



## Sri Lanka Budget 2019

March 2019

05 March 2019

Dear Client

## **Budget Proposals 2019**

The Hon. Mangala Samaraweera, Minister of Finance and Mass Media presented the 73<sup>rd</sup> Budget of the Democratic Socialist Republic of Sri Lanka in Parliament today under the theme Enterprise Sri Lanka – Empowering the people and nurturing the poor.

Unlike previous budgets which have been presented over the years, the first four months were provided for under a vote on account passed in Parliament in December 2018. Accordingly the 2019 budget proposals presented today provides for the balance 8 months for the year 2019.

This memorandum has been prepared as a general guide, exclusively for the information of our clients and staff. These proposals maybe subject to alteration during the passage of legislation through Parliament. Therefore, conclusions and decisions should be made only after due consideration and consultation.

For additional information and guidance on the proposed changes, the Tax and Business Advisory Service of SJMS Associates will be pleased to assist you.

Yours faithfully,

### **SJMS ASSOCIATES**

Chartered Accountants

P. E. A. Jayewickreme, M. B. Ismail, Ms. S. L. Jayasuriya, G. J. David, Ms. F. M Marikkar, Ms. M. S. J. Henry, R. H. M. Minfaz, Ms. S. Y. Kodagoda





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# Direct Tax

- Income Tax
- Withholding Tax (WHT)



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# Income Tax

## Proposed Exemptions

- An exemption of earnings on Sovereign Bonds denominated in Local Currency has been proposed in addition to the prevailing exemption on earnings on Sovereign Bonds denominated in Foreign Currency by any Non-Resident person.
- The prevailing exemption to any Licensed Commercial Bank in Sri Lanka on interest income earned on Sovereign Bonds denominated in Foreign Currency has been expanded to include Sri Lanka Development Bonds and exemption extended to any Resident Person.
- 5 years exemption on interest income earned by any person on NRFC and RFC accounts.
- Interest income, up to Rs. 5,000/- per month, earned by children (less than 18 years), on any deposit account maintained in a Financial Institution.
- Interest paid on Foreign Loans. However, this will not be applicable to loans granted by a Non-Resident Company to its Holding Company or a Subsidiary Company in Sri Lanka and will continue to be withheld at the rate of 5%.



# Income Tax

## Relaxation in requirement for Temporary Concession

The requirement of having minimum 50 employees to qualify for the additional deduction equal to 35% of the salary cost when calculating the income from Information Technology business has been removed.

## Definition of "Gross Income"

Total income excluding the Investment Income (First Schedule, para 4 (3) (iii) – company tax rate)

- Investment Income will be liable to tax at the rate of 28%.

Accordingly, the concessional tax rate of 14% will be applicable only on the income from activities eligible for conducting such businesses.

## Investment Incentives

Accelerated depreciation will be granted instead of regular depreciation for new investments made by Existing Businesses.



# Income Tax

## High Value Investment Incentives – BOI Projects

**Provision has been made for Enhanced Depreciation Allowances on Tangible Assets used in a Business as follows –**

Qualifying Criteria	Enhanced Depreciation Allowances	Applicability of exemption on Upfront Taxes	Applicability - Other Benefits
<ul style="list-style-type: none"> <li>Between US\$ 50 Mn to US\$ 100 Mn invested in Depreciable assets.</li> <li>Eligible for a deduction of such actual expenditure incurred in each of such years on such assets for a period of 10 years from the commencement of the commercial operations.</li> </ul>	100%	Until the commencement of the commercial operations. <ul style="list-style-type: none"> <li>NBT, PAL, Cess and Duty and other taxes on negative list items. *</li> </ul>	N/A
<ul style="list-style-type: none"> <li>Invests a total sum of US\$ 100 Mn or more in Depreciable assets.</li> <li>Eligible for a deduction of such actual expenditure incurred in each of such years on such assets for a period of 10 years from the commencement of the commercial operations.</li> <li>May import project related items or purchase locally at their discretion</li> </ul>	150%		N/A
<ul style="list-style-type: none"> <li>Investments US\$ 1 Billion or more in Depreciable assets.</li> <li>Eligible for a deduction of such actual expenditure incurred in each of such years on such assets for a period of 10 years from the commencement of the commercial operations.</li> </ul>	150%		Yes

\* The necessary guidelines for claiming exemptions will be published. Since it is difficult to distinguish between project related items that are intended for use in residential components, in investments made in mixed development projects and items for personal use as long as the investment (depreciable assets excluding intangible assets, land, and residential units for sale) criteria is met, up-front tax exemptions will be applicable for the residential component as well.



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# Income Tax

Other concession applicable for investment over US\$ 1 billion

**The following benefits accrue to Companies which have invested over US\$ 1 Bn in Depreciable Assets in Sri Lanka during the period that profits are sheltered by enhanced depreciation allowances.**

- Zero rate of Dividend if paid to a non-resident.
- Exemption from WHT for expatriate employees.
- The period for deduction of unrelieved losses shall be 25 years.



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# Income Tax

## Enshrining the Incentives- BOI Agreement and Inland Revenue Law

It is proposed to amend the BOI Law No. 04 of 1978 (and any other legislation as may be necessary) to permit the investors who sign an agreement under the BOI law to enjoy the above concessions under the Inland Revenue Act and other statutes, prevailing at the time of signing the agreement.

It is therefore proposed that the BOI Agreement will mirror the relevant provision in the Inland Revenue Law and other statutes. This does not mean that the BOI shall be conferred with the right to waive, modify or exempt the application of the Inland Revenue Law as permissible under the Schedule B provisions of the BOI Law.

**Implementation Date: With effect from the Year of Assessment commencing from 1 April 2019**



# Withholding Tax (WHT)

## Introduction of Threshold for Exemptions

### Royalty

- Royalty payments made to any resident individual not exceeding Rs. 50,000 per month/Rs. 500,000 for a year assessment will be exempt.
- Previously there was no such threshold specified and any amount paid was subject to WHT.

### Rent

- Rent payments made to any resident individual not exceeding Rs. 50,000 per month/Rs. 500,000 for a year assessment will be exempt.
- Previously there was no such threshold specified and any amount paid was subject to WHT.

