

## **Case I: International Investment – When Payment is Made from Nepal by Sparsa Nepal Itself**

International investment refers to the expenses incurred by Sparsa Nepal in foreign countries to purchase goods, equipment, or services. To import/export anything from a foreign country including India, Sparsa Nepal must obtain an **Exim Code**.

**Note:** *Exim Code (Export-Import Code) is a registration required for any person or company wishing to import or export goods from Nepal. It is issued by the Department of Customs under the Ministry of Finance, Government of Nepal.*

### **Step 1: Selection of Supplier**

- Obtain quotations from at least **three different companies** if the price of the equipment or machinery exceeds **NPR 50,000**.
- Evaluate and select one company based on price, quality, reliability, or other justified criteria.
- Prepare and document **meeting minutes** clearly stating the reason for selecting the chosen supplier.

### **Step 2: Advance Payment Procedure**

*Ensure a contract is signed before making any payments, outlining the terms and conditions agreed upon by both parties.*

- Request a **Proforma Invoice** and final quotations from the selected company.

*A proforma invoice is a preliminary bill sent before shipment, estimating the total cost and detailing key transaction terms.*

- Visit your bank (where Sparsa Nepal holds an account) with:
  - o The Proforma Invoice
  - o Final quotation
- Request the **remittance form** required to make foreign payments.
- Since individuals or companies in Nepal cannot directly transfer money internationally, the payment must be processed through the bank. Fill out and submit the remittance form as instructed.
- Collect the **Bibini** (foreign exchange approval document) and **payment receipt**, both of which will be needed during customs clearance on the Nepali side.
- After making the advance payment, notify the supplier and request shipment of the goods so that they **arrive in Nepal within 80–90 days**. This is important because the bank allows a maximum of **90 days** to complete the full payment and import process.

**Tip:** Whenever possible, ask the exporting company to handle transportation up to your final location. Otherwise, you will need to hire a separate logistics provider to manage the delivery and cross-border transport.

### **Step 3: Customs Clearance**

- When the shipment arrives at the border, it is advisable to be physically present at the customs office to help facilitate a smooth and efficient clearance process.
- Customs clearance is required on **both the Indian and Nepali sides**:
  - o **Indian Side:** Hire a registered Indian customs clearance agent to act on behalf of Sparsa Nepal. Provide them with all the documents sent by supplier along with the goods.
  - o **Nepali Side:** Follow a similar procedure using a licensed Nepali customs clearance agent. Provide them with all the documents sent by supplier along with custom cleared document provided by Indian custom and Bibini collected at the begging of payment from Bank

### **Case II: When Goods Are Donated by a Foreign Donor and your Social Bussiness Is Responsible Only for Customs Clearance**

In cases where goods are donated by a foreign donor, Social Bussiness is not involved in the purchase or payment process but is solely responsible for the legal and logistical procedures required to bring the goods into Nepal. This includes obtaining permissions from relevant government bodies and conducting customs clearance. The Department of Commerce acts as the central authority for granting permission to receive such commodity donations.

### **Step 1: Proposal Submission and Approval from SWC**

- The first step is to submit a **commodity grant proposal** to SWC, following the Council's prescribed format and guidelines.
- This proposal must detail:
  - o The nature and quantity of the goods being donated
  - o Proforma Invoice
  - o Tax Invoice
  - o Packing list
  - o Pictures (if available)
  - o Their intended use
  - o The donor organization's information

- o How the donation aligns with Sparsa Nepal's mission
- The review and approval process typically takes **at least one month**.
- Once approved, Sparsa Nepal is required to **pay a regulation fee** to the SWC.
- After payment, SWC will issue an **approval letter for the commodity grant**.

## **Step 2: Letter of Endorsement from the Ministry of Women, Children and Senior Citizens**

- After obtaining SWC approval, Social Business must apply for an endorsement letter from the **Ministry of Women, Children and Senior Citizens**.
- The application must include:
  - o A formal request letter
  - o A copy of the SWC approval letter
  - o Proforma Invoice
  - o Tax Invoice
  - o Packing list
  - o Pictures (if available)
- The ministry review process takes approximately **1–2 weeks**.
- Once approved, the Ministry issues a **recommendation letter** to the Department of Commerce to provide the final importation Letter.

## **Step 3: Import Permission from the Department of Commerce**

- With letters from both the SWC and the Ministry, Social Business must now apply for formal **import permission** from the **Department of Commerce**.
- This process is conducted **online**, through the department's digital application system.
- Required documents include:
  - o The Ministry's recommendation letter
  - o Proforma Invoice
  - o Tax Invoice
  - o Packing list
  - o Pictures (if available)
  - o Details of the donated items and shipping documents (if available)
- The Department of Commerce typically takes **about 1 week** to process and issue the **final import permission letter**.

## **Step 4: Customs Clearance Process**

Once the donation arrives at the border or international customs point (e.g., airport):

- Social Business must begin the **customs clearance process**, following a similar procedure as outlined in **Case I**.

- Steps include:
  - o Hiring a **licensed customs clearance agent** (for both Indian and Nepali sides, if applicable)
  - o Submitting all necessary documents, including:
    - ♣ Department of Commerce letters
    - ♣ Shipping documents
    - ♣ Packing list
    - ♣ Tax invoice
    - ♣ Commercial invoice

**Conclusion:**

The outlined procedures for both international purchases and foreign donations are essential to ensure Social Bussiness's compliance with legal and regulatory requirements set by the Government of Nepal. By adhering to these steps from supplier selection and payment processing to obtaining approvals and completing customs clearance, we maintain transparency, accountability, and efficiency in all cross-border transactions. This structured approach not only safeguards the organization from legal or financial risks but also strengthens donor confidence and supports the timely delivery of goods and services for project implementation.