

# Company Registration Process in Nepal

The company registration process in Nepal involves several key steps to legally establish a business entity. Below is an elaborated overview of the standard procedure:

## 1. Name Reservation:

- The first and foremost step in registering a company is to select a unique and appropriate name for the business.
- This name must not be identical or similar to any existing registered company and should comply with naming guidelines set by the Office of the Company Registrar (OCR).
- An online application for name reservation is submitted through the OCR's official website.
- Once the name is approved, a Name Reservation Certificate is issued. This certificate is valid for a limited time, during which the company must complete the registration process.

## 2. Document Preparation and Submission:

- After securing the name reservation, the next step involves preparing the necessary legal documents. These include:
  - **Memorandum of Association (MOA):** Outlines the company's objectives, scope, and powers.
  - **Articles of Association (AOA):** Specifies internal rules and regulations, governance structure, and responsibilities of directors and shareholders.
  - **Application Form (as prescribed by OCR):** Includes details about the company's name, type, registered office, directors, and shareholders.
  - **Citizenship certificates or identification documents** of all directors and shareholders.
- All documents must be submitted either physically at the OCR office or via the online company registration portal.

## 3. Verification by OCR:

- Upon submission, the OCR thoroughly examines the provided documents for completeness and compliance with the Companies Act of Nepal.
- If any discrepancies or missing information are found, the applicant is notified to make the necessary corrections.
- Once all documents are verified and meet the legal standards, the OCR moves forward with the registration.

#### 4. Issuance of Company Registration Certificate:

- Following successful verification, the OCR issues an official Company Registration Certificate.
- This certificate includes the company's registration number, date of registration, and other pertinent details.
- It serves as legal proof of the company's existence and permits the entity to commence its business operations under the laws of Nepal.

#### 5. Tax Registration (PAN/VAT):

- After receiving the company registration certificate, the business must register for tax purposes with the Inland Revenue Department (IRD).
- The company must apply for a **Permanent Account Number (PAN)**, which is mandatory for all companies.
- Depending on the nature and size of the business, registration for **Value Added Tax (VAT)** may also be required.
- The application must include the company registration certificate, MOA, AOA, proof of office address, and passport-sized photographs of the company representative.
- Upon approval, the IRD issues a PAN or VAT certificate, enabling the company to engage in financial transactions legally and maintain compliance with tax regulations.

This process ensures that the business is officially recognized by the government, operates within the legal framework of Nepal, and is eligible to conduct commercial activities responsibly.

## **1. Types of companies under Companies Act**

1.1 Under the Companies Act, the following types of companies can be registered:

- a) Private company;
- b) Public company;
- c) Profit not distributing company

1.2 The basic difference between public companies and private companies during Company Registration in Nepal are the ability to raise the fund from the general public. Public companies can raise the fund from the general public by issuing securities such as shares, bonds or debentures. However, the private companies are restricted from collecting the fund by offering the shares in such a manner. **Similarly, a public limited company should have minimum of 7 shareholders with no maximum limit.** However, the maximum number of Founder shareholders of a private company cannot exceed more than 101.

1.3 Similarly, profit not distributing companies can be incorporated for the following objectives:

- (a) Development and promotion of any profession;
- (b) Protection of collective rights and interests of the persons engaged in a specific profession or occupation; and
- (c) For the attainment of any scientific, academic, social, benevolent or public utility or welfare objective on the condition of not distributing dividends.

2.1 Limited liability companies are the most common forms of business vehicles and profit company in Nepal. Among them, private limited company is commonly registered business vehicle in Nepal. A company carrying business relating to banking and financial transaction, insurance, stock exchange, pension fund or mutual fund needs to be compulsory registered as a public company.

2.2 One of the advantages for registering a limited liability company is that the liability of the shareholder of the company is limited to the extent of amount of investment made by such shareholder, while being stated as a Profit Company.

## **3. Procedure of Registration of Company:**

**The following provides the company registration process in Nepal:**

<b>Step 1:</b>	Reservation of company name at the OCR
<b>Step 2:</b>	Online Submission of signed documents (AOA, MOA and Application) at OCR
<b>Step 3:</b>	Examination of submitted documents by OCR
<b>Step 4:</b>	Issuance of company registration certificate BY OCR
<b>Step 5:</b>	Tax Registration (VAT/PAN) at the Inland Revenue Office

### **3.1 Reservation of Company Name at the Office of Company Registrar**

Prior to establishing a company, an individual must verify the availability of the desired company name. The Company Registrar's website, located at <https://ocr.gov.np/>, is the most efficient means of verifying its availability. To look for a Company by its Registration Number, go to the following URL:

<https://application.ocr.gov.np/faces/CompanyDetails.jsp>. **To register a company, please visit the following link:**

**<https://application.ocr.gov.np/CRO/faces/OnlineUserLogin.jsp>**. Consequently, the person must complete the concise form, create a Username/Password, and check if the desired Company Name has already been used or not.

