

Expanding your company to Nepal can introduce a range of opportunities in talent and growth, but setting up payroll, understanding tax laws, and handling local regulations make the expansion process challenging.

At Globalization Partners, we handle the confusing aspects of global payroll, so you don't have to. Focus on growing your company, and we'll take on all the legal risks.

Taxation Rules

Employers are responsible for withholding government tax from employee paychecks, which can cover various tax types. The Nepal Bureau of Standards and Metrology (NBSM) requires social security taxes and basic income tax to be withheld. Ensuring you withhold the proper tax amount keeps your company compliant and supports the retirement community.

The provident fund for social security requires 10% of remuneration from the employer and employee. There's also an 8.33% gratuity for pension schemes. Income taxes vary for residents according to their income bracket, and it can be anywhere between 1.5% and 25%.

Nepal Payroll Options

Handling payroll across country borders can be tricky, especially when you're not informed about tax law. Approaches to payroll include:

- Remote. You can choose to add your employees to your payroll in your home country, but you need to be wary of the differing regulations in each country.
- Local. If you're a small company, you may choose to work with a local payroll establishment in the country. However, if they make a mistake, you'll still be responsible for the associated consequences.
- Subsidiary. Setting up a subsidiary is a lengthy process, but it allows you to set up your own payroll. This setup requires that you hire all your own employees and learn about varying labor laws.
- Global PEO. When you work with Globalization Partners, we hire employees through our

subsidiary and assign them to you. When you receive your monthly bill from us, it will include the payroll for your employees, and we'll be responsible for all associated compliance risks.

Setting Up Payroll

Setting up payroll begins with creating a subsidiary in-country. Before you register your company, you need to gain approvals from the correct industries or departments. Common departments include agriculture, industry, and electricity. You'll also receive a permit for practicing business within your sector.

After obtaining your license, you must register your company with the Office of Company Registrar. This step involves a series of forms and a few weeks of processing time. Once your company is registered, you can enroll with the Inland Revenue Department (IRD) and open a bank account.

From start to finish, opening a subsidiary takes anywhere from a few weeks to a month. But after completing the process, you're responsible for keeping track of taxation and handling your expenses through your in-country bank account.

Globalization Partners eliminates the need for registration and forms processing. When you work with us, everything is run through our subsidiary, and you have access to our global PEO software to manage your payroll. With help from our payroll processing company, you can focus on supporting your employees and growing your business.

Entitlement and Termination

When you hire your employees abroad, it's vital to have a well-written employment contract that outlines all termination and entitlement terms. Nepal has a range of termination circumstances based on the employment type, and you must follow all proper procedures.

Termination notice periods depend on the length of employment, and employees have the

option to cash in unused vacation days as a severance package.

Contact Us for Payroll Outsourcing in Nepal

Globalization Partners helps streamline your international payroll. Ensure your employees earn the compensation they deserve and forgo the lengthy registration process of setting up your own payroll. [Contact us](#) to find out more about our services.