laws. Different provinces have different laws in relation to the registration of non-international trading related Sole Proprietorships. The general process map to register Sole Proprietorship with the concerned Regulatory Authorities is as follows:

Steps	Procedures
First	Submission of an application (in the format as prescribed by the provincial laws) to the Regulatory Authority along with the required documents and registration fee as prescribed by the provincial laws.
Second	Obtaining registration certificate from the Regulatory Authority.

The following is a generic document list required for registration of non-international trading related Sole Proprietorships at the provincial level:

S.N.	Documents
1.	An application disclosing the following details: <ul style="list-style-type: none"> • Name of the Sole Proprietorship Firm • Address, contact number and email of the firm • Details of the goods and commodity to be transacted by the firm and its objectives • Name of the owner, address, name of parents, grand-parents, and spouse.
2.	Copy of the citizenship certificate of the entrepreneur
3.	Other documents as prescribed by the Regulatory Authority.

For provinces which have promulgated their laws relating to Sole Proprietorships, the following is an outline of applicable registration fee as required by different provinces:

Province	Capital Range (Amount in “NPR”)	Applicable Fee (Amount in “NPR”)
Bagmati	Up to 1,00,000	1,000
	From above 1,00,000 to 3,00,000	3,000
	From above 3,00,000 to 5,00,000	6,000
	From above 5,00,000 to 20,00,000	12,000
	From above 20,00,000 to 1,00,00,000	20,000
	From above 1,00,00,000 to 5,00,00,000	30,000
	Above 5,00,00,000	50,000
Far-Western	Registration fee yet to be prescribed by the provincial law	
Lumbini (Provision of 25% waiver for women, people with disabilities and people from Dalit community)	Up to 5,00,000	1,000
	From above 5,00,000 to 20,00,000	5,000
	From above 20,00,000 to 50,00,000	15,000

Province	Capital Range (Amount in “NPR”)	Applicable Fee (Amount in “NPR”)
	Above 50,00,000	25,000
Province 1	Up to 5,00,000 of authorized capital	2,000
	From above 5,00,000 to 20,00,000	4,000
	From above 20,00,000 to 50,00,000	7,000
	From above 50,00,000 to 1,00,00,000	15,000
	From above 1,00,00,000 to 5,00,00,000	25,000
	From above 5,00,00,000 to 10,00,00,000	35,000
	Above 10,00,00,000	60,000
Gandaki (Provision of 50% waiver for women, people with disabilities and people from Dalit community)	Registration fee yet to be prescribed by the provincial law	
Karnali (Provision of 50% waiver for women, people with disabilities and people from Dalit community)	Registration fee yet to be prescribed by the provincial law	

1.2 OPERATION (LEGAL COMPLIANCE)

S.N.	Legal Requirement	Remark
1.	Prior Approval	Prior approval from the Regulatory Authority is required in order to change any detail which has been disclosed to the Regulatory Authority at the time of registration of the Sole Proprietorship such as (i) name, (ii) address, (iii) objective, (iv) personal detail of proprietor, etc.
2.	Validity of activities	Any activities of the Sole Proprietorship will not be valid until it is registered with the concerned Regulatory Authority.
3.	Renewal Requirement	Periodic renewal is required after registration of the Sole Proprietorship. The details of renewal have been provided under Section 1.1.3 below.
4.	Display Signboard	Sole Proprietorships must place a signboard in their office mentioning the private firm's name, address, registration number and date along with the price list of the goods or services transacted by the Sole Proprietorship.
5.	Recording Requirement	Any private firm registered in the OSCI as well as DOCSOP requires to record its registration at the concerned local authorities after enactment of provincial laws.
6.	Non-registration	A single person is not allowed to register more than one Sole Proprietorship with the same objective.
7.	Submission of required documents as requested by the Regulatory Authority.	Any Sole Proprietorship may be asked by the concerned Regulatory Authority to submit books of accounts or any other related documents.

