

BUSINESS / BUSINESS IN NEPAL

## Starting a Business in Nepal: A Guide for Foreign Entrepreneurs

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A company name, a promising location and a willing business partner can make a Nepal venture feel close to launch. For a foreign entrepreneur, however, the decisive work often comes before the lease is signed: establishing whether the proposed activity is eligible for foreign investment, how capital will enter the country and what permissions the people running it will need.

Nepal has routes for foreign-owned businesses, but there is no single certificate that settles every question. Investment approval, company incorporation, industry registration, tax compliance and immigration each do different jobs. Understanding that separation is the most useful starting point.

*This practical guide was checked on 15 October 2026.*

*Requirements depend on the activity, ownership structure, investment route and nationality. Confirm the current position with the relevant authorities and a qualified Nepal-based adviser before committing funds.*

## **Start with the activity, not the company name**

Describe what the business will actually earn money from.

“Tourism,” “technology” and “consulting” are broad labels; the legal classification may turn on a much narrower activity. A software-development operation, a retail shop and a travel agency are not interchangeable simply because each takes bookings or payments online.

The Department of Industry’s foreign-investment guidance sets out a negative list and sector-specific restrictions. Many permitted industries can have full foreign ownership, but that is not a universal entitlement. Ordinary retail, travel agencies, homestays and news media are among the activities that should not be assumed open. Some activities have ownership ceilings or narrowly defined exceptions.

Ask for the precise industry classification and permitted foreign shareholding before negotiating a partnership. A local shareholder does not automatically make a restricted activity permissible. Nor

should an informal arrangement in someone else's name be treated as a substitute for a lawful ownership structure.

If you are a Nepali citizen abroad or hold a particular non-resident status, establish which legal route applies to you rather than assuming that every overseas investor is treated identically. Our separate guide to building a business in Nepal while living abroad explores the practical management question.

## **Budget for the right investment route**

Nepal's general minimum foreign-investment threshold is NPR 20 million. That figure needs an important qualification: listed information-technology industries using the automatic route have no minimum investment threshold.

The February 2026 automatic-route Gazette notice also removed the route's previous maximum approval limit. Older guides referring to a NPR 500 million automatic-route ceiling therefore need updating. The listed IT activities include software development, data processing, cloud computing, web design and hosting, among others. An enterprise must genuinely fit an eligible listed activity; putting "IT" in its name is not enough.

An investment threshold is not a complete startup budget. Separately estimate premises, equipment, staffing, professional advice, licensing, working capital and the time before the business generates cash. Ask how the approved investment must be

brought in and documented, and distinguish equity capital from any proposed borrowing.

Start with the Department of Industry's foreign-investment desk to establish the right authority. Larger projects may also fall within Investment Board Nepal's published mandate, which includes projects with estimated costs of NPR 6 billion or more and energy projects of 200 MW or more. Total project cost and foreign equity are different measures: confirm jurisdiction for the actual project rather than relying on a single headline number.

## **Build a document trail before filing**

The Department's foreign-investment checklist calls for documents such as a project report, investor identification or incorporation records, an investor profile and a bank financial-credibility certificate. Joint-venture and authorization documents are required where applicable. The official investment application system is IMIS.

Before submitting, make the ownership and financial figures consistent across the application, project report and any shareholder agreement. Identify who can sign, who will be responsible for filings and what happens if a partner leaves. A useful adviser should be able to explain which documents need certification or translation and which authority receives each version.

Keep a single dated folder containing the submitted application, supporting documents, receipts, decisions and subsequent changes. This is more useful than relying on a chain of messages promising that an application is “almost done.”

## **Incorporation is one stage of becoming operational**

A practical sequence is to verify eligibility and obtain the applicable foreign-investment approval, incorporate through the Office of the Company Registrar’s CAMIS system, then complete the relevant tax, industry and operational requirements. Confirm the exact ordering and dependencies for your sector.

The company’s registration establishes the legal entity. It does not, by itself, settle industry registration, environmental requirements, sector licensing or local permissions. A location that works commercially may still need checks before it can host the intended activity.

Have an adviser produce a short permission map: the approval, issuing authority, prerequisite, renewal requirement and person responsible. Treat the proposed opening date as conditional on that map, rather than assuming every agency will finish at the same time. Avoid making a large non-refundable commitment solely because the company name has been approved.

## **Plan the bank records on the way in**

Talk to the receiving bank before transferring capital. Explain that the money is an approved foreign investment and ask which documents, payment references and notifications it needs. Keep the investment trail separate from personal transfers and ordinary trading receipts.

Under Nepal Rastra Bank's current foreign-investment bylaws, including the Fifth Amendment, approved foreign investment generally requires prior written notification rather than a separate NRB approval merely to bring in funds. The investment-recording application must be made within six months of the inflow or investment. Confirm responsibility for that filing rather than assuming the bank transfer completes it.

The same record matters when money leaves. Eligible dividends, sale proceeds and other permitted amounts can be repatriated subject to documentation, taxes and required approving-agency recommendations. Standard applications for the foreign-exchange facility now go through the licensed commercial bank where the investor or company holds its account; exceptional cases may still involve NRB.

Ask the bank what evidence it will eventually require for the particular payment. Preserve remittance records, shareholding records and tax documents from the beginning. A legal right to

repatriate money is not a promise that an undocumented transfer will be processed immediately.

## **Separate investing from the right to live and work**

An approved investment or registered company does not automatically grant a visa. The Department of Immigration's visa requirements distinguish the investor's business-visa route from the permissions needed by foreign employees. A business-visa application requires the relevant industry or line-agency recommendation and supporting records.

Foreign staff need the appropriate work authorization and working visa. Do not begin employment on a tourist visa. If the founder will also perform an operational role, explain that role to Immigration and the relevant labour authority instead of assuming ownership answers every employment question.

Check the requirements for dependants separately. Confirm the current fee, duration and renewal documents directly with Immigration: its published fee information is not consistent across every official page. This guide therefore does not quote a fixed business-visa price.

## **Make compliance part of the business model**

Arrange business PAN registration and VAT registration where applicable. Plan for proper invoices, accounting, payroll and withholding obligations, income-tax returns and payments, annual company filings and any industry or local reporting. The Inland Revenue Department's guidance is a starting point; the current Finance Act and the business's actual activity determine the applicable treatment.

Do not price a service or promise a return to investors on the assumption that a tax concession applies. Ask an accountant to document the basis, conditions and period of any relief before building it into a forecast. Put filing and renewal dates into a shared calendar, with a named person responsible for each one.

## **The questions to settle before committing**

- Is the exact revenue-generating activity open to this investor and ownership structure?
- Which investment route and authority apply, and what capital conditions must be met?
- Which permissions remain after incorporation, including for the premises?
- Who will document and record the investment, and what will the bank need for future repatriation?

- Which visa and work permissions cover the founder, staff and dependants?
- Who owns the tax, company and industry compliance calendar?

Return to that first business plan and add a second column beside every commercial ambition: the permission or record that makes it possible. A lease needs a viable operating site. A capital commitment needs a traceable banking route. A founder's move needs the right immigration status.

These are not merely administrative details to hand off after the exciting decisions. They shape which business can be built, how it can be financed and how its owners can eventually take value out. The strongest launch plan connects the opportunity to the paperwork early.

Build the business on permissions you can prove.

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