

E-commerce Act, 2025

2025



The E-commerce Act, 2025 (hereinafter referred to as the “Act”) has been enacted by the Government of Nepal on March 16, 2025. The Act will enter into force thirty-one (31) days after the date of enactment.

This marks a significant step for Nepal’s e-commerce sector, which had long operated in a largely unregulated environment in a state of regulatory uncertainty. This Act aims to establish a structured legal framework for the governance of online businesses, ensuring consumer protection, fair trade practices, and compliance requirements for e-commerce entities. The following analysis provides an overview of the key provisions of the E-commerce Act 2025 and highlights compliance obligations, and regulatory risks relevant to e-commerce businesses operating within Nepal.

To whom will the E-commerce Act apply?

The Act will apply to any person within Nepal or residing anywhere outside Nepal offering goods and services in Nepal through e-commerce. “E-commerce” has been defined by the Act as the process of buying and selling of goods and services through electronic platforms. However, it is to be noted that using an electronic platform to provide information or promote goods and services will not be considered e-commerce.



The Act defines “Electronic Platform” as a system created for the purpose of transacting goods or services by collecting, transmitting, or storing information through means such as websites, applications, software, the Internet, intranets, and social media marketplaces, using computers, mobile phones, or similar electronic devices.

This definition is not clear on whether the use of simple electronic means (emails or messages) to facilitate a transaction from being categorized as e-commerce. The definition’s emphasis on a “system created for the purpose of transacting” implies that digitally enabled services without a dedicated platform created for the same, might fall outside the intended scope of e-commerce. Although not explicitly stated, it seems to imply that a specific, purpose-built platform is a necessary condition, except in the case of micro- or cottage entrepreneurs.

It also raises another question of whether the Act warrants compliance obligations from other digital intermediaries that are already regulated by specific laws (such as, payment service providers) or when a brick-and-mortar business goes online (commonly known as a brick-and-click model). Implementation of the Act should exclude businesses that are inherently linked to a different regulated service (e.g., payment processing) from the scope of e-commerce, to avoid duplicative or conflicting compliance requirements.

Other Key Definitions

“Goods” include substance produced from a single good, or a combination of goods, to be consumed or used by a consumer in a way that does not cause harm, damage, or any kind of negative effect on health, and also includes raw materials, colors, fragrances, or chemicals used in the manufacture of such goods.

“Service” includes electricity, drinking water, telephone, information technology, health, education and consultation, transportation, tourism, entertainment, conveyance, sewerage, banking, insurance, or other services of similar nature, and that term also includes legal, auditing, medical, or engineering services.

Parties involved in E-commerce Transactions

The Act has categorized various parties involved in an e-commerce transaction, to outline each of their duties. It includes consumer, buyer, seller, intermediary business, business, and list-based e-commerce business.

Term	Definition
Consumer	A person who consumes or uses any goods or services under this Act.
Buyer	Any person who purchases any goods or services under this Act, and that term also includes their representative.
Seller	Any person, firm, company or institution that makes goods or services available for sale to an intermediary business under this Act, and that term also includes businesses engaged in list-based e-commerce.
Intermediary Business	Any person, firm, company, or institution that facilitates the sale of a seller's goods or services to a buyer through an electronic platform.
Business	An intermediary business or a business engaged in list-based e-commerce.
List-based E-commerce Business	A domestic or foreign person, firm, company, or institution that prepares a list of goods or services under its ownership and directly sells the goods or services from that list to consumers via an electronic platform.

Establishment of Electronic Platform

The Act requires E-commerce businesses, with the exception to micro-entrepreneurs and similar cottage entrepreneurs, to establish their own electronic platform, and clearly disclose business details (such as, name, address, contact details, and registration/regulatory approval-related information of the business, PAN/VAT number, grievance mechanism etc.) on the platform in order to enable buyers to make informed decision.

As the Act does not define these entrepreneurs, reference may be taken from the existing Industrial Enterprises Act, 2020 ("IEA"). A micro-industry is an industry where the entrepreneur themselves is involved in the operation & management, having fixed capital of two (2) million rupees, maximum of nine (9) workers, annual transaction of less than ten (10) million rupees, using energy capacity of up to twenty (20) KW etc. among others. Likewise, a cottage industry is based on traditional/local skills and technology, labor-oriented, using energy capacity of up to fifty (50) KW etc. as listed in the IEA.

The Act requires any change in the business details to be updated on the platform within forty-eight (48) hours of making such changes. Failure to comply with this requirement shall result in a fine of NPR 20,000 to NPR 1,00,000.

Listing Requirement

The business shall be required to list its e-commerce platform in the portal created by the Department of Commerce, Supplies and Consumer Protection (hereinafter referred to as the "Department"). An application should be submitted by the business at the Department, along with documents and business details prescribed under Section 5 of the Act to list itself on the portal. E-commerce businesses that are already operating in Nepal prior to the enactment of this Act are required to comply with this requirement within three (3) months from the date of commencement of this Act. It is not clear whether small businesses (accounts) operating via social media platforms will also be subject to this requirement. Failure to comply with this requirement shall result in a fine of NPR 20,000 to NPR 1,00,000.

