



## **International Transaction Reporting System (ITRS) Guidelines को मस्यौदा उपर राय/सुझाव सम्बन्धमा**

अन्तर्राष्ट्रिय आर्थिक कारोबारहरूलाई रिपोर्टिङ्ग गर्ने प्रयोजनका लागि अन्तर्राष्ट्रिय मुद्रा कोषले जारी गरेको शोधनान्तर सन्तुलन तथा अन्तर्राष्ट्रिय लगानी अवस्थासम्बन्धी म्यानुअल (Balance of Payments and International Investment Position Manual) को छैठौँ संस्करण (BPM6) बमोजिम तयार गरिएको International Transaction Reporting System (ITRS) Guidelines को मस्यौदा उपर आफ्ना राय/सुझावहरू १५ दिनभित्र यस बैंकको आर्थिक अनुसन्धान विभागको इमेल [bopcurrent@nrb.org.np](mailto:bopcurrent@nrb.org.np) वा निम्न ठेगानामा उपलब्ध गराई सहयोग गर्नुहुन अनुरोध छ ।

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नेपाल राष्ट्र बैंक  
आर्थिक अनुसन्धान विभाग

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# **International Transaction Reporting System (ITRS)**

## **Guidelines, 2022**

*Issued to Banks and Financial Institutions*



**Nepal Rastra Bank**

**Economic Research Department**

**Balance of Payments and International Finance Division**

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## **1. Introduction**

Balance of Payments (BOP) is a statistical statement that summarizes economic transactions between residents and non-residents during a specific period of time. BOP transactions can take place outside as well as inside an economic territory and in international currency as well as domestic currency. The concept of residency is the key to differentiate the international transactions from domestic transactions for BOP compilation purpose.

Most of the payments between residents and non-residents take place through banking channel. Hence, banks should clearly understand the nature of transactions and be able to identify and record these transactions in appropriate heads along with the proper documentation. Banks report these transactions to the BOP compiling authority through International Transaction Reporting System (ITRS).

BOP statistics are broadly categorized into transactions involving three types of accounts. **Current account** covers transactions related to goods and services, primary income and secondary income. **Capital account** covers transactions related to sale or disposal of non-produced/non-financial assets as well as capital transfers. **Financial account** cover transactions related to financial claims on and liabilities to the rest of the world as well as transactions in monetary gold and special drawing rights (SDRs).

Nepal Rastra Bank issued *Sodhanantar Tathyanka Sankalan Nirdesika, 2061 (2004 AD)* (Balance of Payments Data Collection Guidelines, 2061) to capture all international transactions, which is based on the concepts of International Monetary Fund, fifth edition of Balance of Payments Manual (BPM5). The Guidelines laid the foundation for identifying, recording and reporting international transaction as well as positions. With the issuance of Balance of Payments and International Investment Position Manual, Sixth Edition (BPM6) by IMF, some new headings have been added and some are reclassified from the earlier manual. With these changes in the IMF manual, existing reporting system for Nepal is inadequate to capture the details of transactions made by various institutional sectors in different currencies and with different types of non-resident and economies.

ITRS Guidelines<sup>1</sup> (2022) have been developed with the aim of capturing international transactions with additional details. The report submitted as per these guidelines will facilitate the compilation of BOP and International Investment Position as per BPM6. When the complete set of required data is available as per the BPM6, these guidelines will replace the *Sodhanantar Tathyanka Sankalan Nirdesika, 2061 (2004 AD)*

Since the new guidelines require more detail and disaggregated data on international transactions, Banks and Financial Institutions (BFIs) are required to develop their core banking software system to capture comprehensive information on the transactions.

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\* Most of the terminologies, definition and compilation method mentioned in this guidelines are based on the IMF's Balance of Payments and International Investment Position Manual, Sixth Edition (BPM6).

<b>Box no.1: Timeline of BOP Statistics Collection and Compilation</b>	
<b>International Monetary Fund</b>	<b>Nepal Rastra Bank</b>
1. First Edition of BOP Compilation Manual 1947 ✓ Only the listing of components	1. First BOP data published in 2030/31 (2073/74 AD)
2. Second Edition of the Manual 1950 ✓ Describing the concepts of the system	2. <i>Sodhanantar Tathyanka Sankalan Nirdesika, 2031</i> (2073/74 AD)
3. Third Edition of the Manual 1961 ✓ Provided the basis for reporting to the IMF, and ✓ A complete set of balance of payments	3. As per IMF BPM3 Included service and transfer income in 2031/32 (2074/75 AD)
4. Fourth Edition of the Manual 1977 ✓ Fuller treatment of residence, valuation and other accounting principles ✓ Flexibility in the use of the standard components	4. <i>Sodhanantar Tathyanka Sankalan Nirdesika, 2034</i> (1977 AD)
5. Fifth Edition of the Manual 1993 ✓ Provided the linkages with various macroeconomic data ✓ The Manual was extended beyond balance of payments statistics to include the international investment position.	5. <i>Sodhanantar Tathyanka Sankalan Nirdesika, 2038</i> (1981 AD)
6. Sixth Edition of the Balance of Payments and International Investment Position Manual 2009 ✓ Takes into account developments in <u>globalization</u> , ✓ Deals with <u>developments in financial markets</u> ✓ Examine <u>vulnerabilities</u> using balance sheet data, ✓ Harmonization with the <u>System of National Accounts 2008</u> and the IMF's manuals on government finance and on monetary and financial statistics.	6. <i>Sodhanantar Tathyanka Sankalan Nirdesika, 2043</i> (1986 AD)
	7. <i>Sodhanantar Tathyanka Sankalan Nirdesika, 2051</i> (1994 AD)
	8. <i>Sodhanantar Tathyanka Sankalan Nirdesika, 2061</i> (2004 AD)

<b>Box no.2: Need for Migration from BPM5 to BPM6</b>
1. To prepare balance of payments and international investment position statistics according to internationally accepted standards.
2. To enhance comparability of statistics between countries and producing high quality data to reflect the economic reality.
3. To incorporate transactions arising from increased globalization, increasing elaboration of balance sheet issues, and financial innovation.
4. To comply with NRB's strategic plan, 2017-21 which incorporates the task of preparing the balance of payments (BOP) statistics as per BPM6 by Mid July 2020.

## 2. Concept of Residence

Since the BOP records all transactions that are incurred between resident and non-resident, concept of residence is crucial in recognition of international transactions. BPM6 has developed standard criteria to distinguish whether the institutional unit is resident or non-resident. Accordingly, "an institutional unit is resident in an economic territory when there exists, within the economic territory, some location, dwelling, place of production, or other premises on which or from which the unit engages and intends to continue engaging, either indefinitely or over a finite but long period of time, in economic activities and transactions on a significant scale". ***Actual or intended location for one year or more is used as an operational criterion for the purpose of determining residence.*** Based on the above definition, each institutional unit is a resident of one and only one economic territory determined by its *centre of predominant economic interest*. Some cases on residency concepts are discussed below:

<b>Table 1: Quick reference on Resident and Non-Residents</b>			
<b>S.N.</b>	<b>Particulars</b>	<b>Resident</b>	<b>Non-Resident</b>
1	Household dwelling for more than one year	√	
2	Nepalese working abroad for less than one year	√	
3	Nepalese working abroad for more than one year		√
4	Nepalese Students abroad	√	
5	Nepalese travelling abroad for medical treatment	√	
6	Crew of Nepalese airlines, ships and other vehicle	√	
7	Nepalese working in India and China as temporary or seasonal cross border workers	√	
8	Nepalese Diplomats and military personnel on mission	√	
9	Refugees in Nepal	√	
10	Nepalese working as staff of embassies, foreign military camp, and international organization	√	
11	Legally constituted and registered corporations in Nepal	√	
12	Foreign Direct investment companies	√	
13	Indian Pension Camp, British Gurkha Pension Camps		√
14	Branch of foreign airline companies (instituted in Nepal to support its operation)		√
15	International organizations (UNO, World Bank, Asian Development Bank etc.)		√
16	Foreign Construction Companies undertaking short term projects in Nepal		√
17	Foreign construction companies undertaking long-term projects and registered in Nepal.	√	
18	International nongovernment organizations, missionaries, voluntary assistance service with parent office in other nation		√

- a. **All household** along with their dependent members maintaining or intending to maintain a dwelling for more than 1 year are resident of Nepal.

