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SOCIALIST REPUBLIC OF
SRI LANKA**

Part II of January 07, 2022

SUPPLEMENT

(Issued on 07.01.2022)



VALUE ADDED TAX (AMENDMENT)

A

BILL

to amend the Value Added Tax Act, No. 14 of 2002

Ordered to be published by the Minister of Finance

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STATEMENT OF LEGAL EFFECT

Clause 2 : This clause amends section 25c of the Value Added Tax Act, No. 14 of 2002 (hereinafter referred to as the “principal enactment”) and the legal effect of that section as amended is to increase the VAT rate from 15% to 18% *per centum* on supply of financial services on financial institutions with effect from January 1, 2022.

Clause 3 : This clause amends Part II of the First Schedule to the principal enactment to exempt certain goods and services from VAT in order to give effect to budget proposals of 2022.

Value Added Tax (Amendment)

L.D.-O. 51/2021

AN ACT TO AMEND THE VALUE ADDED TAX ACT, NO. 14 OF 2002

BE it enacted by the Parliament of the Democratic Socialist Republic of Sri Lanka as follows:-

1. This Act may be cited as the Value Added Tax (Amendment) Act, No. of 2022. Short title

5 2. Section 25c of the Value Added Tax Act, No. 14 of 2002 (hereinafter referred to as the “principal enactment”) is hereby amended in subsection (3) thereof as follows:- Amendment of section 25c of Act, No. 14 of 2002

10 (1) by the substitution in paragraph (f) of that subsection, for the words and figures, “commencing from November 1, 2016, shall be fifteen *per centum*.” of the words and figures “commencing from November 1, 2016 but ending on or before December 31, 2021, shall be fifteen *per centum*;;”;

15 (2) by the addition immediately after paragraph (f) of that subsection of the following:-

 “(g) commencing on or after January 1, 2022, shall be eighteen *per centum*.”.

3. The First Schedule to the principal enactment is hereby amended in PART II thereof as follows:- Amendment of the First Schedule to the principal enactment

20 (1) in paragraph (a) of that PART-

25 (a) by the substitution in item (xxxi) of that paragraph, for the words and figures, “with effect from May 20, 2020.” of the words and figures “with effect from May 20, 2020, and ending on December 31, 2021;;”;

2 *Value Added Tax (Amendment)*

(b) by the addition immediately after item (xxxi) of the following new item:–

5 “(xxxii) on or after January 1, 2022, medical
 equipment, machinery, apparatus,
 accessories and parts thereof,
10 hospital furniture, drugs and
 chemicals donated to a government
 hospital or the Ministry of Health
 for the provision of health services
 to address any pandemic or public
15 health emergency, approved by the
 Minister assigned the subject of
 Finance on the recommendation of
 the Secretary to the Ministry of the
 Minister assigned the subject of
 Health.”;

(2) by the repeal of paragraph (l) and the substitution therefor of the following:–

“*(l)* the import or supply of–

20 (a) any motor vehicle identified under the
 Harmonized Commodity Description
 and Coding Numbers for custom
 purposes and liable to–
25 (i) the Excise Duty imposed under
 the Excise (Special Provisions)
 Act, No. 13 of 1989, on or after
 October 25, 2014; or
30 (ii) the Special Goods and Services
 Tax imposed under the Special
 Goods and Services Tax Act,
 No. of 2022,
35 on the importation of such vehicle or
 any motor vehicle liable to the same
 duty or tax on the manufacture of any
 such vehicle;

5 (b) any motor vehicle remains unsold as at
October 25, 2014, which would
otherwise have been liable to pay the
same duty referred to in item (i) of sub-
paragraph (a) on the importation or
manufacture of the same, if imported or
manufactured after October 25, 2014,

10 other than any vehicle supplied under a
financial leasing agreement entered into
prior to October 25, 2014, which are
disposed after the repossession of the same
by the lessor on which input tax had been
claimed;

15 (c) cigarettes identified under the
Harmonized Commodity Description
and Coding System Numbers for
custom purposes and liable to-

20 (i) the Excise Duty imposed under the
Excise (Special Provisions) Act,
No. 13 of 1989 and cess imposed
under Sri Lanka Export
Development Act, No. 40 of 1979,
25 on or after October 25, 2014 but
prior to November 1, 2016, on the
importation or manufacture of the
same including cigarettes in the
stocks remain unsold as at October
25, 2014, which would have been
liable to the same duty on the
30 importation or manufacture of the
same, if imported or manufactured
after October 25, 2014; or

35 (ii) the Special Goods and Services Tax
imposed under the Special Goods
and Services Tax Act, No. of
2022, on the importation or
manufacture of the same;

(d) liquor identified under the Harmonized Commodity Description and Coding System Numbers for custom purposes and subject to-

- 5 (i) the Customs Duty imposed under
the Customs Ordinance
10 (Chapter 235), Excise duty
imposed under the Excise
Ordinance (Chapter 52) and cess
imposed under Sri Lanka Export
Development Act, No. 40 of 1979,
on or after October 25, 2014 but
prior to November 1, 2016, on the
15 importation or Excise Duty on
manufacture of the same including
liquor imported or manufactured
prior to October 25, 2014 remains
unsold as at October 25, 2014,
which would have been liable to
20 the same duty and cess on
importation or Excise Duty on
manufacture of the same, if
imported or manufactured after
October 25, 2014; or
- 25 (ii) the Special Goods and Services Tax
imposed under the Special Goods
and Services Tax Act, No. of 2022,
on the importation or manufacture
of the same.”.

30 **4.** In the event of any inconsistency between the Sinhala and Tamil texts of this Act, the Sinhala text shall prevail.

Sinhala text
to prevail in
case of
inconsistency

