

## Bonus Act, 2030 (1974)

Date of Authentication and  
Publication  
2030-12-1 (March 14, 1974)

### Amendments

1. Bonus (First Amendment) Act, 2034	2034-6-6 (Sept. 22, 1977)
2. Bonus (Second Amendment) Act, 2039	2039-7-3 (Oct. 20, 1982 )
3. Bonus (Third Amendment) Act, 2048	2045-6-26 (Oct. 12, 1988 )
4. Administration of Justice Act, 2048	2048-2-16 (May 30, 1991)
5. Bonus (Fourth amendment) Act, 2049	2049-7-21 (Nov. 6, 1992)
6. Amending Some Nepal Acts to Maintain Gender Equality Act, 2063	2063-7-17 (Nov. 3, 2006)
7. Republic Strengthening and Some Nepal Laws Amendments Act, 2066 (2010)	2066-10-7 (Jan. 21, 2010)

Act No. 20 of the year 2030 (1973/74)

### An Act made to Provide for Distribution of Bonus

**Preamble:** Whereas, it is expedient to provide for the legal provisions for distribution of bonus to the workers and the personnel working in the Enterprises,<sup>④</sup>

Now, therefore, be it enacted by His Majesty the King Birendra Bir Bikram Shah Dev on the advice and with the consent of the *Rastriya Panchayat*.

1. **Short Title, Extension and Commencement:** (1) This Act may be called the "Bonus Act, 2030( 1974)".
  - (2) It shall extend all over the Nepal.
  - (3) This Act shall come into force in relation to the following enterprises, in such area and on such date as Government of Nepal, by a Notification in the Nepal Gazette may appoint:-♦

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✍ This Act came into force from 2065-2-15 (28 May 2008).

④ Amended by the Fourth Amendment

♦ This Act has been prescribed to be effective from 2031-4-7 B.S. ( 22 July 1974 A.D.) in Mechi Zone, Morang, Biratnagar, Sunsari of Koshi Zone, Saptari of Sagarmatha Zone, Bara, Parsa, Rautahat and Makawanpur of Narayani Zone,, Dhanusha of the Janakpur Zone, Bagmati Zone, Lumbini Zone and in Bheri Zone.

- (a) Where ten or more persons are working on the date of commencement of this Act or on any other date of twelve months period prior to such date, or
- (b) \*.....

2. **Definition:** Unless the subject or context otherwise requires, in this Act,-

- (a) \*.....
- (b) ④ "Enterprise" means an enterprise under Clause (b) of Section 2 of Labour Act, 2048 (1991).
- (b1) ⑤ "Enterprise owned by Government of Nepal" means the enterprise of which whole or most of shares are owned by Government of Nepal and this term also includes the enterprise where whole or majority of shares are owned by such an enterprise.
- (c) "Fiscal Year" means a period of one year of any enterprise \*..... commencing from any particular day of the year for the purpose of final audit of its income and expenditure.
- Provided that, if it is not so prescribed, it means a period of year commencing from first day of *Shrawan* (about mid July) and ending by last day of *Ashad* (about mid July) of the next year.
- (d) ④ "Employee" means a person working in an enterprise on salary or wage for the supervisory, administrative, technical or any other works carried out by him/her and this term also includes the workers working in the enterprise.
- (e) "Salary or wage" means any kind of remuneration payable to an employee in cash for the work done \*..... in an enterprise.

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\* Omitted by the Fourth Amendment.  
 ④ Amended by the Fourth Amendment  
 ⑤ Inserted by the First Amendment.

Provided that, this term does not include any other amounts to be obtained by an employee \*..... for electricity, water supply, medicine, travel, bonus, provident fund or subsidies.

- (f)<sup>④</sup> "Management" means the management under Clause 9(f) of Section 2 of Labour Act, 2048 ( 1991 ).
- (g) "Department of Labour" means the Department of Labour of Government of Nepal.
- (h)<sup>④</sup> "Labour Office" means the Labour Office established by Government of Nepal.
- (h1)<sup>⊕</sup> "Labour Court" means the Labour Court constituted pursuant to Section 72 of (the) Labour Act, 2048 ( 1991).
- (I) "Prescribed" or "As prescribed" means prescribed or as prescribed in the Rules framed under this Act.