**Nepalese working abroad for less than one year** is resident of Nepal but **Nepalese working abroad for more than one year abroad** is non-resident of Nepal.

**Nepalese Students** irrespective of their duration of residence abroad are treated as residents of Nepal. If their status changes from student to other category, they are treated as non-resident.

**Nepalese** travelling abroad for medical treatment are treated as residents of Nepal irrespective of their duration of stay.

**Crew of Nepalese airlines, ships and other vehicle, Nepalese working in India and China as temporary or seasonal cross border workers** are treated as resident of Nepal.

**Nepalese Diplomats and military personnel on mission** irrespective of their duration of stay abroad are treated as Nepalese resident.

**Refugees** are the resident of Nepal without concern for how long they will be residing.

**Nepalese working as staff of embassies, foreign military camp, and international organization** are Nepalese residents.

Same criteria can be applied to foreign national for determining whether they are Nepalese resident or not.

- b. **Corporations** are considered to have a center of economic interest in the economy in which they are **legally constituted and registered**. When a corporation maintains a branch, office, or production site in another territory to engage in a significant amount of production over a long period of time (usually one year or more), the branch, office, or site is considered to be a (i.e., a separate institutional unit) resident in the territory in which it is located. However, for a branch to be treated as a separate unit from its parent unit, it should involve in significant amount of production activities and maintain balance sheet on its own account. **Any corporation registered in Nepal** irrespective of its ownership is treated as a resident corporation. **Foreign Direct investment companies** are Nepalese resident.

However, branch of companies such as foreign **airlines**, whose services are delivered from a base and instituted in Nepal to support its operations, are treated as non-resident of Nepal. Similarly, institutions such as Indian Pension Camp, British Gurkha Pension Camps etc. are established for the purpose of supporting the operation of its parent company and hence non-resident of Nepal. **International organizations (UNO, World Bank, Asian Development Bank etc.)** are non-resident of Nepal irrespective of their length of stay or local registration.

- c. **Unincorporated enterprises** are not separate institutional units from their owners and, therefore, have the same residence as their owners. Foreign Construction Companies undertaking short-term projects do not register in Nepal; hence they are treated as non-resident of Nepal.

**However**, foreign construction companies undertaking long-term projects and registered in Nepal are treated as resident of Nepal.

- d. **Non-profit institution serving household (NPISH)** such as international nongovernment organizations, missionaries, voluntary assistance service with parent office in other nation are the non-resident of Nepal, irrespective of their local registration.
- e. Non-resident individual or institution with **ownership of land and buildings, and natural resources other than land** in Nepal, are treated as resident of Nepal. Their investment is treated as direct investment.
- f. For further details on residence, refer to Balance of Payments and International Investment Position Manual, Sixth Edition BPM6 (Ch.4, pp70-79) at <https://www.imf.org/external/pubs/ft/BOP/2007/pdf/bpm6.pdf>

### **3. Concept of Institutional Sectors**

Institutional unit is an entity capable of taking economic decisions, owning assets and incurring liabilities, making transactions and entering into contracts on own behalf and having a set of accounts including a balance sheet of assets and liabilities. Institutional units with similar economic objectives, functions and behaviors are grouped together within sectors. For the purpose of compiling balance of payment statistics, the decision units of the economy are classified into the following sectors;

- a. **General Government** is the unique type of legal entity established by political process and has legislative, judicial and executive authority over other institutional unit within a given area. Government raises funds by collecting taxes and through compulsory transfers from other institutional unit. Government provides collective services such as defense, public administration, law enforcement, public health etc. Government also produces goods and services that are offered to public for free or prices that are not economically significant. Government transfers funds to other institutional units in the form of subsidies. Hence government unit consists of departments, branches, agencies, foundations, institutes, nonmarket nonprofit institutions controlled by government, and other publicly controlled organizations engaged in nonmarket activities. Embassies located outside territory are also part of government. The social security funds operated also constitutes government unit. General Government is classified as Central, State and Local governments.

Government-controlled enterprises that produce market output (i.e., charge prices that are economically significant) and have complete sets of accounts are excluded from general government and are included as *public enterprises in the appropriate nonfinancial or financial corporations sector*. The requirement that prices be economically significant means that prices must be high enough to have an impact on the demand for, and supply of, a good or service.

- b. **Central Banks** is financial corporation whose primary function is to issue currency, maintain the internal and external value of currency and hold all or part of international reserves of the country. Nepal Rastra Bank is the central bank of Nepal.
- c. **Other Depository Corporations (ODCs)** are institutions that perform financial intermediation as primary functions and hold financial liabilities in the form of deposits

or similar instruments. So far, A, B and C Class institutions are defined as ODCs in Nepal. Other institutions, if their balance sheet is consolidated and used to compute broad money, will also be treated as ODCs.

- d. **Other Financial Corporations** are institutions that also perform the function of financial intermediation but their financial positions are not included under broad money. They include institutions such as pension fund corporations, insurance companies, citizen investment trust company, microfinance, cooperatives, money market and investment fund company, underwriter, stock broker, guarantee corporations, money changer, money transfers company, financial leasing companies, clearing houses, export and import financing companies, venture capital and development capital firms, financial auxiliaries, captive financial institutions such as special purpose funds operated by government or nonfinancial corporations, and similar types of institutions.
- e. **Nonfinancial corporations** consist of institutions either owned by government (public nonfinancial corporation) or private sector (other nonfinancial corporation) which involve in the production of market goods and services. These include legally constituted corporations, branches of nonresident enterprises and quasi-corporations. Quasi-corporations are branches, trust and so on which operate as separate entities but do not have sufficient power to take self-decisions and are controlled by parent companies.
- f. **Households** are a group of persons who share the same living accommodation, who pool some or all of their income and wealth, and who consume certain types of goods and services collectively, mainly housing and food. Household sectors also include enterprises that do not satisfy the definition of corporation or quasi-corporation i.e. non-legal entities that are non-separable from household.
- g. **Nonprofit institutions serving households** are entities mainly engaged in providing goods and services to households or the community at large either free of charge or the prices significantly below market price, *except those that are controlled and mainly financed by government*. They include charities, relief and aid organizations such as NGO's, community service organization, trade unions, professional and other union, consumer union, cultural recreational clubs etc. They are typically financed by contributions, subscriptions from members or earning from holding real or financial assets.  
The nonprofit institutions serving business such as chamber of commerce and trade associations are included in nonfinancial corporations. Nonprofit institutions owned and controlled by government are government units.

**Rest of the world** includes all nonresident institutional units that enter into the transactions with residents. They also include international organizations irrespective of the place of their establishment. They are defined as nonresident even when they are established in the resident economy. The nonresident sectors are classified on the same way as the resident institutional sectors.

Detailed information on Institutional Sector is available at Annexure 3

#### **4. Balance of Payment Accounting**

The compilation of the Balance of Payments follows double-entry accounting principles applicable to national accounting system. For every debit entry there is equal credit entry. For clarification, some examples along with debit and credit entries are illustrated below:

##### **a. Goods and Service Export: Entries**

Dr. Financial Asset or Liability Account	xxx
Cr. Goods and Service Account	xxx

**Explanation:** Export receipts results in increase in financial asset (foreign currency cash or balance held abroad or trade credit receivable) or decrease in financial liabilities (deposits of non-resident or trade credit payable), hence debit entry. Similarly, export leads to decrease in stock of goods and services hence credit entry.