**Implementation Date: With effect from the Year of Assessment commencing from 1 April 2019**



# Indirect Tax

- Value Added Tax (VAT)
- Nation Building Tax (NBT)
- Economic Service Charge (ESC)



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# Value Added Tax (VAT)

## Proposed Rate Change

The piece based VAT rate applicable on domestic sale of certain garments by export oriented BOI companies will be revised from Rs.75/- to Rs.100/.

## VAT on Condominium Housing Units

VAT imposed on the supply of condominium housing units which was to be implemented with effect from 1 April 2019 according to provisions of the VAT Act No. 25 of 2018 will apply where the deed of agreement relating to such supply is executed after 1 April 2019.

## Proposed Procedural Changes

- Provisions will be incorporated in the VAT Act, enabling the Minister to prescribe the basis for chargeability of VAT on certain goods as may be determined by the Minister, with the view of revenue protection.
- The term "locally produced rice products" is to be re-defined for the purpose of clarity and certainty.
- Pharmaceutical machineries will be re-defined for the purpose of VAT Act.

**Implementation Date: With effect from 1 June 2019**



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# Nation Building Tax (NBT)

## Removal of Exemptions

Exemption on manufacturing cigarettes will be removed.

## NBT on Foreign Currency Payments

NBT at the rate of 3.5% will be imposed on foreign payments made using Electronic Fund Transfer Cards (both Debit and Credit cards) to purchase goods or services including offshore digital services. Existing Stamp Duty on all foreign payments made using Credit and Debit Cards will be removed.

## New Exemptions

- An exemption on the importation of rough unprocessed gem stones for re-export after cutting and polishing will be granted for lapidary service providers registered under the National Gem & Jewellery Authority.
- NBT on foreign currency receipts by tourist hotels registered by the Sri Lanka Tourism Development Authority (SLTDA) will be exempted.
- Exemption to main construction contractor of infrastructure projects.

Further, it was mentioned in the Budget Speech that in order to support the local construction companies, foreign construction companies will not be allowed to tender for Government projects, unless the project is fully foreign financed, without forming a joint venture with a local construction or consultancy company. This is intended to support local companies to benefit from the transfer of technology.



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# Nation Building Tax (NBT)

- An exemption from NBT on imports is proposed for large and mid-sized investments during the project implementation period or construction period until the commencement of commercial operations.
  - Large scale investment – US\$ 100 million or more
  - Mid sized investment – US\$ 50 million up to US\$ 100 million

- Livestock Industry - NBT will be removed on the importation of Lucerne (alfalfa) meal and pellets.
- Special Commodity Levy will be adjusted on the import of palm oil in lieu of NBT applicable on local value addition.

**Implementation Date: With effect from 1 June 2019**



# Economic Service Charge (ESC)

## **Amendment to the definition of the term “distributor”**

Definition of the term “distributor” will be amended by adding the following.

Any person or partnership, appointed by an importer of any goods to Sri Lanka, for the sale in the wholesale market, of such goods.

Accordingly, in addition to a distributor appointed by a local manufacturer, a distributor appointed by an importer will also be exempted from ESC.

## **Revision of rate applicable on exports**

Turnover from the export of goods or services – ESC rate will be reduced to 0.25%.

Presently the rate is 0.5%.



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# Economic Service Charge (ESC)

## Revision of ESC applicable on the importation of certain articles or goods

### ESC on importation (Advanced ESC)

ESC will be charged at the rate of 0.5% on the importation of any article or good other than any capital goods as prescribed by the Minister of Finance taking in to consideration the economic benefit to the country.

Previously the advanced ESC was charged on importation of Special Commodity items, Motor Vehicles, Gems and Precious stones

ESC base on the importation of any article or good will be the aggregate of the CIF as approved by the Director General of Customs and the amount of any Custom import Duty, CESS, PAL and SCL payable in respect of such articles or goods.

Presently the tax is charged only on the CIF value.

**Implementation Date: With effect from 1 June 2019**



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# Miscellaneous Tax

- Excise Duty under Excise Ordinance
- Excise (Special Provisions) Duty
- Betting and Gaming Levy
- Finance Act
- Customs Import Duty (CID)
- CESS
- Ports and Airports Development Levy
- Other Fees and Charges
- Interest Subsidy Loan Scheme – Enterprise Sri Lanka
- Interest Subsidy Loan Scheme
- Donor Funded Refinance Loan Scheme
- Financial and Non Financial Support Programs



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# Excise Duty under Excise Ordinance

## Revision of Excise Duty Rates

Excise Duty based on the Alcohol volume will be revised as follows:

No.	Type of Alcohol	Existing Duty	Proposed Duty
1	Special Arrack	Rs. 3,300/- Ltr	No Change
2	Other Arrack	Rs. 3,300/- Ltr	Rs. 3,550/- Ltr
3	Country made Foreign Liquor	Rs. 3,300/- Ltr	Rs. 3,550/- Ltr
4	Beer less than 5%	Rs. 2,400/- Ltr	Rs. 2,700/- Ltr
5	Beer more than 5%	Rs. 2,400/- Ltr	Rs. 2,700/- Ltr
6	Local Wine	Rs. 100/- Bulk Ltr	Rs. 600/- Absolute Ltr

The Excise Duty rate of imported liquor will be revised as follows:

- i. Malt Liquor (Beer) - Rs. 55/- per bulk litre
- ii. Wine - Rs. 110/- per bulk litre
- iii. Other Liquor - Rs. 215/- per bulk litre

**Implementation Date: Implemented with immediate effect unless otherwise specified.**



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# Excise (Special Provisions) Duty

## Revision of Duty

### Cigarettes

Excise Duty on cigarettes will be increased by 12% as follows:

- |      |            |   |                               |
|------|------------|---|-------------------------------|
| i.   | 60 – 67 mm | - | Rs. 19,500/- per 1,000 sticks |
| ii.  | 67 – 72 mm | - | Rs. 23,000/- per 1,000 sticks |
| iii. | 72 – 84 mm | - | Rs. 37,580/- per 1,000 sticks |
| iv.  | >84 mm     | - | Rs. 42,200/- per 1,000 sticks |

### Excise Duty on sweetened beverages

- The exempt quantum of sugar contained in beverages will be revised as follows:

(a)	Carbonated beverages	-	4 grams per 100 ml
(b)	Fruit based beverages	-	8 grams per 100 ml
- Duty rate will be revised to 40 cents per gram of sugar in excess of the exempt quantity.