3. **For the Purpose of Computation of Bonus, Branches and Sub-branches shall be Treated as the Parts of the Enterprise:** For the purpose of computation of bonus under to this Act the branches or sub-branches of any enterprise situated in various places shall be treated as the parts of the Enterprise.
4. **Submission of the Balance-sheet to the Department of Labour:**<sup>④</sup> (1) The management of each enterprise shall prepare the balance-sheet and the statement of profit and loss of such enterprise pursuant to Company Act, 2063 (2006) and submit it to the Labour Office within six months of the completion of fiscal year.
- (2) If a complaint is registered along with the evidence<sup>+</sup> that the balance-sheet and the statement of profit and loss submitted pursuant to Sub-section (1) is false, the Labour Office may exercise all remarking and checking

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\* Omitted by the Fourth Amendment.  
 ④ Amended by the Fourth Amendment  
 ⊕ Inserted by the Fourth Amendment.  
 ① Amended by the First Amendment.  
 + Inserted by the First Amendment.

powers conferred to the concerned department pursuant to Company Act, 2063 (2006) as if such powers were conferred to it equally.

5. <sup>①</sup> **Bonus to be Distributed by the Profit Making Enterprise:** (1) Each profit making enterprise shall have to allocate an amount equivalent to Ten percent of its net income of one fiscal year for bonus to the employees.

(2) While assessing the net income of any enterprise derived in any one fiscal year pursuant to Sub-section (1), the following amounts shall have to deduct from the net income assessed <sup>?</sup>pursuant to Income Tax Act, 2058 (19):-

- (a) <sup>②</sup> Any amount allocated to manage the quarter for personnel pursuant to Sub-section (1) of Section 41 of the Labour Act, 2048 B.S. ( 1991 A.D.).
- (b) <sup>⋈</sup>..... ..
- (c) The bonus amount distributed excessively under sub-section (3) of Section 11.

(3)<sup>④</sup> Notwithstanding anything contained in Sub-section (1), the percentage of bonus and other matter relating to bonus which is to be distributed by the Government owned enterprises shall be as determined by Government of Nepal.

(4)\*

6. **Eligibility for Bonus:** (1) An employee who has worked for of the an half period to be worked in a fiscal year, shall be entitled to obtain bonus under to this Act.

<sup>+</sup>Provided that, no employee shall be entitled to obtain Bonus who has worked casually or in a shift basis.

(2) For the purpose of Sub-section (1), the following periods shall also be computed as a period where an employee has worked.

<sup>①</sup> Amended by the First Amendment.

<sup>?</sup> Republic Strengthening and Some Nepal Laws Amendments Act, 2066 (2010)

<sup>④</sup> Amended by the Fourth Amendment

<sup>⋈</sup> Omitted by the Second Amendment.

<sup>\*</sup> Repealed by the Fourth Amendment.

- (a)<sup>④</sup> A period kept on reserve under any contract or under Section 11 of the Labour Act, 2048 (1991).
- (b) A period under which an employee is on any leave with salary.
- (c) A period of disablement caused by accident arising in course of business of the enterprise.

7. <sup>③</sup> **Amount to be Obtained for Bonus and its Assessment:** (1) The management shall assess the percentage of bonus amount to be obtained by any employee in a fiscal year pursuant to Sub-section (2).

(2) While computing bonus amount to be received by the employee pursuant to Sub-section (1), the amount so separated for the distribution of bonus by the enterprise for the particular fiscal year shall be multiplied by a sum of One Hundred and the amount so deducted shall be divided by the pay or wage amount of the employee so entitled to receive the bonus and the amount so deducted shall be the percentage of the bonus amount.

(3)<sup>⊕</sup> Notwithstanding anything contained in Sub-section (2), the bonus to be obtained by an employee shall not exceed the following amounts:

- (a) An amount equivalent to the salary or wage of Six months, to an employee, who obtains up to Five Thousand Rupees as salary or wage.
- (b) An amount equivalent to the salary or wage of Four months to an employee, who obtains Five thousand One Rupees to Fifteen Thousand Rupees as salary or wage.
- (c) An amount equivalent to the or wage salary of Three months to an employee who obtains more than Fifteen Thousand rupees as salary or wage.

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<sup>③</sup> Amended by the Third Amendment.

<sup>⊕</sup> Inserted by the Fourth Amendment.

(4)<sup>⊕</sup> The minimum bonus amount to be obtained under Clause (b) and (c) of Sub-section (3) shall not be less than the maximum bonus amount to be obtained under Clause (a) and (b) respectively.

8. **Restriction to Obtain Bonus:** Notwithstanding anything contained in Section 6, an employee shall not be entitled to obtain bonus \*..... under this Act, if he/she is punished or dismissed from service for committing any act as follows:

Provided that, this Section shall not be deemed to be prejudiced to obtain in the case of the bonus for a period before committing such a punishable act.