1.3 RENEWAL OF SOLE PROPRIETORSHIPS

International trading related Sole Proprietorships are renewed at DOCSCP. Periodic renewal is mandatory after registration of Sole Proprietorship. The registration certificate of Sole Proprietorship will be valid for the first 5 years from the date of its registration. Thereafter, a Sole Proprietorship must renew its registration every 2 years within 35 days of expiry of the concerned term. The failure to renew Sole Proprietorship can result in the cancellation of registration of such Sole Proprietorship.

Currently, the renewal procedure for international trading related Sole Proprietorships also requires fulfillment of an online procedure and followed by personal attendance at DOCSCP.

A. Renewal of International Trading Related Sole Proprietorships

The renewal process for renewal of international trading related Sole Proprietorships is given as follows:

Steps	Procedures	
First	Log in to the online user ID at DOCSCP.	The entrepreneur must create a user ID at DOCSCP or log in with the already existing user ID.
Second	Locate the 'Renewal' tab after logging in to the DOCSCP's online portal and click on the 'Renewal' tab	After requesting to renew the firm details, the webpage will require the following details of the entrepreneur: <ul style="list-style-type: none">• Registration certificate of Sole Proprietorship• Copy of the Tax Clearance Certificate of the last FY• Copy of PAN/VAT Registration Certificate• Audit Report (for Sole Proprietorships having capital more than NPR 50,00,000)
Third	Save the details in the webpage	After completion of this step, the request for renewal is forwarded. After that, the DOCSCP will require the entrepreneur to be physically present at the DOCSCP to complete the finalization procedure of renewal.
Fourth	Recording of the renewal of the Sole Proprietorship by the DOCSCP	If the DOCSCP finds it reasonable to renew the Sole Proprietorship, it renews the registration of such sole proprietorship.

The following documents are required in order to complete the renewal of international trading related Sole Proprietorships:

S.N.	Documents
1.	Original sole proprietorship registration certificate
2.	Copy of tax clearance certificate of last FY
3.	Copy of certificate of PAN/VAT registration
4.	Audit report (if capital is more than NPR 50,00,000)

The applicable renewal fee for Sole Proprietorships is as follows:

S.N.	Capital Amount (in NPR)	If renewed within 35 days of expiry (NPR)	If renewed within 3 months of expiry (NPR)	If renewed within 1 year of expiry (NPR)
1.	Up to 10,00,000	100	200	300
2.	From above 10,00,000 up to 50,00,000	500	1,000	1,500
3.	From above 50,00,000 up to 1,00,00,000	1,000	2,000	3,000
4.	From above 1,00,00,000 up to 10,00,00,000	5,000	10,000	15,000
5.	Above 10,00,00,000	7,500	15,000	22,500

B. Renewal of Non-international Trading Related Sole Proprietorships

As aforementioned, non-international trading related Sole Proprietorships are registered, renewed, and cancelled in terms of provincial laws. The renewal procedure, applicable renewal fee, required documents of non-international trading related Sole Proprietorships differ according to the provisions of the concerned provincial laws.

However, a generic procedure for renewal of non-international related Sole Proprietorships is outlined below:

Steps	Procedures
First	An application must be filed to the Regulatory Authority along with the prescribed fees and documents required by such Regulatory Authority.
Second	Obtaining renewed certificate and recording of renewal in the Regulatory Authority.

The following is a generic list of documents that may be required for the renewal of non-international trading related Sole Proprietorships.