##### **b. Goods and Service Import**

Dr. Goods and Service Account	xxx
Cr. Financial Asset or Liability Account	xxx

**Explanation:** Import results in increase in stock of goods and services hence debit entry. Similarly, import payment results in decrease in financial asset (foreign currency cash or balance held abroad or trade credit receivable) or increase in financial liabilities (deposits of non-resident or trade credit payable), hence credit entry.

##### **c. Interest on bond investment abroad**

Dr. Financial Asset	xxx
Cr. Interest income	xxx

**Explanation:** Interest receipts results in increase Financial Asset (foreign currency cash in cash or balance held abroad or interest receivable), hence it is a debit entry. Similarly, interest income is recorded as credit entry.

##### **d. Remittance from abroad**

Dr. Financial Asset	xxx
Cr. Personal Transfer	xxx

**Explanation:** Remittance inflows lead to increase in foreign assets (foreign currency cash or balance held abroad), hence it is a debit entry. Similarly, nothing is paid against the provision of such asset, personal transfer receipt is recorded as credit entry.

##### **e. Direct investment in Nepal**

Dr. Financial Asset	xxx
Cr. Direct investment (incurrence of Liability)	xxx

**Explanation:** Direct investment leads to increases foreign assets (foreign currency cash or balance held abroad), hence these are debit entries. Similarly, long-term equity liability to foreigners are created, hence these are credit entries.

**f. Maturity of Financial Instrument invested abroad**

Dr. Financial Asset	xxx
Cr. Financial Asset	xxx

**Explanation:** Maturity of financial instruments invested abroad increases foreign assets (foreign currency cash or balance held abroad), hence these are debit entries. Similarly, settlement of maturing leads to decrease in foreign assets (debt securities), hence these are credit entries.

All examples illustrated above show that, there is at least one entry in financial assets or financial liabilities account. Since all financial accounts are maintained on Depository Corporation i.e. Central Bank or Commercial banks and other financial institutions, debit or credit entries in foreign financial account with clear purpose of transactions helps identify the counterpart debit and credit entries that are necessary for compilation of BOP and International Investment Position (IIP).

**5. International Transaction Reporting System**

International Transaction Reporting System (ITRS) is a system for compiling and reporting transactions and positions with non-residents to facilitate BOP compiling authority compile the nation's BOP account. ITRS should include all transactions in foreign assets and liabilities held by BFIs' central and branch offices at individual level. ITRS should report all transactions recorded in

- a. **Foreign currency (bank notes) account**
- b. **Nostro Account**
- c. **Vostro Accounts**
- d. **Non-residents account with Nepalese banks**

Nepalese Currency Accounts held by non-residents such as foreign consulates, international organization and staff of international organization is **foreign liabilities** denominated in local currency, and hence transaction in these account with Nepalese resident are recorded as international transactions. However, foreign currency accounts held by Nepalese residents in Nepalese banks are **domestic liabilities** denominated in foreign currency, and hence transactions in these accounts are not recorded as international transaction.

All transactions in these accounts should be recorded at **mid-point** of buying and selling exchange rates.

## **6. Reporting Requirements**

Banks and financial institutions (BFIs) should collect and record information in greater detail of each international transaction and should verify it with proper documentation. NRB may conduct an on-site visit of the BFIs to verify the transaction. BFIs should be able to present the required documentations during those NRB visits. BFIs need to develop the form and the system that should capture the information as required for NRB reporting as per this guideline.

BFIs should report to NRB on a monthly basis all transactions with non residents in the prescribed formats within 7 days after the end of each Nepalese month. The data is collected by NRB through NRB Supervisory Information System (SIS).

Two returns namely NRB34: Details of transactions in nonresident claims and liabilities and NRB46: Details of Assets/Liabilities, claimed/held by Non-residents have been developed in SIS to capture data on international transactions from BFIs.

NRB34 collects information on the transactions between residents and non-residents in a greater detail with information on the purpose of the transaction, currency, institutional sector of the transactor, counterparty, mode of payment, amount in LCY as well as FCY. However, for reporting purpose, transactions can be aggregated based on ITRS codes, counterparty country, currency, institutional sector and mode of payment.

International transactions on these items, however, have to be reported on individual basis.

1. Dividend (ITRS code 1410)
2. Interest (ITRS code 1420)
3. Rent (ITRS code 1430)
4. Development Assistance (ITRS code 1610)
5. Technical Assistance (ITRS code 1620)
6. Transaction in on non-resident-Equity/Liability to non-resident-Equity (ITRS codes 1710 and 1810)
7. Claims on non-residents-Long-term debt Securities/ Liability to non-residents - long-term debt securities (bonds, notes) (ITRS Codes 1731 and 1831),
8. Claims on non-residents-Short-term debt securities / Liability to non-residents - short-term debt securities (ITRS Codes 1732 and 1832)
9. Claims on non-residents - long-term loans/ Liability to non-residents - long-term loans(ITRS Codes 1751 and 1851) and;
10. Claims on non-residents - short-term loans/ Liability to non-residents - short-term loans (ITRS Codes 1752 and 1852)

The information on each field of NRB34 is described in annexure 2. Similarly, ITRS Codes which define the purpose of the transaction is described in annexure 4.

NRB46 collects information on the claims and liabilities among residents and non-residents. In NRB46, the opening and closing positions of **foreign financial assets and liabilities** should be reported along with **economy** and **currency of denomination**. This is used for the purpose of reconciliation and preparation of international investment position (IIP) by Nepal Rastra Bank. All changes in position between two points in time are fully explained by recorded flows called transactions.

**Closing Position= Opening Position**

**+ Transactions**

**+ Change in volume**

**+ (-) Revaluation Gain (Loss)**

where,

- Opening and closing positions are the value of financial assets and liabilities valued at market price,
- Transaction is an interaction between two persons (residing in different economies) or institutional units (located in different economies) that occurs by mutual agreement or through the operation of the law and involves an exchange of value or a transfer. It consists of receipts and payments transactions.
- Changes in volume reflect the changes in value of assets or liabilities that are neither due to transactions nor revaluations. Examples of such transactions are cancellation, write-offs, economic appearance and disappearance of assets, reclassification and changes in financial assets arising from entities changing their economy of residence. Since the volume of such changes is small in international transactions, such transactions are not separated from normal transactions for practical purpose.
- Revaluation gains(losses) are the changes in position due to change in exchange rate or price

The information on each field of NRB46 is described in annexure 6

**ANNEXURE 1**

**NRB 34: Details of transactions in nonresident claims and liabilities (Monthly)**

..... year ..... month

*(To be submitted within 7 days after the end of each Nepali month)*

Details of transactions in nonresident claims and liabilities																				
Serial number	Branch code*	Currency code*	Transaction date*	Reference number*	Branch name	Transactor name	ITRS code*	ITRS description	Transactor code	Transactor's institutional sector*	Narration	Mode of payment*	Transaction rule*	Transaction type*	Counterparty transactor name	Amount in FCY*	Amount in NPR*	Counterparty institutional sector*	Counterparty country code*	Remarks
					X1	X2	X3	X4	X5	X6	X7	X8	X9	X10	X11	X12	X13	X14	X15	X16