- (a) ..... \* theft of the property of the enterprise or any damage to such property.
- (b) Illegal strike or abetment to other for such strike,
- (c) Riots or breaching of discipline.

9. **Types of Bonus and Period of Distribution Thereof:** (1) The bonus, to be distributed pursuant to this Act shall be paid in cash.

(2) The bonus shall have to distribute within a period of eight months from the close of the fiscal year.

(3) If an application,<sup>⊕</sup> specifying reasons of not being able to distribute the bonus within the period of Section 2 is submitted to the Labour Office by any Management, the Labour Office may, if the reasons are found genuine, extend the time for a period of three months at maximum for distribution of bonus or may allow to distribute the bonuses of two years at a time in the next fiscal year.

10. **Bonus to be given to the agent or to a Member of the Family:** (1) An employee who can not be present to receive bonus may authorize any person, with a letter of consent to receive the bonus payable to him/her.

(2)<sup>⊕</sup> If any employees dies, the bonus to be obtained by him/her shall be given to his/her nominee and <sup>^</sup>one or more relatives are prescribed in the

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\* Omitted by the Fourth Amendment.

⊕ Amended by the Fourth Amendment

same priority order, all relatives prescribed in such a order shall obtain the bonus of deceased employee in equal ratio, if any, and if there is no such a nominee or even such a nominee is not alive a person from among the following relatives of such an employee, who is alive shall be entitled to bonus in accordance with the priority order as follows:-

- (a) Husband or wife living jointly,
- (b) Son, daughter, widow daughter- in-law (son) living jointly,
- (c) Father, Mother living jointly (Father-in-law and Mother-in-law for a married woman)

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❶ Amended by the First Amendment.

^ Inserted by Gender Equality Related Some Nepal Acts Amendment Act, 2063

• Clauses (a) to (t) Amended by Gender Equality Related Some Nepal Acts Amendment Act, 2063

- (d) Paternal grand-father, grand-mother and grand son and grand daughter to be taken care by him/herself.
- (e) Husband or wife living separately,
- (f) Unmarried daughter, Son, widow daughter-in-law (son) living separately,
- (g) Father, mother living separately,
- (h) Step mother living jointly,
- (i) Steps son and daughter living jointly,
- (j) Elder and younger brother, elder and younger sister living jointly,
- (k) Father-in-law and Mother-in-law for a married woman living separately
- (l) Grand son from the son, unmarried grand-daughter from the son living separately,
- (m) Step mother living separately,
- (n) Steps son and unmarried steps daughter living separately,
- (o) Brother-in-law (elder brother of husband), *Jethani*, Brother- in-law (young brother of husband), *Dewarani* for a married woman living jointly,
- (p) Nephew, niece living jointly,
- (q) Uncle, widow aunt, sister-in-law (wife of elder brother), sister-in-law (wife of young brother) living jointly,
- (r) Elder and younger brother, elder and younger sister living separately,
- (s) Paternal grand-father, grand-mother, grand-daughter-in-law, Nephew, niece living separately,
- (t) A person who live with employee taking care till the end.

**Explanation:** In a case, there are more than one relative nominated in the same order, all of them shall receive the bonus of the deceased employee equally.



(3) A person who dissatisfied with the bonus distributed pursuant to Sub-section (2), may file a complaint in the Labour Court<sup>4</sup> within thirty five days of such distribution and in such a case, the decision of the Labour Court<sup>4</sup> shall be final.

- 11.<sup>9</sup> **Bonus may be Distributed as Advance:** (1) If any enterprise fails not submit the balance-sheet and statement of profit and loss of such enterprise within the time limit as provided in Sub-section (1) of Section 4, or if bonus could not be distributed within the time limit of Section 9 by the reasons of inquiry or examination conducted by the concerned Labour Office<sup>4</sup> on the balance-sheet and statement of profit and loss submitted pursuant to Sub-section (2) of Section 4, the management of such enterprise, after making tentative computation, shall have to distribute at least five percent of the net, income as bonus.

(2) After preparation of balance-sheet and statement of profit and loss or after final assessment is made in this matter. if the amount of bonus distributed pursuant to the Sub-section (1) is found less than the amount to be distributed as bonus, the difference amount shall have to be redistributed to the employees proportionately having considered previously distributed amount.

(3) If the amount, distributed as bonus is found excess to the amount assessed for distribution of bonus under Sub-section (2), the excess amount, whatever may be, shall be deducted for recovery it, while assessing the net income of the enterprise in the next fiscal year.