Validity of Electronic Contracts

The Act recognizes the validity of electronic contracts between buyer and business or seller and business. Apart from the requirements mandated by prevailing laws, such contracts should stipulate necessary notice, terms and provisions relating to the delivery, cancellation, return, exchange, warranty and guarantee, refund etc. of the goods or services to the buyer. This recognition of the formation of contract through electronic medium has broadened the legal validity of digital signature beyond the Electronic Transactions Act, 2063 which only recognizes the validity a digital signature certified by an authority recognized by Office of Controller of Certification. This provision will contribute effectively to foster greater trust and efficiency in online transactions and electronic contracts. For instance, "click-wrap" agreements which requires users to actively click "I agree" to terms, has now been formally deemed binding and enforceable subject to proper notice and consent under this Act.

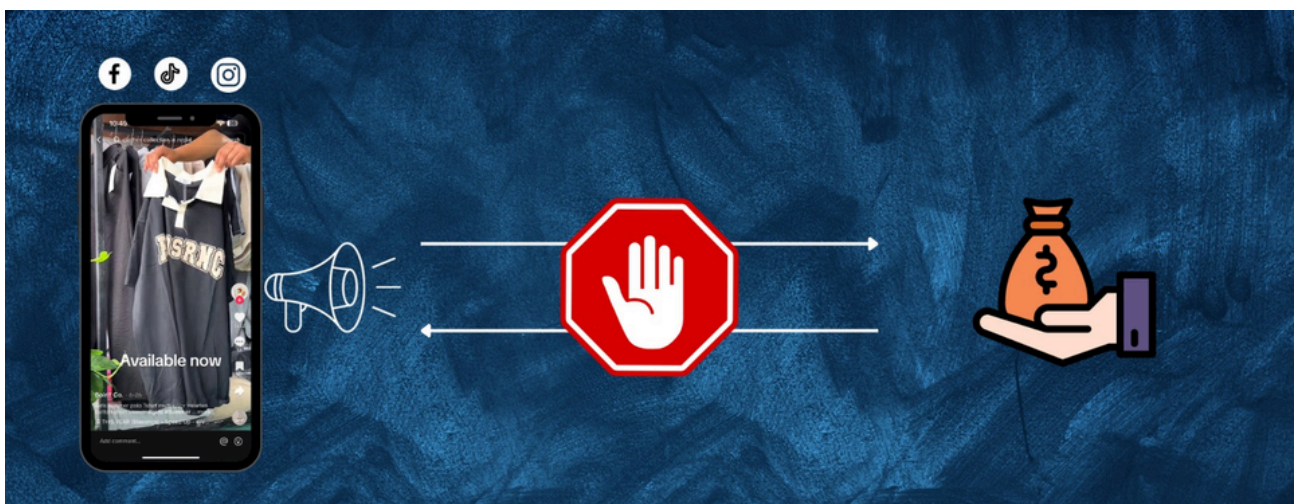
Key Details to be displayed on E-commerce Platforms

Details relating to the goods or services prescribed under Section 6 of the Act are required to be displayed on the e-commerce platform. Any change in the business details should be updated on the platform within forty-eight (48) hours of making such changes. These details include:

- name, design, trademark, image, weight of the product, final price of the product;
- additional delivery costs, if any;
- prior caution before using the product;
- time and date of delivery;
- mode or process of payment;
- guarantee or warranty period and conditions;
- country of manufacture/processing in case of imported goods;
- post-sale terms or conditions;
- whether or not purchased goods or services are returnable, return policy;
- service delivery location and conditions;
- cancellation option details;
- date of manufacture and expiry;
- terms of use, review, rating and feedback mechanism.
- manufacturer details;

Failure to comply with this requirement shall result in a fine of NPR 20,000 to NPR 1,00,000.

The requirement to display product manufacturing and expiry dates on an e-commerce platform is impractical and, in many cases, operationally impossible. The Consumer Protection Act, 2075 ("CPA") requires mentioning the date of manufacture and expiry on the label of a consumer good. The Standard Weight and Measurement (Sealed Package) Regulations, 2077 also mandates such labelling requirement. Making an additional platform-level requirement seems redundant and unnecessarily burdensome as the existing laws already require clear labelling of such information on product packaging.



Return of goods or services

If any goods or services purchased by the buyer do not conform to the details provided by the business, the buyer may return such goods or services to the business without using or damaging them. Returned goods or services must be taken by the business and the buyer must be fully reimbursed (including the tax amount paid by the buyer) without any terms or conditions, unless an exchange is agreed upon by the buyer.

The CPA provides a list of circumstances in which goods once sold may not be returned or exchanged. Broadly, it covers alteration of quality/quantity, expiry of use deadline, perishable, or used goods, broken seal. The Act should offer more clarity on return eligibility and exclusions. Exclusions should primarily be based on practical considerations and aim to address situations where returns would be unfeasible (tailored suits etc.), could compromise hygiene or safety once unsealed (undergarments, cosmetics etc.), or would undermine the intrinsic nature of the product or service (date specific items such as concert tickets, services that have begun with the consumer's consent etc.).