CONSULTATIVE DOCUMENT

**ANNEXURE 2**  
**Note on NRB34**

<b>Heading</b>		<b>Description</b>
<b>Serial number</b>		Serial Number of the transaction. System automatically enters it starting from 1.
<b>Branch code*</b>		Code of the branch. For aggregate reporting, use the code of the head office.
<b>Currency code*</b>		Three letter codes used in transaction as per ISO 4217 standard. (Details available at common master list in SIS)
<b>Transaction date*</b>		English date of the transaction in yyyy/mm/dd format. This date cannot be the beyond the reporting period end date. For aggregate reporting, use the last day of the reporting period.
<b>Reference number*</b>		Reference number generated by core banking system of the BFIs for this transaction. For aggregate reporting, write 'Not Applicable'
<b>Branch name</b>	<b>X1</b>	Name of the branch (Auto from Branch Code)
<b>Transactor name</b>	<b>X2</b>	Name of the transactor who initiated the transaction. For aggregate reporting, report "monthly aggregates" for this field
<b>ITRS code*</b>	<b>X3</b>	The four number code identifying the purpose of the transaction.
<b>ITRS description</b>	<b>X4</b>	The description for the ITRS code. (Auto generated from ITRS code X3)
<b>Transactor code</b>	<b>X5</b>	For inter-bank transaction i.e., ITRS purpose code 1901, Bank code else N/A (Select from dropdown list)
<b>Transactor's institutional sector*</b>	<b>X6</b>	Institutional Sector code of the transactor. Details available at 'Concept Document for Institutional Sector Grouping for SIS reporting purpose, Nepal Rastra Bank' (Select from drop down list)
<b>Narration</b>	<b>X7</b>	Description of the transaction
<b>Mode of payment*</b>	<b>X25</b>	Mode of payment. Choose among Cash, Swift, Cheque, Electronic transfer, Card and; others
<b>Transaction rule*</b>	<b>X26</b>	Facility under which the transaction takes place. List available in download menu of SIS portal.
<b>Transaction type*</b>	<b>X27</b>	Type of transaction. Choose among: 1. Inflow/Receipt 2. Outflow/Payment
<b>Counterparty transactor name</b>	<b>X28</b>	Name of the counterparty
<b>Amount in FCY*</b>	<b>X29</b>	Face Value in foreign currency (FCY).
<b>Amount in NPR*</b>	<b>X30</b>	Corresponding value in NPR.
<b>Counterparty institutional sector*</b>	<b>X31</b>	Institutional Sector Code of the counterparty. Details available at 'Concept Document for Institutional Sector Grouping for SIS reporting purpose, Nepal Rastra Bank' (Select from drop down list)
<b>Counterparty country code*</b>	<b>X32</b>	The three letter code indicating country (Select from drop down list)
<b>Remarks</b>	<b>X33</b>	Remarks for the transaction for further information about the transaction.

\* These fields are mandatory

## ANNEXURE 3

### Institutional Sector Grouping

S.N.	Code	Description	Details of description
<b>RESIDENT UNITS</b>			
1	1101	Central Government	<ul style="list-style-type: none"> <li>• This sector includes all ministries, department, divisions, universities, schools, colleges and all institutions financed by central government.</li> <li>• It includes following institutions that are managed, funded, and controlled by Central Government of Nepal               <ul style="list-style-type: none"> <li>- All regulatory authorities like Security Board, Insurance Board, company registrar office, health and education regulator, Telecom Authority (but not Nepal Telecom), civil aviation authority etc.</li> <li>- All schools and universities where salaries for staff and teachers are borne by central government budget. It thus includes all public schools where government salaries are disbursed but excludes those schools which are managed by cooperatives or charity funds. It also includes Tribhuvan University but excludes other private universities</li> <li>- Nepalese Embassies and other government-controlled diplomatic or any other institutions abroad.</li> <li>- The Social Security Fund (SSF) that is recently established by the government</li> </ul> </li> </ul> <p>However, it does not include public enterprises or Government-controlled enterprises that produce market output i.e., charge prices that are economically significant and have complete sets of accounts. They are part of public nonfinancial corporations or public financial corporation, if they are financial (but financial corporations are not having breakdown as public or private in SIS and hence to be reported irrespective of control)</p>
2	1102	Province Government	It follows the similar rule as that of Central Government but having control, funding and management by province government
3	1103	Local Level	It follows the similar rule as that of Central Government but having control, funding and management by Local level municipalities and rural municipalities.
4	1201	Nepal Rastra Bank	Monetary Authority of Nepal (NRB)
5	1301	A Class	All commercial banks, licensed by NRB
6	1302	B Class	All development banks, licensed by NRB
7	1303	C Class	All finance companies, licensed by NRB
8	1304	D Class	All microfinance financial institutions, licensed by NRB
9	1305	Saving and Credit Cooperatives	All saving and credit cooperatives licensed by cooperative division of the government of Nepal, irrespective of level of government (central or province or local) whose major business is accepting deposits from the members

10	1306	Postal Saving Bank	Deposit taking institution established in Postal Office of the government of Nepal and established under Postal Act, 2019
11	1307	Money Market Fund	They are investment fund institutions who invest only in highly liquid instrument such as treasury bills, government bonds etc.
12	1401	Infrastructure Bank	All types of infrastructure bank categories, licensed by NRB
13	1402	Hire-purchase Companies	Special license given by NRB to hire purchase companies like Siprodi Hire purchase Pvt. Ltd, Batas investment company pvt. Ltd, etc.
14	1403	Hydroelectricity Investment and Development Company	HIDCL in short, licensed for lending by NRB
15	1404	Insurance Companies	It includes all life/nonlife insurance companies and reinsurance companies of Nepal established under insurance act. It also includes government-owned insurance company like Rastriya Beema Sasthan and Deposit and Credit Guarantee Fund (DCGF), and any other upcoming financial guarantee companies to be established under appropriate act.
16	1405	Employees Provident Fund	It includes existing EPF and any other upcoming autonomous fund established for the purpose of providing incomes on retirement for specific groups of employees that are organized, and directed, by private or public employers or jointly by the employers and their employees. However, it excludes social security fund of government which is included into central government
17	1406	Citizens Investment Trust	It is existing CIT
18	1407	Army welfare Fund	It includes all types of funds operated by Nepal Army
19	1408	Police welfare fund	It includes all types of funds operated by Nepal Police
20	1409	Armed police welfare fund	It includes all types of funds operated by Nepal Armed police
21	1410	Rural Self Reliance Fund	It is discontinued because of its transfer into Sana kisan
22	1411	Other fund separates from main institution	It includes all other funds not mentioned above which are operated by institutions that have separate balance sheet. Organization or sometimes group of employees or union may establish such funds by pooling compulsory or voluntary savings from its member to form a Fund commonly known as Kosh. Such Kosh have separate balance sheet. The Kosh lend its fund, invest in different financial instrument and distribute net returns to it's members. For example, if a particular A or B or C class bank has welfare fund having registered independently with its own balance sheet, that is to be included here, not in parent bank itself.
23	1412	Money Changer	Money changer as licensed by NRB for money exchange facilities
24	1413	Broker	Securities Broker licensed by NEPSE and SEBON for facilitating exchange of securities
25	1414	Stock Exchanges	Nepal Stock Exchanges (NEPSE)