### **3.2 Online Submission of signed documents at OCR**

Once the Company Name has been validated by the aforementioned process, the individual must submit the necessary paperwork for Company Registration in Nepal as specified above. It is strongly recommended to prepare the Memorandum of Association and Article of Association in compliance with the Company Act 2063.

### **3.3 Examination of Submitted Documents by OCR**

Following the filing of paperwork, the Office of Company Registrar conducts a concise but comprehensive review to verify the coherence of the Company's Objectives, the signatures of all shareholders, any inaccuracies, and conformity with Company Act 2063.

If the Registrar identifies a significant mistake or discrepancy in those papers, the person is promptly contacted and obligated to rectify their errors.

### **3.4 Issuance of Company Registration Certificate by the Office of Company Registrar**

Upon successful completion of the OCR Examination, the Office will issue a certificate of Company Registration to acknowledge the Company's legal status.

### **3.5 PAN/VAT (Tax Registration) at the Inland Revenue Office**

Upon receiving a Certificate confirming the registration of the Company, it is necessary to get a PAN Number. PAN is an acronym for Permanent Account Number, which serves as the authoritative means of tax/VAT payment at the Inland Revenue Department.

### **4. Time required for registration:**

**Total time required for online company registration in Nepal for a new company is 7 to 10 days.**

### **5. Documents Required for Company Registration in Nepal**

The List of all the Documents Required for [Company Registration Process in Nepal](#) are:

S.N.	Documents
1.	Application for registration
2.	Memorandum of association and articles of association of the proposed company
3.	National ID card
4.	Shareholder's agreement ( if any)
5.	Copy of certificate of registration and other registration documents (memorandum of association, articles of association) if the shareholder is company.
6.	Corporate resolution of the shareholder if the shareholder is a company
7.	Copy of prior approval of the DOI in case the shareholder is a foreign investor

### **6. Minimum amount of investment:**

The Minimum Investment required Public Company Registration in Nepal is above NPR 1 Crore whereas Private Company need NPR 1 Lakhs for company registration.

S.N	Company	Amount ( in NPR)
1.	Public Company	1,00,00,000
2.	Private Company	1,00,000

## 7. Government fee for Company Registration in Nepal

Government fee is charged based on the proposed authorized capital of the company. The Companies Registration Fee in Nepal ranges from NPR 1,000 to more than NPR 43,000 which has been further elaborated for Public Limited Company and Private Limited Company.

### 7.1. Government fee for a private company

S.N.	Amount of Authorized Capital ( in NPR)	Registration Fee ( in NPR)
1.	Up to 1,00,000	1,000
2.	1,00,001 to 5,00,000	4,500
3.	5,00,001 to 25,00,000	9,500
4.	25,00,001 to 1,00,00,000	16,000
5.	1,00,00,001 to 2,00,00,000	19,000
6.	2,00,00,001 to 3,00,00,000	22,000
7.	3,00,00,001 to 4,00,00,000	25,000

<b>8.</b>	4,00,00,001 to 5,00,00,000	28,000
<b>9.</b>	5,00,00,001 to 6,00,00,000	31,000
<b>10.</b>	6,00,00,001 to 7,00,00,000	34,000
<b>11.</b>	7,00,00,001 to 8,00,00,000	37,000
<b>12.</b>	8,00,00,001 to 9,00,00,000	40,000
<b>13.</b>	9,00,00,001 to 10,00,00,000	43,000
<b>14.</b>	10,00,00,000	30 for each 1,00,00,000

## 7.2. Government fee for a public company

<b>S.N.</b>	<b>Amount of Authorized Capital (in NPR)</b>	<b>Registration fee ( in NPR)</b>
<b>1.</b>	Up to 1,00,00,000	15,000
<b>2.</b>	1,00,00,001 to 10,00,00,000	40,000
<b>3.</b>	10,00,00,001 to 20,00,00,000	70,000
<b>4.</b>	20,00,00,001 to 30,00,00,000	1,00,000
<b>5.</b>	30,00,00,001 to 40,00,00,000	1,30,000

<b>6.</b>	40,00,00,001 to 50,00,00,000	1,60,000
<b>7.</b>	Above 50,00,00,000	3000 for each 1,00,000

#### **8. Business specific approval/licenses:**

Certain regulated businesses related to bank and financial institutions, hydropower, travel and trekking businesses, hospitals etc. are subject to additional approvals or licenses for the commencement of their business activities.

#### **9. Tax Registration:**

Every company is required to obtain a PAN or VAT Registration certificate from Inland Revenue Department prior to the commencement of its business depending on the value of the annual transaction of the business after the company registration in Nepal. The Process of Company Registration requires sufficient means of paying Tax through PAN Number.