### Excise Duty on palm oil fatty acids will be revised as follows:

- |     |                      |   |     |
|-----|----------------------|---|-----|
| i.  | Palm oil fatty acids | - | 20% |
| ii. | Tallow fatty acids   | - | 20% |



# Excise (Special Provisions) Duty

Excise Duty on Refrigerators will be revised to 25%.

Excise Duty on Vehicles imported as Chassis fitted with engines will be reduced.

## Motor Vehicles

- Excise Duty on Hearses will be revised.
- Excise Duty on Hybrid and Electric Vans will be revised to reflect the energy efficiency benefits.
- Excise Duty on Single Cabs will be revised.
- Excise Duty on Buddy Trucks with Cargo carrying capacity less than 2,000 Kg will be reduced.
- Excise Duty revision on Passenger Vehicles

## Fuel

Engine Capacity	Petrol Fuel (Rs. Per cm <sup>3</sup> )	Diesel Fuel (Rs. Per cm <sup>3</sup> )
$x \leq 1,000 \text{ cm}^3$	2,000 or 1,650,000*	4,600
$1,000 \text{ cm}^3 < x \leq 1,300 \text{ cm}^3$	3,200	4,600
$1,300 \text{ cm}^3 < x \leq 1,500 \text{ cm}^3$	3,700	4,600
$1,500 \text{ cm}^3 < x \leq 1,600 \text{ cm}^3$	4,250	5,750
$1,600 \text{ cm}^3 < x \leq 1,800 \text{ cm}^3$	5,300	6,900
$1,800 \text{ cm}^3 < x \leq 2,000 \text{ cm}^3$	6,350	8,000

\* Duty per unit



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# Excise (Special Provisions) Duty

## Hybrid

Engine Capacity	Petrol Fuel (Rs. Per cm <sup>3</sup> )	Diesel Fuel (Rs. Per cm <sup>3</sup> )
$x \leq 1,000 \text{ cm}^3$	1,500,000*	3,400
$1,000 \text{ cm}^3 < x \leq 1,300 \text{ cm}^3$	2,300	3,400
$1,300 \text{ cm}^3 < x \leq 1,500 \text{ cm}^3$	2,850	3,400
$1,500 \text{ cm}^3 < x \leq 1,600 \text{ cm}^3$	4,000	4,600
$1,600 \text{ cm}^3 < x \leq 1,800 \text{ cm}^3$	5,200	5,700
$1,800 \text{ cm}^3 < x \leq 2,000 \text{ cm}^3$	5,700	6,900

\* Duty per unit



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# Excise (Special Provisions) Duty

## Electric

Motor Power of the Engine	Less than one year	More than one year and less than three years
50kW < x < ≤ 100kW	10,000	20,000

## Three Wheelers

Type	Rs. (per cm <sup>3</sup> / Per kW)
Petrol (cm <sup>3</sup> )	2,400
Diesel (cm <sup>3</sup> )	1,450
Electric (kW)	7,500
Cargo – Petrol (cm <sup>3</sup> )	500
Cargo – Diesel (cm <sup>3</sup> )	375
Cargo – Electric (kW)	7,500



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# Excise (Special Provisions) Duty

## Motor Cycles

Engine Capacity	Rs. Per cm <sup>3</sup>
$x \leq 50 \text{ cm}^3$	575
$50 \text{ cm}^3 < x \leq 150 \text{ cm}^3$	1,150
$150 \text{ cm}^3 < x \leq 200 \text{ cm}^3$	1,150
$200 \text{ cm}^3 < x \leq 250 \text{ cm}^3$	1,725
$250 \text{ cm}^3 < x \leq 350 \text{ cm}^3$	1,725
$350 \text{ cm}^3 < x \leq 450 \text{ cm}^3$	2,300
$450 \text{ cm}^3 < x \leq 500 \text{ cm}^3$	2,300
$500 \text{ cm}^3 < x \leq 800 \text{ cm}^3$	2,875
$800 \text{ cm}^3 < x \leq 1,000 \text{ cm}^3$	2,875
$1,000 \text{ cm}^3 < x$	3,450

**Implementation Date: Implemented with immediate effect unless otherwise specified.**



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# Betting and Gaming Levy

**The following revisions have been proposed under the Betting and Gaming Levy Act No.40 of 1988.**

Levy	Revision	Current
Annual levy for carrying on the business of gaming other than playing rудjino	Rs. 400 million	Rs. 200 million
Annual levy for carrying on the business of playing rудjino	Rs. 1 million	-
Casino entrance levy	US\$ 50 per person	US\$ 100
Rate of the levy on gross collection	15%	10%





# Finance Act

## Carbon Tax

The Finance Act No. 35 of 2018 imposed carbon tax on registered owners of specified Motor Vehicle, effective from 01.01.2019.

The 2019 budget proposes to place a cap on the carbon tax payable on commercial vehicles as follows.

Fuel Type	Less than 05 years	05 to 10 years	Over 10 years
Hybrid (Petrol/ Diesel)	25 Cts per cm <sup>3</sup> or Rs. 3,500 which ever is lower	50 Cts per cm <sup>3</sup> or Rs. 5,500 which ever is lower	Rs. 1.00 per cm <sup>3</sup> or Rs. 7,500 which ever is lower
Fuel (Petrol/ Diesel)	50 Cts per cm <sup>3</sup> or Rs. 3,500 which ever is lower	Rs. 1.00 per cm <sup>3</sup> or Rs. 5,500 which ever is lower	Rs. 1.50 per cm <sup>3</sup> or Rs. 7,500 which ever is lower

**Implementation Date: With effect from 1 June 2019**



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# Finance Act

## Luxury Tax on Motor Vehicles

### Imposition of Luxury Tax

Luxury Tax on Motor Vehicles which was introduced through the Finance Act No.35 of 2018 will be levied as follows on the amount in excess of the Luxury Tax free threshold.