26	1415	Remittances companies	Financial Institutions licensed as remittance companies by NRB
27	1416	Mutual/Investment Fund	Mutual Fund companies that pool investment in the units of fund and invests in securities, licensed by SEBON to operate as mutual fund companies
28	1417	Other financial corporation n.i.e.	All corporations that are primarily engaged in the financial intermediation or sell financial services are included in this heading. Some of the institutions under this list contains as follows: <ul style="list-style-type: none"> <li>• Representative office of foreign banks,</li> <li>• Nepal clearing house,</li> <li>• Merchant banks,</li> <li>• underwriters and security dealers,</li> <li>• asset management companies,</li> <li>• Payment service providers,</li> <li>• Payment system operators,</li> <li>• investment fund companies (that pool money from it's member and invest in securities other than mutual fund companies),</li> <li>• investment companies that pool saving from members and invest in real estate for the purpose of reselling,</li> <li>• import and export financing companies</li> <li>• Credit rating companies</li> <li>• Special purpose entities that are established to raise funds for use by their parent companies</li> <li>• Money transfer, financial leasing companies etc.</li> </ul>
29	1501	Public Non-financial corporation	All nonfinancial corporations with majority share owned by government). It includes all public enterprises which are non financial in nature
30	1502	Foreign Direct Investment Companies	Nonfinancial corporation having control or a significant degree of influence on the management by non-resident.
31	1503	Nonprofit institutions serving business institutions (Associations)	Association that serve business associations (FNCCI, Banker's Association, CNI, Various business associations, associations of farmers, producers, sellers, distributors, importers, exporters, transport, transporters, cargo etc.
32	1504	Other nonfinancial corporation	NFCs not owned by public or non-resident. All private goods and services producing entities are included in this heading
33	1601	Individual - Male	Natural Person, gender male
34	1602	Individual - Female	Natural Person, gender female
35	1603	Individual - Others	Natural person, gender others
36	1604	Individual - Joints	It includes accounts held by more than one individual either male or female of other or mixed. If the joint account is among institutions, or among institution and individuals, it should not be included here.
37	1701	Community Hospitals	It includes Hospitals owned by communities or trusts or charity organization that either do not charge fee or charge only minimum fee that are well below market price. Note: Hospitals owned by private sector for profit motive are not included here but included in other nonfinancial corporations. Similarly, hospitals owned by government like Bir Hospital,

			army hospital, police hospital, district and state level hospitals etc are included in respective general government head (1101 to 1103 codes).
38	1702	Community schools and colleges	This is completely similar to 1701 for school and colleges cases. Private schools and government funded schools are not included here.
39	1703	Other non-profit institutions	Any other not for profit institutions are reported here. It includes trade unions, professional or learned societies, consumers' associations, political parties, churches or religious societies, social, cultural, recreational, and sports clubs; charities and relief or aid organizations financed by voluntary transfers (in cash or in kind) from other institutional units, Guthi owned by community
40	1704	Cooperatives nonfinancial	It includes all cooperatives under cooperative division for other than Saving and Credit Cooperatives as primary business
41	1705	Local Consumer Committee (UpabhoktaSamiti)	It includes committees formed with purpose of completing projects such as town development, road, drinking water, sanitation, electrification etc either by owing funds in complete or managing flow of funds from government or community sharing to construction companies
42	1706	Nongovernment Organizations	It includes institutions registered as non-governmental organization in Nepal. These organizations are funded by member contribution or grants from donor agencies and provides various services to public without charge or charge that are not sufficient to generate profit
<b>NON RESIDENT UNITS</b>			
43	2101	Foreign government, Diplomatic and Grant commissions	All foreign embassies and consulates or representative of foreign government in Nepal, diplomatic and grant commissions led by foreign government such as USAID, DIFID, UKAID etc.
44	2102	British Pension Camp	Established by British government to facilitate pension distribution to British Army retired Nepali or their dependent
45	2103	Indian Pension Camp	Established by Indian government to facilitate pension distribution to Indian Army retired Nepalese or their dependent
46	2104	Foreign government led projects	These accounts are owned either in name of Foreign Government or appointed companies for period of project life. These account normally pools fund from foreign governments as well as Nepal government and make expenditure from that account
47	2105	International Organizations	International organization such as UN, World Bank, IMF, World Bank, Multilateral Agencies etc
48	2201	Foreign Central Banks	Monetary authorities or Central Banks of foreign countries with responsibility of issuing money
49	2301	Foreign Banks	These are deposit taking corporation of foreign nations. These accounts consists Nostro and Vostro Accounts
50	2401	Foreign other financial corporations	These accounts consist of all foreign financial corporations' except foreign banks
51	2501	Foreign Airlines	These accounts are owned by foreign airlines in its own name, representative of foreign airlines that operate as general or sales agents or local agents that are registered in Nepal but work for foreign Airlines. In case of local agents working for two or more airlines, separate accounts should be used for each

			for each airline
52	2502	Parent companies of foreign owned corporate	These are companies established in other nation with Foreign Direct Investment in Nepal
53	2503	Nepalese company abroad (parent company in Nepal)	These are Foreign Direct Investment Companies of Nepal established in foreign countries. (Note: currently not allowed by law)
54	2504	Other nonresident not defined	These include foreign companies operating in Nepal but not registered in Nepal. Companies such as foreign construction companies, companies on short term projects, foreign companies participating in exhibition etc do not register in Nepal and operates till the life of project
55	2601	Non-Residents Nepalese (NRN)	Foreign nations with identity card of Non resident Nepalese provided by Nepal Government
56	2602	Non-resident Individuals except NRN	All foreign individuals in short term visa (visa less than 1 year), foreign individual working for foreign government and international organization despite visa status, foreign students, foreign military personnel in mission etc. (Note: Foreign individual with work permits from Nepal Government are classified under heading 16. Indian nationals working for Nepalese companies for more than 1 year or account of Indian Nationals opened on request of Nepalese companies are also classified under 16)
57	2701	International nongovernment institutions	These are nongovernment institutions registered in foreign nations (Note: Institutions owned by foreign government or international organization are not classified in this heading).

## ANNEXURE 4

### International Transaction Reporting System (ITRS) Codes

ITRS Code	Particulars	Description
1110	General merchandise other than nonmonetary gold	It includes all transactions related to merchandise export or import except nonmonetary gold. It covers all transactions related to advance or settlement for delivery of goods. Transactions made through use of draft, TT, swift, credit advice, online payment using dollar card for goods purchased or sold from outside country, POS transaction for sale of goods with value greater than USD 500 or equivalent by foreigners in Nepal or by Nepalese in foreign countries should be captured in this heading.
1120	Nonmonetary gold	It includes all transactions related to gold bullion (i.e. gold coins, ingots, or bars with a purity of at least 995 parts per 1,000, including such gold held in allocated gold accounts), gold powder, and gold in other unwrought or semi manufactured forms with purpose of reselling. It covers gold purchased or sold by banks and gold and silver dealers.
1130	Electricity	It includes all transactions related to purchase and sale of electricity.
1140	Goods supplied in port	It includes transactions related to receipts made by Nepalese organization by selling goods to foreign airlines or foreign transports in the airport or ground ports and payment made by Nepalese airlines or transports in the foreign airports or ground ports. It covers receipts from sale of oil by Nepal Oil Corporation to foreign airlines, receipts from catering and other supplies to foreign airlines, receipts from sale of oil in border area to foreign vehicles etc. It also covers payment made by Nepalese airlines in foreign airport for oil and other supplies.
1150	Merchanting	Merchanting activities covers buying, storing and reselling goods that are purchased from non-resident and resold to non-resident without bringing into Nepalese territory. Sales margin and income/loss from the revaluation of price are the outcome of merchanting activities. Merchanting covers all payments and receipts related to merchanting activities.
1160	Goods return	It includes the receipts for amount previously paid for import and payments for amount previously received for export of returned goods
1211	Freight service - sea transport	It includes all receipts from shipping companies owned by Nepal and payments made to shipping or sea related transport companies owned by other nation by Nepalese companies.
1212	Freight service - air transport	It includes receipts from freight service by Nepalese Airlines and payments made to foreign airlines by Nepalese companies for freight services.
1213	Freight service - other transport	It includes receipts from freight services by Nepalese road transport companies, wheeling charges on electricity transmission, use of pipelines and ropeways and payments for freight service to foreign road transport, railway, transmission, pipeline and ropeways companies.
1221	Passenger service - sea transport	It includes payments to foreign shipping companies for passenger services.
1222	Passenger service - air transport	It includes payments made to foreign airlines and receipts from foreigner for passenger services. Online payment and receipt made for purchase and sale of tickets on international routes should be covered under this heading.
1223	Passenger service - other transport	It includes receipts from and payments made to road transport companies operating on international route i.e. Nepal-India and Nepal-China routes.

