



Instructions for the Submission of Statement of Estimated Income Tax Payable and paying the Tax Installments Year of Assessment 2018/2019

This guideline is issued to facilitate the completion of Statement of Estimated Income Tax payable (SET) and to calculate the income tax installments payable in terms of the provisions under the Inland Revenue Act No.24 of 2017. It would be more effective to read these guidelines and to be aware of the content before completing the Statement of Estimated Income Tax payable.

This instruction leaflet consists of three parts; general instructions, instructions to complete the statement and the calculation of income tax installments.

Further details can be obtained by contacting the following numbers, over the issues confronted at the completion of the statement.

1. 1944 – Inland Revenue Call Centre
2. 011-2134200 – Senior Commissioner - Customer Support Service
3. 011-2134250 - Commissioner - Business Consultation Unit
4. 011-2134251 - Commissioner – Customer Supporting & Promotion Unit
5. Commissioners of all regional & metro units

1. General Instructions

As per the form specified by the Commissioner General in terms of the provisions laid down in Section 90, 91, 92 of the Inland Revenue Act No.24 of 2017, which is in effect from 01.04.2018, each person who is liable to pay income tax, is required to submit a Statement of Estimated Income Tax Payable for a year of assessment on or before the 15th August of that year of assessment. Furthermore, the estimated tax should be paid in four installments.

1.1 Due dates for the payment of the tax installments are indicated below.

Tax Installment	Due Date
First installment	- 15 th August 2018
Second installment	- 15 th November 2018
Third installment	- 15 th February 2019
Fourth installment	- 15 th May 2019

As per the Section 20 of the new Inland Revenue Act, the year of assessment means the period of twelve months commencing on the first day of April of any year and ending on the thirty first day of March in the immediate succeeding year.

1.2 Statement of Estimated Income Tax Payable - Issuance and Submission

- **Issuance**

Statement of Estimated Income Tax Payable (SET Form) will be issued by the Commissioner General to the persons who have been registered for the payment of income tax, and also can be downloaded through the web-site of the Department of Inland Revenue or could be obtained from the Tax Payer Services Unit at the IRD Head office or from any Regional Office.

- **Submission**

Duly completed SET Form can be handed over to the Central Document Management Unit at the Inland Revenue Head office or to any Regional Office island wide.

OR

SET Form can be sent to the address of the Commissioner, Central Document Management Unit, Inland Revenue Department, Chittampalam A Gardiner Mawatha, Colombo 02 through **registered post**.

1.3 Forward the revisions (Section 91 (5) (1).

Statement of Estimate Income Tax Payable forwarded by a person, shall remain in force for the whole of the year of assessment, with necessary provisions to submit any revised statement if it is necessary. In the event of producing a revised estimate, paying the instalments of tax should be carried out accordingly. Further in the

event of submitting a revised estimate, take necessary actions to mark “ ✓ ” at the cage, which indicated as the ‘category of the statement’.

(Please “ ✓ ” mark the relevant cages)

Statement Type : Original Statement

Revised statement

1.4 Special Provisions for calculating the tax and the installments - Section 203 (5)

In the event of any inconvenience confronted by a person in calculating the income tax and installments which should be paid on estimated profit and income, the relevant estimated tax and the installments for the year of assessment can be calculated by adding 5% to the tax that was payable for the previous year of assessment (previous year tax liability). **This calculation would be applicable only for the year of assessment 2018/2019.**

1.5 Non submission/ delaying the submission of the estimated statement.

The persons who fail to submit this statement on due date, shall be liable to a penalty under the Section 178 of the Inland Revenue Act as follows.

Accordingly pay a penalty equal to the greater of 5% of the amount of the tax owing, plus a further 1% for each month during which the failure to file continues and; Rs.50,000 plus a further Rs.10,000 for each month during which the failure to file continues. (maximum penalty shall be limited to Rs.400, 000)

1.6 Default in the payments

Following legal actions can be contemplated against any person who has willfully evaded installment payments.