Type of Vehicle	Luxury Tax free Threshold	Rate (Applicable on the amount exceeding the Luxury Tax free Threshold)
Diesel	Rs. 3.5 Mn	120%
Petrol	Rs. 3.5 Mn	100%
Hybrid Diesel	Rs. 4.0 Mn	90%
Hybrid Petrol	Rs. 4.0 Mn	80%
Electric	Rs. 6.0 Mn	60%

### Luxury Tax Free Threshold

For Imported vehicles	Cost Insurance Freight (CIF)
For locally assembled vehicles	Ex-factory cost (Manufacturer's price)

**Implementation Date: With effect from 1 June 2019**



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# Finance Act

## Other taxes

- It is proposed to remove the International Telecommunication Operators Levy
- It is proposed to increase the Embarkation Levy by US\$ 10 to US\$ 60 per passenger

**Implementation Date: With effect from 1 June 2019**



# Customs Import Duty (CID)

## Following proposals have been submitted in respect of CID.

- Rate revision for selected goods
- Increase in the Unit rate of the CID by 10% on importation of selected goods
- Adjustment of CID applicable on imported fruit drinks with effect from 1 June 2019
- Increase of Custom Duty on Undenatured Ethyl Alcohol by Rs.200 to Rs.1,000 per litre
- Removal of CID on importation of Go-Kart (off road sports vehicle) and Go-Kart tyres
- In addition to the auction price, all payable duties will be charged from the bidder on imported beedi leaves forfeited by the Customs

**Implementation Date: Implemented with immediate effect unless otherwise specified.**



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# CESS

- CESS on Beedi leaves will be increased up to Rs. 3,500/- per kg.
- CESS on items classified under following HS Codes will be removed

0408.11.00	0802.32.00	0802.62.00	0810.20.00	0813.10.00
0408.91.00	0802.41.00	0802.70.00	0810.30.00	0813.20.00
0802.21.10	0802.42.00	0802.90.10	0810.40.00	0813.30.00
0802.22.00	0802.51.00	0802.90.90	0810.70.00	8418.21.10
0802.31.10	0802.52.00	0808.40.00	0812.10.00	8418.21.90



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# CESS

- CESS on items classified under following HS Codes will be adjusted.

2106.90.50	3401.19.20	3920.63.99	3924.10.90	7217.90.10
2202.99.91	3920.51.91	3920.69.91	4011.10.90	8708.91.20
2202.99.99	3920.51.99	3920.69.99	6505.00.10	8708.91.90
3401.11.20	3920.63.11	3924.10.10	6505.00.90	

- Removal of CESS on importation of Go-Kart (off road sports vehicle) and Go-Kart tyres
- An exemption from Cess on imports is proposed for large and mid-sized investments during the project implementation period or construction period until the commencement of commercial operations.
  - Large scale investment – US\$ 100 million or more
  - Mid sized investment – US\$ 50 million to US\$ 100 million.

**Implementation Date: Implemented with immediate effect.**



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# Ports and Airports Development Levy

- PAL on the following items will be reduced/removed.

HS Code	Item	Present	Proposed
0712.20.00	Onions	7.5%	2.5%
0712.90.10	Garlic	7.5%	2.5%
7801.10.00	Refined lead	7.5%	2.5%
8464.10.00	Sawing machines	7.5%	0%
8464.20.00	Grinding or polishing machines	7.5%	0%
8464.90.00	Other	7.5%	0%

- PAL will be removed on the importation of Lucerne (alfalfa) meal and pellets.
- PAL on the high tech machinery and equipment items classified under HS Codes specified in Table 1 will be reduced from 7.5% to 2.5%. Refer Table No.1 on page 33.
- In order to remove the disparity between direct imports and purchase from BOI companies, PAL on the sale by any BOI company of pleasure or excursion vessels and yachts manufactured to another BOI company which is in the business of chartering such vessels and yachts, will be removed.



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# Ports and Airports Development Levy

- An exemption from PAL on imports is proposed for large and mid-sized investments during the project implementation period or construction period until the commencement of commercial operations.
  - Large scale investment – US\$ 100 million or more
  - Mid sized investment – US\$ 50 million to US\$ 100 million.

**Implementation Date: Implemented with immediate effect unless otherwise specified.**





# Ports and Airports Development Levy

Table 1

## Part I - Effective from June 01, 2019

85011010	85042230	85071090	85163300	85287330	85359000	85423900
85013190	85042390	85072000	85167100	85287390	85391000	85429000
85013200	85043110	85073000	85167200	85301000	85392100	85432000
85013300	85043190	85074000	85167910	85308000	85392200	85437020
85013400	85043210	85075000	85168000	85309000	85392900	85437090
85014010	85043290	85076000	85169010	85311000	85393110	85439000
85014020	85043310	85078000	85169090	85312000	85393190	85452000
85014090	85043390	85079000	85255000	85318010	85393200	85459000
85015110	85043410	85141000	85256000	85318090	85393900	85461000
85015190	85043490	85142000	85261000	85319000	85394100	85462000
85015210	85044010	85143000	85269100	85321010	85394900	85469000
85015290	85044030	85144000	85269200	85321090	85395000	85471000
85015300	85045010	85149000	85271900	85322290	85399000	85472000
85022000	85045090	85151100	85272900	85322590	85401110	85479000
85023100	85049010	85152100	85279900	85322990	85401190	85481010



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# Ports and Airports Development Levy

Table 1

## Part I - Effective from June 01, 2019

85023900	85049090	85152900	85284200	85323090	85401210	85481020
85030010	85051100	85153100	85284990	85329090	85401290	85489000
85030020	85051900	85153900	85285200	85332900	85407100	
85030090	85052000	85158000	85285990	85334000	85408100	
85041010	85059000	85159000	85286200	85340000	85408900	
85041090	85061010	85161000	85286900	85351000	85412900	
85042110	85061090	85162100	85287110	85352100	85413000	
85042190	85065000	85162900	85287190	85352900	85423100	
85042210	85068000	85163100	85287239	85353000	85423200	
85042220	85069000	85163200	85287249	85354000	85423300	



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# Ports and Airports Development Levy

Table 1

## Part II - Effective from September 01, 2019

84021100	84122900	84199000	84264900	84389000	84561200	84642000
84021900	84123100	84209100	84269100	84392000	84562000	84649000
84022000	84123900	84209900	84269900	84393000	84563000	84651000
84031000	84128000	84211100	84271000	84399900	84564000	84652000
84039000	84129000	84211200	84279010	84401000	84565000	84659100
84041000	84141000	84211910	84279090	84411000	84569000	84659200
84042000	84142000	84211990	84282000	84412000	84571000	84659300
84049000	84144000	84212110	84283200	84413000	84573000	84659400
84051000	84145100	84212200	84283300	84414000	84581100	84659500
84059000	84145900	84212910	84283900	84418000	84581900	84659600
84068200	84146000	84212990	84284000	84419000	84589100	84659900
84069000	84161000	84213100	84286000	84423000	84589900	84661000
84071000	84162000	84213900	84289000	84425000	84592900	84662000
84072100	84163000	84219100	84291100	84433210	84594100	84663000
84072900	84169000	84219910	84291900	84433230	84595900	84669100