1231	Other transport service - sea transport	It includes payments made to companies other than shipping companies involved in handling the goods arriving and departing from sea
1232	Other transport service - air transport	It includes receipts from Nepal Airlines for ground handling services of foreign airlines, Civil Aviation Authority for navigation charges collected from foreign airlines and Travel and courier companies for agency commission from foreign airlines for selling tickets and cargo services. It covers payment abroad by Nepalese airlines for the same purpose.
1233	Other transport service - other transport	It includes receipts made to Nepalese companies for handling, storing and other services to Indian transport companies and payments made to Indian companies for handling Nepalese transporters.
1240	Postal and courier services	It includes all receipts made to Nepalese postal and courier companies and payments made by Nepalese courier companies to foreign courier companies for postal and courier services. It covers charges for pickup and door to door delivery of letters, newspapers, periodical, brochures, other printed material, parcel and packages, mailbox rental services, sale of stamps and money orders, telegram services and so forth.
1251	Business travel	It includes receipts and payments related to travel expense made by person travelling on business visits, employees travelling on behalf of their employers, crews, government employees on official travel, employees of international organization on official business, self-employed resident and employee of enterprise travelling with purpose of installation and assembling work, sales campaign, market exploration, commercial negotiation, missions, conference, conventions, meeting etc. It also includes personnel purchase of goods and services for personnel use while on business travel.
1252	Temporary employment (foreign employment less than 1 year)	It includes receipts and payments related to travel expense made by border, seasonal and other short-term cross-border workers travelling abroad for the purpose of temporary employment.
1253	Long migration (including outgoing for foreign employment more than 1 year)	It includes receipts and payments related to travel expense made by migrants and people outgoing for foreign employment for more than 1 year Sale of FCY to Nepali Migrant on travelling for the purpose of permanent residency (Passport FCY Exchange)
1254	Education	It includes receipts and payments incurred by individual coming or going for abroad study such as tuition fees, lodging, food, clothing and all other expenses incurred abroad. However, fees paid for correspondence courses and exams fees for TOEFL, IELTS, and GRE etc. are included under personal, cultural and other recreational services.
1255	Medical	It includes direct and other receipts and payments incurred by individual travelling abroad for medical treatment.
1256	Local hotels	It includes the deposits made by local hotels from the amount received as income from tourist. No amount is to be reported as payments under this heading.
1257	Local travel agencies	It includes receipts from local travel agencies the amount earned by providing services to tourists and payments made to the travel agencies.
1258	Local trekking and rafting agencies	It includes receipts from local trekking and rafting agencies the amount earned by providing services to tourists and payments made to the trekking and rafting agencies.

1259	Other personal travel	It includes receipts and payments incurred by individual coming from or going abroad for vacations, participation in recreational and cultural programs, visit to friend and relatives, pilgrimage etc. It also covers receipts and payments made through use of electronic card on Point of Sale Machine or ATM and internet services.
1260	Refund to/from travelers	It includes refund/return of previous transactions. It also includes reversal of automated transactions that were captured as receipt or payments in the past.
1270	Money exchange company deposit	It includes receipts/deposits from the Money exchange company.
1310	Manufacturing services	This includes all transactions relating to fees paid by owner for processing, assembling, labeling, packaging of goods etc. (oil refining, liquefaction of natural gas, assembling of clothing and electronics, assembling, labeling and packaging of goods without owning goods). This head includes only fee charged by processor. When additional goods that are purchased from local economy are used during processing activity and separately billed, those billed amount should be recorded as export of goods. Similarly, if goods under processing are sold in local economy, payments should be recorded as import of goods.
1320	Maintenance and repair services except for construction & computer	It includes maintenance and repair charges (except for construction services and computer related maintenance charges) for services rendered by residents on goods that are owned by non-residents or vice versa. These services include maintenance charges for ships, aircraft and other transport equipment. If separate billing is done for expenses incurred for parts used while rendering maintenance service, it should be recorded as exports or imports of goods.
1331	Construction services abroad	It includes income made by Nepalese companies for short term construction work on receipt side and payment made by Nepalese construction companies to non-resident's local institutions for goods and services acquired on the payment side. If existing building or infrastructure is sold to embassies or non-resident, it is also recorded as income from construction services abroad.
1332	Construction service in Nepal	It includes payment made to Foreign Construction companies working in Nepal for construction work on payment side and payment made by those companies to local institutions for goods and service provided on the receipt side.
1341	Insurance premiums	It includes receipt and payment of premium for direct insurance or reinsurance.
1342	Insurance claims	It includes receipt and payment relating to claim for the coverage of risk under insurance service.
1343	Financial services	It includes receipt and payment for all explicit charges for the financial services, trading margins on financial instruments, other services related to financial activity such as advisory, custody and asset management services. Explicit charges includes application charges, commitment fees, fees for one-off guarantees, Letter of credit, Credit Card Services, Commission and charge related to financial leasing, factoring, underwriting and clearing of payment, financial advisory service, asset management service, custody of bullion, financial asset management, monitoring service, liquidity provision service, risk assumption services other than insurance, merger and acquisition services, credit rating services, stock exchange services, trust services etc. Margin on buying and selling of foreign exchange currencies, shares, bonds, notes, financial derivatives and other financial instrument. Margins are calculated as difference between reference price and buying and selling prices. It also includes income made by securities dealers dealing with non-resident securities as well as non-resident institutions holding resident shares

1350	Charges for use of intellectual property (royalties and fees)	It includes receipts and payments for the charges for the use of proprietary rights (such as patents, copyrights, industrial processes, designs including trade assets, brands, design rights, franchise) or any outputs of research and development and marketing research. It also includes the charges for the license to reproduce or distribute intellectual property embodied in produced originals or prototypes (such as copyrights on books, manuscripts, computer software, cinematographic works and sound recordings and related rights such as for live performances and television cable or satellite broadcast). It may be in the form of fees, commissions or royalties paid to owner or creator at one time or in series of time. However, the outright sale of a copyright is treated as sale of non-produced, non-financial assets and is recorded within the Capital Account.
1361	Telecommunication services	It includes receipts and payments for charges for broadcast or transmission of sound, images, data or other information by telephone, telex, telegram, radio and television through cable as well as satellite, e-mail, facsimile, business network services and teleconferencing. It includes charges for mobile telecommunication services, internet backbone services and online access services as well as charges for access to internet services.
1362	Computer services	It includes receipts and payments for hardware and software related service, data processing services, sale of customized software, development, production, supply and documentation of customized software, operating system made to order for specific users, non-customized software downloaded or otherwise electronically delivered, license to use non-customized software provided on storage device with periodic license fee, sales and purchase of originals and ownership rights for software systems and applications, hardware and software installation, maintenance and repairs, data recovery services, advice and assistance on matter related to management of computer resources, analysis, design and programming of systems, ready to use including web page development and design and technical consultancy related to software, system maintenance and other support services such as training provided as part of consultancy, data processing and hosting services such as data entry, tabulation processing on time share base, web page hosting, application hosting, productivity software, game and other application. However, purchase of readymade software or non-customized software is recorded as trade in goods.
1363	Information service	It includes receipt and payment related to service provided by news agency, provision of news, photographs and featured articles to media, database services that includes database conception, storage and dissemination of data and database (directories and mailing lists) both online and through magnetic, optical or printed media, web search portal, direct subscription for newspaper (non-bulk because bulk subscription is included in goods), online content subscription, library and archive services, downloaded content (except software and audiovisual).
1371	Research and development services	It includes receipt and payment for services associated with basic research, applied research and experimental development of new products and process in physical sciences, social sciences and humanities. It also includes development of operating systems which represents technological advance, commercial research related to electronics, pharmaceutical and biotechnology.
1372	Professional and management consulting services	It includes receipt and payment for legal, accounting, management consultancy, managerial services, public relations services, advertising, market research, and public opinion services. It also includes services management of branch, subsidiary or associated companies provided by a parent enterprise or other affiliated enterprises for fees.