1. Provisions under the Section 179(2)

A person who fails to pay all or part of an installment required under this Act, within 14 days of the due date for the installment shall be liable to a penalty equal to 10% of the amount of tax due but not paid.

2. Provisions under the Section 159(1)

In the event of a default of an installment or part thereof, **1.5% interest** could be charged on such default installment or part of the installment.

1.7 Offset the installment

In case of delay taken place in payments or non-submission of the statement, an interest and penalty shall be imposed. In such a situation, when the next installment received, the interest and penalty imposed shall be setoff and the balance will be adjusted to the relevant installment.

1.8 Method of payment

- **Paying in slips**

The paying in slips issued by the Department for four quarters can be utilized for this purpose. These can be obtained from the **Inland Revenue Tax Payer Service Unit at the Head Office, Regional Office and from the branches of the Bank of Ceylon.**

- **Tax codes**

For the payments, correct tax codes should be used as mentioned below;

Installment		Time period code
First installment	-	18191
Second installment	-	18192
Third installment	-	18193
Fourth installment	-	18194

- **Bank to which the payments should be made - Any branch of the Bank of Ceylon.**

1.9 Discounts on personal Income Tax

As per the provisions of the Inland Revenue Act No 24 of 2017, 10% discount granted on payment of personal Income Tax one month prior to the due date that was provided under the Inland Revenue Act No 10 of 2006 is no more in force.

Further if you have already made any payment as the first quarterly payment due for year of assessment 2018/2019 by now, please pay the due tax in accordance with this Statement of Estimated Tax.

2. Instructions to complete the Estimated Income Statement

Please mark “✓” at the relevant cage in the upper corner, whether it is the original statement or revised statement; as well as the category of the tax.

(Please mark “✓” at the relevant cage)

Category of the statement: Original statement Amended statement
 Category of the Income Tax: statutory tax Individual income tax other

2.1 PART - I

In the event of any inconvenience confronted by a person in calculating the income tax and installments which should be paid on estimated profit and income, the relevant estimated tax and the installments for the year of assessment can be calculated by adding 5% to the tax that was payable for the previous year of assessment (previous year tax liability). **This calculation would be applicable only for the year of assessment 2018/2019.**

(For those who have completed the first part are not required to complete the second part.)

2.2 PART - II

1. Indicate the values of the expected estimated income from the income sources mentioned under (A), (B), (C), (D) at the statement.
2. Total of (A), (B), (C), (D) should be indicated under **total estimated assessable income**.

- **Deductions – Section 91 (2) (a)**

In order to calculate the total estimated taxable income, relevant deductions stipulated under at Section 52, of the Act can be made.

- **Total estimated tax liability – Section 91 (4)**

At the time of calculating the estimated tax, the deductions can be made with regard to the payment of foreign tax, in terms of the provisions laid down in the Act (Section 80).

The value received following the above deductions will be treated as the estimated total tax payable, **which should be payable in four installments**.

2.3 PART - III

An installment would be one fourth of the estimated tax payable under **Part I - C or Part II - J**.

3. Calculation of payment of Tax by Quarterly Installments - Section 90 (3)

In case if any payments have been made prior to making the installment, the actual quarterly tax installment to be calculated taking in to account those payments . Accordingly, the amount of actual tax installment to be paid may not be equal to the one fourth of the estimated tax payable

Following formula should be used to calculate the payment of tax by quarterly installments (actual tax installment to be paid).

$\frac{A - C}{B}$	A	- Estimated Tax
	B	- Number of installments payable including the relevant installment
	C	- Payments prior to that installment

Following payments to be considered as payment for above "C".