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# Ports and Airports Development Levy

Table 1

## Part II - Effective from September 01, 2019

84073120	84181010	84219920	84292000	84433290	84596100	84669200
84073190	84182110	84219990	84294000	84433910	84596900	84669300
84073220	84182910	84221900	84301000	84433920	84597000	84669400
84073290	84182930	84229000	84303900	84433110	84602200	84671100
84073320	84182990	84241000	84306100	84433930	84602300	84671900
84073390	84183010	84242000	84306900	84433990	84602400	84672100
84073490	84183030	84243000	84311000	84439100	84602900	84672200
84079010	84183090	84244100	84312000	84439910	84603900	84672900
84079090	84184010	84244900	84313100	84439920	84609000	84678100
84081000	84184030	84248200	84313900	84484900	84615000	84678900
84082010	84184090	84248900	84314100	84485900	84619000	84679100
84082090	84185010	84249000	84314200	84490000	84621000	84679200
84089010	84186910	84251100	84314300	84531000	84622100	84679900
84089090	84186930	84251900	84329090	84532000	84622900	84682000
84099110	84186950	84253100	84331900	84538000	84623100	84688000



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# Ports and Airports Development Levy

Table 1

## Part II - Effective from September 01, 2019

84099190	84186970	84253900	84335900	84539000	84623900	84689000
84101100	84189190	84254100	84339090	84542000	84624100	84702100
84101200	84191100	84254200	84351000	84543000	84624900	84702900
84101300	84191900	84254900	84362900	84549000	84629100	84705000
84109000	84192000	84261100	84369900	84551000	84629900	84709000
84111100	84193200	84261200	84379000	84552100	84631000	84713010
84111200	84193900	84261900	84382000	84552200	84632000	84714110
84112100	84195000	84262000	84383000	84553000	84633000	84714910
84119900	84196000	84263000	84384000	84561100	84639000	84715010
84122100	84198100	84264100	84385000	84551000	84641000	84716000
84718000	84762900	84797100	84805000	84818060	84829900	84862000
84719000	84768900	84797900	84806000	84819010	84831000	84863000
84721000	84769000	84798100	84807100	84819020	84832000	84864000
84723000	84781000	84798910	84811000	84819030	84833000	84869000
84732100	84789000	84798930	84812000	84819090	84834000	84871000



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# Ports and Airports Development Levy

Table 1

**Part II - Effective from September 01, 2019**

84732900	84791000	84798940	84813000	84821000	84835000	84879000
84733010	84792010	84799000	84814000	84822000	84836000	
84734090	84792090	84801000	84818010	84823000	84839000	
84735090	84793000	84802000	84818020	848824000	84841000	
84752900	84794000	84803000	84818030	84825000	84842000	
84759000	84795000	84804100	84818040	84828000	84849000	
84762100	84796000	84804900	84818050	84829100	84861000	



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## Other Fees and Charges

- The rates of fees and charges of government agencies which have not been revised in the last three years will be increased by 15%.
- Passport fee will be revised as follows:

Details	Present Per Unit (Rs.)	Proposed Per Unit (Rs.)
Alteration Fee	500	1,000
Processing fee (Urgent basis)	10,000	15,000
Processing fee (Normal basis)	3,000	3,500

- Fee for the reservation of a vehicle registration number in advance from the current registration number will be revised as follows:

Fees (Rs.)	Available Number Limit
70,000	10,000
90,000	20,000
100,000	30,000

- Lifetime personal vehicle registration numbers will be issued on a payment of fee of Rs. 1 million



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# Interest Subsidy Loan Scheme – Enterprise Sri Lanka

Loan Scheme	Category	Beneficiaries	Maximum Loan Amount (Rs.)	Annual Effective Interest Rate %	% of the Interest Subsidy on the Effective interest rate	Onlending rate	Repayment Period including Grace Period
City ride		<ul style="list-style-type: none"> <li>Private bus owners who purchase a luxury bus/ low floor board instead of the existing old bus</li> <li>reputed companies who are willing to provide comfortable transport services for their employees</li> </ul>	10,000,000	13.86	75	3.46	5 years (1 year grace period)
Mini Taxi/ Electric Three-wheeler		<ul style="list-style-type: none"> <li>Persons who are 35 years of age and above and</li> <li>owns a three-wheeler used for hiring purposes` and</li> <li>existing three-wheeler should be disposed.</li> <li>(for purchasing a small motor vehicle/ electric three-wheeler for hiring)</li> </ul>	2000,000	13.86	75	3.46	5 years
Rivi Bala Savi		<ul style="list-style-type: none"> <li>Households (for installing solar panels)</li> </ul>	350,000	13.86	50	6.93	5 years



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# Interest Subsidy Loan Scheme – Enterprise Sri Lanka

Loan Scheme	Category	Beneficiaries/ qualifying criteria	Maximum Loan Amount (Rs.)	Annual Effective Interest Rate %	% of the Interest Subsidy on the Effective interest rate	Onlending rate	Repayment Period including Grace Period
Diri Saviya	I	<ul style="list-style-type: none"> <li>Poultry producers</li> </ul>	50,000	13.86	100	0	4 years (3 months grace period)
	II	<ul style="list-style-type: none"> <li>Self employed persons</li> </ul>	1000,000	13.86	50	6.93	7 years (1 year grace period)
	III	<ul style="list-style-type: none"> <li>Entrepreneurs engaged in animal husbandry</li> </ul>	5000,000	13.86	50	6.93	7 years (1 year grace period)
Jaya Isura	I	<ul style="list-style-type: none"> <li>Small enterprises</li> <li>Annual turnover between Rs. 10 Mn – Rs. 250 Mn</li> <li>5 – 50 employees</li> <li>Engaged in agriculture, fisheries, ornamental fisheries, livestock, floriculture, horticulture, light engineering, printing, tourism, handicrafts, wood based products, apparel, information technology, manufacturing industry and renewable energy sectors</li> </ul>	100,000,000 (Export) 50,000,000 (Non-export)	13.86	50	6.93	7 years (1 year grace period)



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# Interest Subsidy Loan Scheme – Enterprise Sri Lanka