1373	Technical, trade-related, and other business services	<p>It includes receipts and payments for technical, trade related and other business services.</p> <p>Technical services includes architectural, engineering and other technical services, waste collection and disposal, remediation, sanitation and other environment protection services, production of carbon offsets or carbon sequestration, agricultural, mining and veterinary services.</p> <p>Trade related services includes commission on goods and services transactions payable to merchants, commodity brokers, dealers, auctioneers and commission agents, agent's fees or commission on sales of ships, aircrafts and other goods.</p> <p>Other business service includes charges for distribution services related to water, steam, gas and other petroleum products and air conditioning supplies were not identified separately from transmission services, placement of personnel security and investigative service, translation and interpretation, photographic services, publishing, building cleaning, real-estate service, forfeited down payments, service merchanting.</p>
1374	Audio-visual and related services	<p>It includes receipts and payments for service and fees related to production of motion pictures, radio and television programs and musical recordings. It also includes charges for rentals of audio visuals and related products, charges for access to encrypted television channels, fees to actors, directors, producers involved in theatrical and music productions, sporting events, circuses and other similar event, mass produced recording and manuscripts that are purchased or sold outright or for perpetual use either obtained through license to use or outright purchased either online purchase or any other means. It also includes outright purchase and sale of original manuscripts, sound recordings, film and so forth.</p>
1375	Personal, cultural, and recreational services	<p>It includes receipts and payments for services provided by hospitals, doctors, nurses and paramedical and similar personnel services, laboratory services and similar services whether rendered remotely or on-site. It includes charges for education services through correspondence courses through television or Internet or other means as well as by teacher who supply service directly in host economies, exam fees for tests such as TOEFL, GRE, SAT, IELTS etc, museums and other cultural services, sporting, gambling and recreational activities fees, and fees and for athletes.</p>
1376	Operating and leasing service	<p>It includes receipts and payments related to charges for renting of tangible assets to the lessee. Major components include leasing and charters of ships, aircrafts and other transportation without crews. Under operating lease the maintenance, servicing and back facilities as well as replacement of equipment in case of breakdown is provided by the owner. However, time charter (for example aircraft, ship, helicopter etc) with crew should be included on transport service, passenger or freight service</p>
1380	Services to governments, not included elsewhere	<p>It includes receipts and payments related to supplies of goods and services (such as office supplies, vehicles, repairs, electricity, rentals etc) to or by enclaves, such as embassies, consulates, military base, government missions, international organizations and their staff and staff's dependents. All receipts related to police type services (such as peace keeping services provide by Nepalese Army, Nepal Police and Nepalese Armed Police Force) supplied with mutual agreement with foreign government or international organization are recorded as receipts on government services n.i.e. Charges for visa and other fees collected by embassies and consulates are recorded as payment under government services n.i.e heading.</p>

		However, salaries paid to locally employed staff by enclaves should be separately recorded as compensation of employees. Expenses of locally employed staff are not international transactions.
1410	Dividends	It includes receipts and payments in the form of dividend that is allocated to the owner of equity for placing funds at the disposal of corporation. If non-residents are allowed to acquire land and buildings, rent earned on land and building held is also treated as dividend income. When foreign investment firms are legally not allowed to distribute dividend but allowed to withdraw part of profit, they are included under this heading.
1420	Interest	It includes receipt and payments related interest accruing on financial assets, namely deposits, debt securities, loans and other accounts receivable and income on SDR holding and SDR allocation.
1430	Rent	It includes receipts and payments for charges for or royalty on leasing natural resources, charges for the use of land for extracting mineral deposits, use of subsoil assets for fishing, forestry and grazing rights, payment for over flight rights. However, charges for rental of produced assets such as buildings, equipment, vehicle etc. are recorded under operating lease. If outright purchase or sale is done by non-resident, it should be recorded as direct investment.
1440	Taxes	It includes receipt and payments related to taxes levied on non-resident companies (that are not able or not willing to establish branches due shorter nature of production cycle) for delivery of goods and services in resident economy. Tax levied or subsidies provided on per unit basis are product tax while taxes on fixed basis are called production tax. When tax refund (such as excise duty refund, VAT refund etc) on international trade are credited on account or paid after the goods passes to another economy, it should be recorded under this heading. A duty or tax imposed by custom authorities for goods or vehicles brought by non-resident to the Nepal for processing, maintenance or for use by visitors during stay are recorded under this heading.
1450	Subsidies	It includes receipt and payments related to Subsidies by government units to companies on the basis of the level of their production activities or the quantities or values of the goods or services they produce, sell, export, or import.
1510	Compensation of employees	It includes receipts and payments for remuneration in return for the labor input to the production process. Employee working for more than 1 year is considered as resident of the economy hence; their transaction is not international transaction. Hence payment or receipt from labor on employment for less than one year should only be included under this heading. Transfers made by individual studying abroad are also included under this heading. However, if individual is not in employer-employee relationship with the enterprise, the amount paid to self-employed personnel are recorded on purchase of service and hence recorded under respective service heading.
1520	Workers' remittances	It includes all receipts from Nepalese individual working abroad (for more than a year) and payment by foreign labors working in Nepal (for more than a year) to their home economy. This should include all current transfers in cash or in kind made or received by Nepalese households to or from non-resident households irrespective of the source of income of the sender and the relationship between the households. Since this is a transfer, as per BPM6, there is no corresponding return of an item of economic value to such a transaction.

1530	Pension	It includes receipts in the form of pension by retired Nepalese staff or their dependent for rendering service to foreign government (especially Indian Army, Indian Police, Indian Civil Service, Assam Rifle, British Gurkha, Singapore Police, Brunei Security etc.). Likewise, payments to foreign individual in the form of pension by Nepal government should be recorded in this heading.
1540	Transfers through money transfer operators not included above	It includes all transfers made by money transfer operators not included in compensation of employees, worker remittance, pensions and other personal transfers.
1550	Other personal transfers	It includes all transfers made by individual that are not defined as compensation of employees, workers' remittance and pension (such as other social benefits not defined as pension, amount won in lottery or gambling, amount received as settlement of claims by court order, compensation against damage etc.)
1610	Development assistance	It includes transfers made from or to government or international organization in the form of grant (i.e. not payable in future) to finance current or capital expenditure at will of recipient.
1620	Technical assistance	It includes transfers made from or to government or international organization in the form of grant (i.e. not payable in future) to improve the technical capacity of country.
1630	Other grants	It includes transfers made from or to government or international organization in the form of investment grants or conditional grants that can be financed in the projects mentioned by donor. It also includes cash grants from donor government or multinational financial institution to be used to repay debt.
1640	Other current transfers	It includes all transfers made by institutional sector other than government and individual. It includes all nonrecurring payments made for compensation of extensive damages or serious injuries not covered by insurance policies or payment awarded by court such as for compensation for oil spillage, explosions, side effects of pharmaceutical products and so forth. Large gifts and inheritance including to NPISH, capital contribution to international organization which do not qualify for equity, household to household capital transfers of significant nature are also recorded under this heading.
1710	Transaction in claims on non-resident -equity	It includes all investment in foreign equities that acknowledge claims on the residual value of a corporation or quasi-corporation after the claims of all creditors have been met. Equity covers listed and unlisted shares that are tradable in market. It also includes other equity shares that are not tradable in market but qualify for direct investment i.e. have sufficient voting power in invested companies.
1711	Claims on non-residents - purchase/sale of real estate abroad	It includes receipts and payments made for the acquisition or disposal of real estate and buildings abroad.
1712	Claims on non-residents - purchase/sale of rights to use non produced non-financial assets	It includes onetime receipts and payments for the purchase or rights to use land, mineral rights, forestry rights, water fishing rights, air space, electromagnetic spectrum and marketing assets such as brand name, masthead, trademarks, logos and domain names etc.