Privacy of Personal Information

The business must ensure privacy of personal data or personally identifiable information related to the e-commerce, and such data or information shall be transferred or used only in accordance with the law, with exceptions for transaction-related data transfers. The business should allow users to enter or modify their personal details, as well as disable the source of their identification.

Adherence to IT Standards

The Act also requires compliance with the standards for improving and upgrading the Platforms, if such measures has been prescribed by the relevant authority of the Government regulating information and technology.

Duties of the Parties involved in E-commerce

<p>Intermediary Business</p> <ul style="list-style-type: none"> • To present details related to the goods and services on the platform in a clear and accessible manner for the buyer and only trade such products on the platform; • To maintain secure records of transactions of purchased and sold goods or services for a period required by the applicable tax laws; • To enter into agreement with the seller prior to placing their goods or services for sale on the platform. 	<p>List-based E-commerce Business</p> <ul style="list-style-type: none"> • To present details related to the goods and services on the platform in a clear and accessible manner for the buyer; • To display information and details required by prevailing laws on their platform; • To maintain secure records of transactions of purchased and sold goods or services for a period required by the applicable tax laws; • To deliver sold goods or services without delay, except in cases of force majeure; 	<p>Seller</p> <ul style="list-style-type: none"> • To enter into a written or electronic contract with an intermediary business before making goods or services available on the intermediary business's platform for sale; • To provide the intermediary business with, business registration, documents, details, complaint handling mechanism, details regarding goods or services exchange, return, or refund, PAN/VAT details etc., in written or electronic form; • To provide the intermediary business with the details according to Section 6 regarding each good or service sold through the electronic platform; • To deliver sold goods or services without delay, except in cases of force majeure. 	<p>Punishment for non-compliance</p> <ul style="list-style-type: none"> • Fine of NPR 20,000 to NPR 1,00,000.
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<ul style="list-style-type: none"> • To adhere to the terms of guarantee or warranties (if any) for the stated period; • To not discriminate between sellers of goods or services of same category, or give preference to any specific seller for the sale, and to clearly disclose information to the user regarding any special facilities granted to a seller of similar goods or services; • To put return, exchange, or refund measures in place for goods or services that do not meet the details specified in the contract. 	<ul style="list-style-type: none"> • To not review, evaluate, or provide feedback on the quality and features of goods or services placed for sale on the platform by impersonating oneself or any other person as a fake consumer; • To not present misleading advertisements about the goods or services; • To adhere to the terms of guarantee or warranties (if any) for the stated period; • To put return, exchange, or refund measures in place for defective products, or goods or services that do not meet the details specified in the display, or if there's a delay in delivery; • To bear liabilities in case the authenticity of any sold goods or services are questioned. 	<ul style="list-style-type: none"> • To not engage in any kind of unfair trade practices when providing goods or services to an intermediary business for sale through an electronic platform or in any other situation. • To not review, evaluate, or provide feedback on the quality of goods or services provided by the seller themselves to the intermediary business for sale by impersonating themselves or any other person as a fake consumer, and • To put return, exchange, or refund measures in place for goods or services made available for sale by a seller through an intermediary business, that are defective products, or goods or services that do not meet the details specified in the display, or if there's a delay in delivery; 	<ul style="list-style-type: none"> • Fine of NPR 50,000 to NPR 5,00,000 or imprisonment for a term of six (6) months to three (3) years or both. <p><i>[Note: These offences shall be considered as state-party offences, where the Government of Nepal will act as the plaintiff.]</i></p>
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Duties of the Buyer

- To fulfill the responsibilities as per the contract between the buyer and the business;
- To not perform or cause to be performed any act with the intention to harass anyone; and,
- To verify and ascertain whether the goods or services purchased electronically under this Act, as per the contract at the time of purchase, have been received or not, and if there are any complaints, file them promptly, including through electronic means.

Duties relating to Delivery

- If a contract specifies that any goods or services requested by the buyer are to be delivered to a location, time, and person designated by them, then, notwithstanding anything written in prevailing laws, the responsibility to deliver the goods or provide the service according to such contract shall be that of the business;
- The business may enter into a separate contract with a delivery person for the delivery of goods or services; and,
- Responsibilities of the delivery person mentioned in prevailing consumer protection laws shall apply equally to delivery persons under this Act.

Grievance Redressal Mechanism

The Act mandates businesses to provide accessible avenues for consumers to lodge complaints regarding purchased goods or services, including electronic, written, and in-person options. Upon receipt of a complaint, businesses are required to register it and provide immediate acknowledgment to the buyer or consumer. Investigation should be conducted on the issue and a decision should be provided to the consumer/buyer within fifteen (15) days. Businesses shall also be required to develop and implement an online grievance redressal mechanism.

In addition to the aforementioned provisions of the Act, consumer protection rules prescribed by the existing CPA shall also apply to e-commerce sales, primarily those relating to product quality, labels, return policy, pricing, inspections, dispute resolution, and protection of consumer rights and interests.