Loan Scheme	Category	Beneficiaries/ qualifying criteria	Maximum Loan Amount (Rs.)	Annual Effective Interest Rate %	% of the Interest Subsidy on the Effective interest rate	Onlending rate	Repayment Period including Grace Period
Jaya Isura	II	<ul style="list-style-type: none"> <li>• Medium scale entrepreneurs</li> <li>• Annual turnover between Rs. 250 Mn – Rs. 750 Mn</li> <li>• 51 – 300 employees</li> <li>• Engaged in the same sectors mentioned under category I</li> </ul>	400,000,000 (for exporters)	13.86	25	10.40	7 years ( 1 year grace period)
			200,000,000 (for non - exporters)				



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# Interest Subsidy Loan Scheme

Loan Scheme	Category	Beneficiaries	Maximum loan amount (Rs)	Annual effective Interest Rate(%)	% of the Interest Subsidy on effective interest rate	Onlending rate	Repayment Period (Including grace period)
Sounduru Piyasa		<ul style="list-style-type: none"> <li>Owners of the houses (&lt; 1,500 sq.ft.</li> <li>expect to expand or complete the house</li> </ul>	200,000	13.86	50	6.93	7 years
My Future		<ul style="list-style-type: none"> <li>Student who passed Advanced level (pursue under-graduate education at non state universities</li> </ul>	1,100,000	13	100	0	12 years
Erambuma Credit Scheme (fully government guaranteed)	-	<ul style="list-style-type: none"> <li>Young graduates</li> <li>National Vocational Qualifications (NVQ) 5, 6 and 7 Level certificate holders</li> </ul>	1,500,000	12	100	0	7 years (2 years grace period)



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# Interest Subsidy Loan Scheme

Loan Scheme	Category	Beneficiaries	Maximum loan amount (Rs)	Annual effective Interest Rate(%)	% of the Interest Subsidy on effective interest rate	Onlending rate	Repayment Period (Including grace period)
Green Loan	I	<ul style="list-style-type: none"> <li>Bio degradable bags and packing material producers</li> <li>Small scale hoteliers</li> <li>Organic fertilizer producers.</li> </ul> <p>*Three wheeler owners (only for fixing meter and maximum amount is Rs. 20,000)</p>	1,000,000	13.86	50	6.93	10 years (1 year grace period)
	II	Persons who are running or willing to run Homestays for tourists (Home stay programme)	5,000,000	13.86	More than 50%	6	10 years (1 year grace period)



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# Interest Subsidy Loan Scheme

Loan Scheme	Category	Beneficiaries	Maximum loan amount (Rs)	Annual effective Interest Rate(%)	% of the Interest Subsidy on effective interest rate	Onlending rate	Repayment Period (Including grace period)
Home Sweet Home	-	<p>Private and public sector employees to purchase/construct the first house through following activities-</p> <ul style="list-style-type: none"> <li>• purchase from housing development projects of the National Housing Development Authority (NHDA), the Urban Development Authority (UDA)</li> <li>• To purchase form housing projects of the private sector</li> <li>• To purchase a single house</li> <li>• To build a first house for their own use</li> </ul>	10,000,000	12 ( for the first 5 years)	40( for the first 5 years)	7	25 years ( no grace period)



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# Interest Subsidy Loan Scheme

Loan Scheme	Category	Beneficiaries	Maximum loan amount (Rs)	Annual effective Interest Rate(%)	% of the Interest Subsidy on effective interest rate	Onlending rate	Repayment Period (Including grace period)
Rakawarana	I	<ul style="list-style-type: none"> <li>Individuals</li> <li>Institutions</li> <li>(with the capacity to maintain child day care centers, NVQ certificate holders should be employed, should be operated in accordance with the national guidelines for child day care centers used by the Ministry of Women Child Affairs and Dry Zone Development)</li> </ul>	3,500,000 for each center	13.86	75	3.46	7 years (2 years grace period)
	II	<ul style="list-style-type: none"> <li>Private sector investors who are willing to construct and improve elderly care centers (NVQ certificate holders should be employed and should be operated in accordance with the SLS1506: 2015 standards)</li> </ul>	10,000,000	13.86	75	3.46	7 years (2 years grace period)



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# Interest Subsidy Loan Scheme

Loan Scheme	Category	Beneficiaries	Maximum loan amount (Rs)	Annual effective Interest Rate(%)	% of the Interest Subsidy on effective interest rate	Onlending rate	Repayment Period (Including grace period)
Singithi Pasala	-	<ul style="list-style-type: none"> <li>Investors who are -willing to establish new preschools or to refurbish existing preschools.</li> <li>Qualified staff should be employed.</li> </ul>	2,000,000	13.86	50	6.93	7 years ( 1 year grace period)
Sihina Maliga	-	<ul style="list-style-type: none"> <li>Sri Lankan migrant workers registered under the Foreign Employment Bureau and currently working abroad.</li> <li>The applicants should have remitted a <b>considerable amount of money</b> earned in any foreign currency to any bank operating in Sri Lanka.</li> <li>Loan should be for the following purposes:               <ol style="list-style-type: none"> <li>1) Build a new house</li> <li>2) Renovate the existing house</li> <li>3) Demolish the existing house and put up a new house</li> <li>4) Purchase a new house</li> <li>5) Purchase a land and put up a house</li> <li>6) Purchase a Hosue and renovate it</li> </ol> </li> </ul>	10,000,000	13.86	75	3.46	15 years ( 2 years grace period)



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# Donor Funded Refinance Loan Scheme

Loan Scheme	Category	Beneficiaries	Maximum loan amount (Rs)	Onlending Rate (%)	Repayment Period (including grace period)
Rooftop Solar Power Generation Line of Credit	I	Households (Maximum power generation capacity required 50 KW)	No restrictions	8	10 years
	II	Entrepreneurs (Maximum power generation capacity required 50 KW)	No restrictions	8	10 years (6 months grace period)
Small and Medium-sized Enterprises Line of Credit Project	-	SME Entrepreneurs	50,000,000	11-14	10 years (2 years grace period)
Pavithra Ganga Initiative	-	The companies that already discharge their waste in to Kelani River, lagoons	30,000,000	6.5	10 years (2 years grace period)



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# Financial and Non Financial Support Programs