1720	Claims on non-residents-debt instruments between affiliated companies	It includes lending transactions between affiliated companies with shareholding less than 10 percent.
1731	Claims on non-residents-long-term debt securities	It includes investment in tradable securities with maturity greater than 1 year such as bonds, notes, debentures etc.
1732	Claims on non-residents-short-term debt securities	It includes investment in tradable securities with maturity less than 1 year such as treasury bill, certificate of deposits, promissory notes etc.
1740	Claims on non-residents - options, futures, warrants, swaps, etc.	It includes investment in financial derivate instrument (financial instrument linked to another specific financial instrument or indicator or commodity and through which specific financial risks such as interest rate risk, foreign exchange risk, equity and commodity price risk, credit risks and so on can be traded in their own right in financial markets).
1751	Claims on non-residents - long-term loans	It includes all general category of loans used to finance capital formation with maturity greater than 1 year. It also includes financial lease.
1752	Claims on non-residents - short-term loans	It includes all loans that are provided for short-term use such as overdraft, working capital etc. with maturity less than 1 year. It also includes loan with repo agreement.
1760	Claims on non-Deposits	It includes all claims on central bank, deposit taking corporations other than central bank and in some cases other institutional units, represented by evidence of deposits.
1770	Claims on non-residents - other equities	It includes all other equities that are non-tradable and do not constitute sufficient voting power (less than 10 percent) to be qualified for investment for direct investment.
1780	Claims on non-residents - other	It includes other financial claims and liabilities not defined elsewhere.
1810	Liability to non-residents-Equity	It includes all investment in instruments and records that acknowledge claims on the residual value of a corporation or quasi-corporation after the claims of all creditors have been met. Equity covers listed and unlisted shares that are tradable in market. It also includes other equity shares that are not tradable in market but qualify for direct investment i.e. have sufficient voting power in invested companies.
1811	Liability to non-residents - Sale/Purchase of real estate in Nepal	It includes receipts and payments made for the acquisition or disposal of real estate and buildings in Nepal by non-residents.
1812	Liability to non-residents - Sale/ Purchase of rights to use non produced nonfinancial assets	It includes one -time receipts and payments for the purchase or rights to use land, mineral rights, forestry rights, water fishing rights, air space, electromagnetic spectrum and marketing assets such as brand name, masthead, trademarks, logos and domain names etc.
1820	Liability to non-residents - debt instruments between affiliated companies	It includes lending transactions between affiliated companies with shareholding less than 10 percent.
1831	Liability to non-residents - long-term debt securities (bonds, notes)	It includes investment in tradable securities with maturity greater than 1 year such as bonds, notes, debentures etc.

1832	Liability to non-residents - short-term debt securities	It includes investment in tradable securities with maturity less than 1 year such as treasury bill, certificate of deposits, promissory notes etc.
1840	Liability to non-residents - Options, futures, warrants, swaps, etc.	It includes investment in financial derivative instrument (financial instrument linked to another specific financial instrument or indicator or commodity and through which specific financial risks such as interest rate risk, foreign exchange risk, equity and commodity price risk, credit risks and so on can be traded in their own right in financial markets).
1851	Liability to non-residents - long-term loans	It includes all general category of loans used to finance capital formation with maturity greater than 1 year. It also includes financial lease.
1852	Liability to non-residents - short-term loans	It includes all loans that are borrowed for short-term use such as overdraft, working capital etc with maturity less than 1 year. It also includes loan with repo agreement.
1860	Liability to non-residents - deposits	It includes all claims on central bank, deposit taking corporations other than central bank and in some cases other institutional units, represented by evidence of deposits.
1870	Liability to non-residents - other equities	It includes all other equities that are non tradable and do not constitute sufficient voting power (less than 10 percent) to be qualified for investment for direct investment.
1880	Liability to non-residents - other	It includes other financial claims and liabilities not defined elsewhere.
1890	Liability to non-residents - Special drawing rights	It includes the liability to IMF of special drawing rights (SDR) allocation.
1901	Transfer of fund from Licensed institution	It includes all transactions with party that are licensed by Nepal Rastra Bank that can be identified with transactor code.
1902	Transfer of funds between accounts	<p>It includes all transactions that do not change the overall position of financial assets or liabilities by instrument type, currency and economy. Example of such transactions</p> <ul style="list-style-type: none"> <li>- fund transfer between branches, head office and branch, branch office to head office, transfer of funds between various accounts maintained for daily operation such as transfer of cash from vault to counter, counter to vault, vault to etc.</li> <li>- transfer of deposit by Embassy from account maintained for purpose of collection of visa fee to regular operation accounts,</li> <li>- transfer of fund by international organization to the accounts in same bank but used by district offices</li> <li>- transfer of fund from one Nostro Account to another Nostro Account in same economy in same currency or sometimes different accounts on same bank</li> </ul> <p>However, transfer of funds from the foreign government to it's embassy in Nepal will lead to increase in foreign assets as well as foreign liabilities, hence reported as receipts from deposits in both assets and liabilities side. Transfer of funds from Dollar account to NPR account will lead to change in denomination of liability and hence reported as increase in liability in Nepalese currency and decrease in liability in Dollar.</p>
1903	Revaluation gain/loss	It includes all transactions relating to revaluation gain/loss.

**ANNEXURE 5**

**NRB 46: Details of Assets/Liabilities, claimed/held by Non-residents (Monthly)**

.....year.....month

*(To be submitted within 7 days after the end of each Nepali month)*

Details of Assets/Liabilities, claimed/held by Non-residents													
Term of Asset/Liability	Instruments	Non-resident Sectors	Country Code	Currency Code	Transaction in NPR					Transaction in reported currency (FCY)			
					Opening balance	Receipt	Payment	Revaluation gain and loss	Closing balance	Opening balance	Receipt	Payment	Closing balance
					X1	X2	X3	X4	X5	X6	X7	X8	X9

CONSULTATIVE DOCUMENT

## ANNEXURE 6

### Note on NRB46

Heading		Description	
<b>Term of Asset/Liability</b>		Maturity Period of Assets/Liability. Choose among: 1. Assets - Long-term 2. Assets - Short-term 3. Liabilities - Long-term 4. Liabilities - Short-term	
<b>Instruments</b>		Type of Instruments (Select from drop down list)	
<b>Non-resident Sectors</b>		Institutional Sector Code of the counterparty. Details available at 'Concept Document for Institutional Sector Grouping for SIS reporting purpose, Nepal Rastra Bank' (Select from drop down list)	
<b>Country Code</b>		The three letter code indicating country (Select from drop down list)	
<b>Currency Code</b>		Three letter codes used in transaction as per ISO 4217 standard. (Details available at common master list in SIS)	
<b>Transaction in NPR</b>	<b>Opening balance</b>	<b>X1</b>	FCY balance at the start of the period in NPR
	<b>Receipt</b>	<b>X2</b>	FCY Amount received in NPR
	<b>Payment</b>	<b>X3</b>	FCY Amount paid in NPR
	<b>Revaluation gain and loss</b>	<b>X4</b>	Exchange gain/loss
	<b>Closing balance</b>	<b>X5</b>	FCY Balance at the start of the period in NPR
<b>Transaction in reported currency (FCY)</b>	<b>Opening balance</b>	<b>X6</b>	Balance at the start of the period in FCY
	<b>Receipt</b>	<b>X7</b>	Face Value received in FCY
	<b>Payment</b>	<b>X8</b>	Face Value paid in FCY
	<b>Closing balance</b>	<b>X9</b>	Balance at the start of the period in FCY