12. **Deduction of Bonus:** In the case of the bonus to be obtained by an employee who has not worked the required days in any fiscal year, such an employee shall, subject to Section 6, be entitled to the bonus by deducting

<sup>4</sup> Amended by the Fourth Amendment.

<sup>9</sup> Amended by the First Amendment.

proportionally from his/her total bonus, for the days on which he/she has not worked.

- 12A<sup>✓</sup> **Bonus of the Time Period of Illegal Strike:** Where any employee has struck illegally in any factory or enterprise, such an employee shall be entitled to the bonus of other days only, by deducting proportionately from the bonus of striking days.
13. <sup>④</sup> **Welfare Fund:** Seventy percent of the residuary amount after distribution of bonus from the allocated amount for bonus pursuant to Section 5 shall be deposited with the Welfare Fund Established in accordance with Section 37 of the Labour Act, 2048 (1991) and remaining thirty percent shall be deposited with the National Level Welfare Fund, established by Government of Nepal for the interest of the employees of the enterprises.
- (2) The operation of the welfare funds as provided for in Sub-section (1) shall be in participation of employees as prescribed.
14. **Details to submit in the Department of Labour:** The management of each factory and Enterprise shall have to submit details in the form of the format as prescribed to the Labour Office within Seven days from the date of completion of bonus distribution.
15. **Records and Statement of accounts to be maintained:** The record of the bonus distributed pursuant to this Act and other statement of accounts shall have to maintain in such manner as may be prescribed.
16. <sup>④</sup> **Settlement of Dispute of Bonus:** (1) If any dispute arises between employee and management with respect to the bonus to be payable under this Act, the Labour Office shall resolve such dispute by negotiations having invited both the parties.
- (2) If the dispute could not be resolved by negotiations pursuant to Sub-section (1), the Labour Office shall ask to the concerned Enterprise and

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✓ Inserted by the Second Amendment.

④ Amended by the Fourth Amendment.

employees to produce necessary documents and statements of accounts and shall give a decision on the basis of such documents and statements.

(3) The party who is dissatisfied with the decision of Labour Office made pursuant to Sub-section (2), may appeal to the Labour Court, within thirty five days of receipt of such notice and the decision made by the Labour Court shall be final.

17. \* .....
18. \* .....
19. \* .....
20. <sup>④</sup> **Penalty:** The Department of Labour may fine with upto Five Thousand Rupees to a person who contravenes this Act or the order issued pursuant to the Rules framed hereunder.
21. <sup>④</sup> **Appeal:** The party who is dissatisfied with the order of fine made by the Labour Department pursuant to Section 20 of this Act may appeal in the District Court within Thirty Five days of receipt of the notice of such order.
22. \* .....
23. **Liability of the Manager:** If any enterprise.....\* commits any offence punishable under this Act, a person working in the capacity of a manager of such enterprise.....\* at that time shall be liable to the punishment under this Act.
- Provided that, if a manager who proves that such an offence took place without his knowledge or consent, shall not be liable to the punishment under this Section.
24. **Protection of the Acts Done in Good Faith:** No legal actions shall be taken against Government of Nepal or any employee of Government of Nepal in relation to any act done or intended to be done pursuant to this Act or Rules framed under this Act.

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\* Repealed by the Fourth Amendment.  
 ④ Amended by the Fourth Amendment.  
 ? Amended by the Administration of Justice Act, 2048.  
 \* Omitted by the Fourth Amendment.

25. **Power of Government of Nepal to Remove Difficulties:** If any hindrance or obstruction arises while implementing this Act, Government of Nepal may remove such hindrance or obstruction by issuing necessary order published an order in Nepal Gazette without prejudice to the objectives of this Act.
26. \* .....
27. **Power to Frame Rules:** Government of Nepal may frame Rules to execute the objectives of this Act.
28. **Saving:** In matters specifically provided for in this Act or Rules framed hereunder such Act or Rules shall apply and in other matters the provisions of prevailing Nepal laws shall apply.

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\* Repealed by the Fourth Amendment.

**Note:**

- (1) The following word is modified by the Bonus (First Amendment) Act, 2034 (1977)  
 "Manager (*Byabasthapak*)" instead of "*Prabandhak*" (These two words give similar meaning "Manager" in Engilsih
- (2) Sections 17 and of the Bonus (Fourth Amendment) Act, 2049 (1992) are remaining as follows:
- "17. **Repeal:** Sections 17, 18, 19, 22 and 26 of the principal Act is, hereby, repealed.
18. The words "Department of Labour" appearing in Sections 4, 9, and 14 have been modified into the words "Labour Office."