S.N.	Documents
1.	Copy of PAN registration certificate
2.	Tax clearance certificate of last FY
3.	Audit Report (If the provincial laws require it to be submitted)
4.	Original certificate of sole proprietorship registration
5.	Any other document that may be prescribed by the Regulatory Authority

The following is the outline of renewal period prescribed by the prevailing provincial laws:

S.N.	Name of the province	Tenure of first registration	Renewal tenure after the first registration
1.	Bagmati	5 years	2 years
2.	Far Western	Yet to be prescribed by the provincial law	
3.	Lumbini	5 years	3 years
4.	Province 1	3 years	3 years
5.	Gandaki	2 years	2 years
6.	Karnali	Yet to be prescribed by the provincial law	

Renewal fees also differ from province to province. The applicable renewal fees are provided as follows:

Province	Capital Range (Amount in “NPR”)	Applicable Fee (Amount in “NPR”) (Time period from the date of expiry)
Bagmati	Up to 1,00,000	600 if renewed within 35 days 1,800 if renewed within 1 year 600 extra per year if renewed after 1 year
	From above 1,00,000 up to 3,00,000	1,000 if renewed within 35 days 3,000 if renewed within 1 year 1,000 extra per year if renewed after 1 year
	From above 3,00,000 up to 5,00,000	1,600 if renewed within 35 days 4,800 if renewed within 1 year 1,600 extra per year if renewed after 1 year
	From above 5,00,000 up to 20,00,000	3,000 if renewed within 35 days 9,000 if renewed within 1 year 3,000 extra per year if renewed after 1 year
	From above 20,00,000 up to 1,00,00,000	5,000 if renewed within 35 days 15,000 if renewed within 1 year 5,000 extra per year if renewed after 1 year
	From above 1,00,00,000 up to 5,00,00,000	8,000 if renewed within 35 days 24,000 if renewed within 1 year 8,000 extra per year if renewed after 1 year
	From above 5,00,00,000	15,000 if renewed within 35 days 45,000 if renewed within 1 year 15,000 extra per year if renewed after 1 year

Province	Capital Range (Amount in “NPR”)	Applicable Fee (Amount in “NPR”) (Time period from the date of expiry)
Far Western	Renewal Fee will be as prescribed. Renewal can be done within 5 years of expiry of renewal date. The renewal fee will double each year for five years.	
Lumbini	Renewal fee will be 20% of the registration of registration fee	
Province 1	Up to 5,00,000 of authorized capital	2,000
	From above 5,00,000 up to 20,00,000 authorized capital	4,000
	From above 20,00,000 up to 50,00,000 authorized capital	5,000
	From above 50,00,000 up to 1,00,00,000 authorized	10,000
	From above 1,00,00,000 up to 5,00,00,000 authorized capital	15,000
	From above 5,00,00,000 up to 10,00,00,000 authorized capital	20,000
	From above 10,00,00,000	30,000
Gandaki	Renewal fee yet to be prescribed by the provincial law	

4. CANCELLATION OF SOLE PROPRIETORSHIP

An entrepreneur can cancel the registration of any kind of Sole Proprietorship by one of the following two ways - (a) voluntary cancellation, and (b) cancellation by the Regulatory Authorities.

A. Cancellation of international trading related Sole Proprietorships

(a) Voluntary Cancellation

The voluntary cancellation of international trading related Sole Proprietorships is done at DOCSCP. The procedure for such cancellation is as follows:

Steps	Procedure	Remarks
FIRST	Log in to the online user ID at DOCSCP.	The entrepreneur must create a user ID at DOCSCP or log in with the already existing user ID.
SECOND	Locate the 'Cancellation' tab after logging into the DOCSCP's online portal and click on the 'Cancellation' tab.	After requesting renewal, the webpage will require the entrepreneur to provide certain details and documents related to the entrepreneur and the Sole Proprietorship.
THIRD	Save the details in the webpage.	After this step, the request for cancellation will be forwarded. After that, the DOCSCP will require the entrepreneur to be present at the DOCSCP to complete the finalization procedure of cancellation. Before cancellation of the Sole Proprietorship, the DOSCSP will check whether there are any pending fees, fines or penalties to be paid by such Sole Proprietorship.
FOURTH	Cancellation of the Sole Proprietorship by the DOCSCP.	DOCSCP will then cancel the registration of such Sole Proprietorship and update its registry accordingly. The DOCSCP will also notify other concerned government authorities about the cancellation of such Sole Proprietorship.