Loan Scheme	Beneficiaries	Others	Financial Benefits	Non Financial Benefits	Government Subsidies
National Credit Guarantee Institution (NCGI)	SME Entrepreneurs	Maximum coverage- 1/3 of the loan  Annual Premium- 1-2 %	Annual Premium- 1-2 %	-	-
Supporting for the formation of SME companies	Youth, Women, Farmers, and People who are willing to establish SME companies	-	Loan or leasing facilities through state banks and concessionary Loans are provided under the "Enterprise Sri Lanka" Programme	Technical support to incorporate companies, maintain books and records, negotiations with financial institutions, access to market	Small & medium sized companies – 75% of monthly instalment  Women-led SME companies – 85% of monthly instalment  SME companies operated by the differently abled persons- 90% of the monthly instalment



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- Appendix A – Summary of Corporate Taxes
- Appendix B - Comparison of Current Corporate Tax Rates, Withholding Taxes, Indirect Taxes etc., Y/A 2019/2020
- Appendix C – Comparison of Effective Tax Rates for Resident Individuals
- Appendix D – Taxation of Terminal Benefits (Retiring Benefits)



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# Appendix A – Summary of Corporate Taxes

Y/A 2014/ 2015 - 2019/ 2020

	2019/20 %	2018/19 %	2017/18 %	2016/17 %	2015/16 %	2014/15 %
<b>Income Tax</b>						
Companies (excluding manufacturers and service providers)						
Taxable Income > Rs. 5 Mn	28	28	28	28	28	28
Taxable Income < Rs. 5 Mn	28	28	12	12	12	12
Any holding company, subsidiary or ass. company taxable income < Rs. 5 Mn	28	28	28	28	28	28
Companies being manufacturers and service providers other than holding/subsidiary or associate companies. From 01.04.2018 conducting any business.						
Small and Medium Enterprises (SME) with turnover						
< Rs. 500 Mn from 01.04.2013	14	14	12	12	12	12
< Rs. 750 Mn from 01.04.2015	14	14	12	12	12	12
< Rs. 500 Mn from 01.04.2018						
Companies other than SME						
Turnover > Rs. 500 Mn and Rs. > 750 Mn from 01.04.2015 to 31.03.2018	28	28	28	28	28	28
<b>Others</b>						
Provident Funds	14	14	10	10	10	10
Clubs and Associations (Treated as SME from 01.04.2018)	14	14	10	10	10	10



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# Appendix A – Summary of Corporate Taxes

	2019/20 %	2018/19 %	2017/18 %	2016/17 %	2015/16 %	2014/15 %
Non-governmental Organizations	28	28	28	28	28	28
Manufacture and sale, or import and sale of tobacco and liquor Products. From 01.04.2018 business of liquor tobacco, betting and gaming	40	40	40	40	40	40
<b>Concessionary Rate</b>						
Operations and maintenance of facilities for storage or supply of Labour	28	28	10	10	10	10
Locally developed software. From 01.04.2018 information technology services	14	14	10	10	10	10
Educational Services	14	14	10	10	10	10
Qualified Export / tourism	14	14	12	12	12	12
Construction	28	28	12	12	12	12
Agricultural undertakings	14	14	12	12	12	12
Agriculture Section 16	14	14	10	10	10	10



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# Appendix A – Summary of Corporate Taxes

	2019/20 %	2018/19 %	2017/18 %	2016/17 %	2015/16 %	2014/15 %
Venture Capital Companies	28	28	12	12	12	12
Unit Trusts	24	24	10	10	10	10
Unit Trusts treated as resident companies	28	28	-	-	-	-
Unit Trust Management Companies	28	28	10	10	10	10
Petroleum Exploration	28	28	12	12	12	12
Exports with 65% local value addition	14	14	10	10	10	10
Dividend Tax*	14	14	10	10	10	10
Deemed Dividend Tax	N/A	N/A	15	15	15	15
Remittance Tax for non-resident companies	14	14	10	10	10	10
Foreign Dividends	Liable (1)	Liable (1)	Exempt	Exempt	Exempt	Exempt
Share Transaction Levy on Sale of Shares of Quoted Companies	0.3(2)	0.3(2)	0.3(2)	0.3(2)	0.3(2)	0.3(2)
Economic Service Charge (ESC) on turnover	0.5	0.5	0.5	0.5	0.25(3)	0.25(3)
Economic Service Charge (ESC) on export of goods or services	0.25	0.5	0.5	0.5	0.25(3)	0.25(3)
Partnership	N/A	N/A	8(4)	8 (4)	8 (4)	8 (4)



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# Appendix A – Summary of Corporate Taxes

## Note:

- Where recipient is a resident company which holds 10% or more shares with 10% or more voting power in the non-resident company, will be exempted. Others are entitled for foreign tax credit.
- To be paid by both buyer and seller
- To be paid only by companies which are not paying income tax on trade profits due to profits being exempt or due to incurring losses
- Divisible profit in excess of Rs.1,000,000



# Appendix A – Summary of Corporate Taxes

	2019/20 %	2018/19 %	2017/18 %	2016/17 %	2015/16 %	2014/15 %
<b>Withholding tax</b>						
Interest – To resident	05	05	10	10	10	10
– To non-resident *	Exempt (A)	05	-	-	-	-
Royalty – To resident	14	14	10	10	10	10
– To non-resident *	14	14	15	15	15	15
Rent – To resident	10	10	N/A	N/A	N/A	N/A
– Non-residents	14	14	20	20	20	20
Dividends *	14	14	10	10	10	10
Management fees – resident	N/A	N/A	05	05	05	05
Technical service fee (including managerial service) – Non resident *	14	14	20	20	20	-

\*Subject to DTAA

Note:

(A) Exemption is not applicable on interest paid on a loan obtained by a holding company or subsidiary company in Sri Lanka



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# Appendix A – Summary of Corporate Taxes

	2019/20 %	2018/19 %	2017/18 %	2016/17 %	2015/16 %	2014/15 %
Reward payments by Govt.	14	14	10	10	10	10
Lottery prizes, winning from betting and gambling	14	14	10	10	10	10
Gem and jewellery sale at auction	2.5	2.5	2.5	2.5	2.5	2.5
<b>Capital allowances</b>						
Buildings	05	05	10	10	10	10
Plant, machinery and fixtures	20	20	33 1/3	33 1/3	33 1/3	33 1/3
Computer, data equipment and software	20	20	25	25	25	25
Software (locally developed)	20	20	100	100	100	100
Commercial vehicles and office furniture	20	20	20	20	20	20
Bridges and railways	20	20	6 2/3	6 2/3	6 2/3	6 2/3



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# Appendix A – Summary of Corporate Taxes

	2019/20 %	2018/19 %	2017/18 %	2016/17 %	2015/16 %	2014/15 %
Plant and machinery for businesses exporting more than 60% of total turnover	20	20	50	50	50	50
High tech plant, machinery and equipment for energy efficiency purposes	20	20	100 (1)	100(1)	100 (1)	100 (1)
Intangible assets	5 (2)	5 (2)	10	10	10	10

Note:

(1) More than 30% of the total energy requirement is met through alternative energy resources.

