



INLAND REVENUE DEPARTMENT

Notice to Exporters

Receipt of Inward Remittances for Exports and Adjustment of Input Value Added Tax (VAT)

In terms of section 7(1) of the Value Added Tax Act, No. 14 of 2002 (VAT Act) as amended by the Value Added Tax (Amendment) Act, No. 9 of 2021, with effect from May 13, 2021, receipt of inward remittance for exports of goods or services is made mandatory in order to make refund on the input VAT paid on materials used and services consumed in such exports. Accordingly, payment in respect of the export of goods or services should be received in foreign currency through a bank in Sri Lanka, within a period of six months from the end of the taxable period of which such export of goods or services has taken place, in order to qualify such export/supply for zero rating.

Further, as per the amendment made to section 22(6), If the export proceeds are not received within such period of six months, while the goods or services are exported, any input tax claimed on the purchases of goods or services (expenses incurred) for such export of goods or services shall be disallowed.

Accordingly,

- i. any exporter who has registered as a Registered Identified Purchaser (RIP) under Simplified Value Added Tax (SVAT) Scheme and claimed suspended input VAT based on his suspended purchases, such suspended input shall be disallowed and assessment shall be issued for the amount equivalent to the credit voucher issued.
- ii. any exporter who has imported raw material under Customs deferment facility and is awaiting to get deferment voucher to produce to the Customs, such deferment voucher shall be issued subject to cash payment of the input VAT to the Inland Revenue Department equivalent to the deferred amount.
- iii. any input tax claimed on the purchases of goods or services (expenses incurred) for such export of goods or services shall be disallowed and assessment shall be issued for the amount equivalent to the amount of input VAT claimed.

Commissioner General of Inland Revenue



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