The following documents need to be submitted during the course of cancellation of registration of Sole Proprietorships at DOCSCP:

S.N.	Documents
1.	Original sole proprietorship registration certificate.
2.	Personal attendance of the entrepreneur along with his/her original citizenship certificate/card.
3.	Copy of certificate of PAN/VAT registration
4.	Tax clearance certificate of the previous FY.
5.	Audit Report (if the capital is more than NPR 50,00,000).
6.	Deed of approval of the coparceners after the death of the entrepreneur.
7.	Relationship verification and death registration document (in case of death of the entrepreneur).

(b) Cancellation of Registration by Government Authorities

Apart from voluntary cancellation, the Regulatory Authorities have the power to cancel the registration of the sole proprietorship on the following grounds:

S.N.	Grounds of Cancellation
1.	If a Sole Proprietorship fails to effect renewal of the firm within the prescribed period.
2.	If it is found that a Sole Proprietorship has been already registered which has same objectives in the name of the same person.
3.	If a Sole Proprietorship fails to submit the particulars sought by the Regulatory Authorities within prescribed period.
4.	If an industry related Sole Proprietorship closes down the business with or without providing information of such closure to the Regulatory Authority.
5.	If an industry related Sole Proprietorship fails to renew within the prescribed period from the expiry of validity period to renew the firm or, even if the Sole Proprietorship is renewed in such manner, if such Sole Proprietorship fails to submit a written progress report on works relating to the construction of factory, purchase of machinery equipment or tools and other acts as may be required for the establishment and operation of the sole proprietorship as per the terms mentioned in the approval given to such Sole Proprietorship.
6.	If a Sole Proprietorship does any activity contrary to the Private Firm Registration Act or the Private Firm Registration Rules

Before cancelling the registration of the firms on the aforementioned grounds, the Regulatory Authority will provide such sole proprietorship with a reasonable opportunity for submitting a clarification. If any sole proprietorship is cancelled in such manner as aforementioned, such entrepreneur will be barred from registering another sole proprietorship having same objectives as the previous one.

B. Cancellation of Non-international Trading Related Sole Proprietorships

The cancellation of non-international trading related Sole Proprietorships is governed by the concerned provincial laws. Like federal laws, provincial laws also envisage the voluntary cancellation of Sole Proprietorships as well as cancellation by Regulatory Authorities.

Taking Bagmati Province's laws for example, the Regulatory Authorities have the power to cancel the registration of the non-international trading related to Sole Proprietorships. Such powers can be exercised on the following grounds:

S.N.	Grounds of Cancellation
1.	If a Sole Proprietorship fails to effect renewal of the firm within 5 years
2.	If an entrepreneur submits an application to the concerned Regulatory Authority for cancellation of the Sole Proprietorship furnishing reasonable justifications <i>[Note: This denotes voluntary cancellation of the Sole Proprietorship by the entrepreneur.]</i>
3.	If it is found that Sole Proprietorship was registered contrary to Section 4(3) of the Bagmati Province's Provincial Trade and Business Act.

S.N.	Grounds of Cancellation
4.	If a Sole Proprietorship fails to submit the particulars sought by the Regulatory Authority within the prescribed period.
5.	If a Sole Proprietorship closes down the business with or without providing information of such closure to the Regulatory Authority.
6.	If the Sole Proprietorship does not comply with the terms mentioned in the license (if such Sole Proprietorship is required to take license as per the law)
7.	If a Sole Proprietorships does any activity contrary to the Bagmati Province's Provincial Business and Trade Related Act, 2076 or the rules made as per the same.

Despite these grounds for cancellation of Sole Proprietorships, such Sole Proprietorships are provided with the opportunity to furnish clarification before their registration is cancelled. Other provincial laws may prescribe other additional grounds for cancellation of Sole Proprietorships as well.