1. An amount of tax which is paid before the installment –Section 90 (3) (a)
2. Any tax withheld (Withholding Tax) – Section 90 (3) (b)

Few examples have been illustrated as follows;

Example 01 – Instances where the prior payments before the initial stage or withholding taxes are not existed

	I	II	III	IV
A	Rs. 2,000,000	Rs. 2,000,000	Rs. 2,000,000	Rs. 2,000,000
B	4	3	2	1
C	0	500,000	1,000,000	1,500,000

I. First installment $\frac{2,000,000 - 0}{4}$ which should be paid on 15.08.2018 = Rs.500,000

II. Second installment $\frac{2,000,000 - 500,000}{3}$ which should be paid on 15.11.2018 = Rs.500,000

III. Third installment $\frac{2,000,000 - 1,000,000}{2}$ which should be paid on 15.02.2019 = Rs.500,000

IV. Fourth installment $\frac{2,000,000 - 1,500,000}{1}$ which should be paid on 15.05.2019 = Rs.500,000

Example 02 - In the event of a prior payment existed

Assume that Rs.400,000 has been paid on 15.07.2018. Accordingly,

	I	II	III	IV
A	Rs. 2,000,000	Rs. 2,000,000	Rs. 2,000,000	Rs. 2,000,000
B	4	3	2	1
C	400,000	800,000	1,200,000	1,600,000

I. First installment $\frac{2,000,000 - 400,000}{4}$ which should be paid on 15.08.2018 = Rs.400,000

II. Second installment $\frac{2,000,000 - 800,000}{3}$ which should be paid on 15.11.2018 = Rs.400,000

III. Third installment $\frac{2,000,000 - 1,200,000}{2}$ which should be paid on 15.02.2019 = Rs.400,000

IV. Fourth installment $\frac{2,000,000 - 1,600,000}{1}$ which should be paid on 15.05.2019 = Rs.400,000

Example 03 – Calculation of the installments at the event of withholding tax is existed

Withholding tax as at 15.07.2018 - 200,000

Withholding tax as at 15.01.2019 - 100,000

	I	II	III	IV
A	Rs. 2,000,000	Rs. 2,000,000	Rs. 2,000,000	Rs. 2,000,000
B	4	3	2	1
C	200,000	650,000	1,200,000	1,600,000

- I. First installment $\frac{2,000,000 - 200,000}{4}$ which should be paid on 15.08.2018 = Rs.450,000
- II. Second installment $\frac{2,000,000 - 650,000}{3}$ which should be paid on 15.11.2018 = Rs.450,000
- III. Third installment $\frac{2,000,000 - 1,200,000}{2}$ which should be paid on 15.02.2019 = Rs.400,000
- IV. Fourth installment $\frac{2,000,000 - 1,600,000}{1}$ which should be paid on 15.05.2019 = Rs.400,000

Example 04 – Submission of a revision to the estimate

In the event of submitting a statement of revised tax by the tax payer, such revised tax should be submitted to the character 'A' of the formula, with effect from that quarter. It is possible to provide an increase or decrease in tax, when providing the revised estimated statement of tax.

01.08.2018 - Initial estimate 2,000,000

01.01.2019 - Revised estimate 3,000,000

	I	II	III	IV
A	Rs. 2,000,000	Rs. 2,000,000	Rs. 3,000,000	Rs. 3,000,000
B	4	3	2	1
C	0	500,000	1,000,000	2,000,000

- I. First installment $\frac{2,000,000 - 0}{4}$ which should be paid on 15.08.2018 = Rs.500,000
- II. Second installment $\frac{2,000,000 - 500,000}{3}$ which should be paid on 15.11.2018 = Rs.500,000
- III. Third installment $\frac{3,000,000 - 1,000,000}{2}$ which should be paid on 15.02.2019 = Rs.1,000,000
- IV. Fourth installment $\frac{3,000,000 - 2,000,000}{1}$ which should be paid on 15.05.2019 = Rs.1,000,000

Message of the Commissioner General

I kindly request you to forward the duly filled Statement of Estimated Income Tax Payable on or before the due date and to pay the income tax installments which are calculated by yourself, on or before due date. By following these instructions you will be able to avoid any inconvenience in the future.

I extend my sincere gratitude towards those who pay taxes on time as to accelerate the development of Sri Lanka, whereas it is my duty to appreciate you as a responsible citizen in our country.

Thanks,



Ivan Dissanayaka
Commissioner General of Inland Revenue

“Paying Tax is not a Responsibility but a Social Obligation”