(2) From 01.04.2018 for useful lifetime or minimum 5%



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# Appendix A – Summary of Corporate Taxes

	2019/20 %	2018/19 %	2017/18 %	2016/17 %	2015/16 %	2014/15 %
<b>Deduction of losses (restricted)</b>						
Life Insurance Business	Deductible from business or investment income	Deductible from business or investment income	Loss restricted to life insurance business profit	Loss restricted to life insurance business profit	Loss restricted to life insurance business profit	Loss restricted to life insurance business profit
Finance Leasing Business	Deductible from business or investment income	Deductible from business or investment income	Loss restricted to finance leasing profit	Loss restricted to finance leasing profit	Loss restricted to finance leasing profit	Loss restricted to finance leasing profit
Other business losses	No limitation 100% from business or Investment income	No limitation 100% from business or Investment income	35% of total statutory income	35% of total statutory income	35% of total statutory income	35% of total statutory income
Investment loss	Restricted to investment income	Restricted to investment income	N/A	N/A	N/A	N/A



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# Appendix A – Summary of Corporate Taxes

	2019/20 %	2018/19 %	2017/18 %	2016/17 %	2015/16 %	2014/15 %
<b>Value Added Tax</b>						
Standard Rate	15	15	15	11,15 (A)	11	12
Zero Rate	0	0	0	0	0	0
<b>Nation Building Tax (NBT)</b>						
Standard	2	2	2	2	2	2
Retail & Wholesale Business	2% on 50% of turnover	2% on 50% of turnover	2% on 50% of turnover	2% on 50 % of turnover	2% on 50 % of turnover	2% on 50% of turnover
Distributors	2% on 25% of turnover	2% on 25% of turnover	2% on 25% of turnover	2% on 25 % of turnover	2% on 25% of turnover	2% on 25 % of turnover

Note:

(A) 01.01.2015 - 01.05.2016	- 11%
02.05.2016 - 11.07-2016	- 15%
12.07.2016 - 31.10.2016	- 11%
01.11.2016 to date	- 15%



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# Appendix B - Comparison of Current Corporate Tax Rates, Withholding Taxes, Indirect Taxes, etc., Y/A 2019/2020

	Sri Lanka %	India %	Bangladesh %	Singapore %	Malaysia %	Pakistan %
<b>Corporate Tax</b>						
Company	14, 28 40,	25- 40	25 - 45	17	24	24 - 35
Clubs and Associations	28	0 - 30	10 - 30	17	0 - 28	0 - 29
Foreign Dividends	Liable	15	20	Exempt	Exempt	7.5 - 15
Remittance Tax (Non-resident company)	14	N/A	20	Nil	Exempt	N/A (treated as dividend tax)
Capital Gains	10 - 28 Depending on asset category	10 to 40	15	Nil	5 - 30 (real property/sale of shares in a real property company)	0 to 20
Partnership Tax	N/A	30	10 - 30 On share of Profits of Partners	0 to 22	N/A	0 to 30



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# Appendix B - Comparison of Current Corporate Tax Rates, Withholding Taxes, Indirect Taxes etc., Y/A 2019/2020

	Sri Lanka %	India %	Bangladesh %	Singapore %	Malaysia %	Pakistan %
<b>Withholding Tax</b>						
Interest	05 (resident) Exempt (non resident)	05 or 20	10	15 (non resident)	15	10 to 17.5
Royalty	14	10	20	10 (non resident)	10	5 - 15
Dividends	14	N/A	20	Nil (non resident)	Nil	7.5 to 25
Rent	10 (resident) 14 (non resident)	-	-	15 (moveable property - non resident)	-	-
Technical Services	14 (non resident)	10	20 (non residents)	17 (non resident)	10	15 (non resident) or 20 (other cases)
Management Fee	14 (non resident)	N/A	20 (non residents)	17 (non resident)	10	8 to 17.5



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# Appendix B - Comparison of Current Corporate Tax Rates, Withholding Taxes, Indirect Taxes etc., Y/A 2019/2020

	Sri Lanka %	India %	Bangladesh %	Singapore %	Malaysia %	Pakistan %
<b>Capital Allowance</b>						
Buildings	5	10	10	25 Initial 5 Annual	10 Initial 3 Annual	15 Initial 10 Annual
Plant and Machinery	20	15	20	33 1/3	20 Initial 14 Annual	25 Initial 15 Annual
Furniture	20	10	10	33 1/3	20 Initial 10 Annual	15
Motor Vehicles	20	10	20	33 1/3	20 Initial 20 Annual	15
Computers	20	40	30	100	20 Initial 10 Annual	25 Initial 30 Annual
Software	5	40	50 (local) 10 (others)	-	20 Initial 10 Annual	Based on useful life of asset



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## Appendix B - Comparison of Current Corporate Tax Rates, Withholding Taxes, Indirect Taxes etc., Y/A 2019/2020

	Sri Lanka %	India %	Bangladesh %	Singapore %	Malaysia %	Pakistan %
<b>Indirect Taxes</b>						
Value Added Tax (VAT)	15	5 – 28 (GST)	15	7	6 (service tax) 10 (sales tax)	13 – 17.5 (sales tax)
Nation Building Tax (NBT)	2	-	-	-	-	-
Economic Service Charge (ESC)	0.25 – 0.50	-	-	-	-	-



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# Appendix C – Comparison of Effective Tax Rates for Resident Individuals

## Y/A 2010/2011 – 2019/2020

An employee whose salary is Rs. 100,000 per month (1)

Rs. 150,000 per month (2)

Rs. 500,000 per month (3)

Y/A	Personal Allowance	Taxable Income			Income Tax			Average Effective Rate %		
		1	2	3	1	2	3	1	2	3
	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000			
2010/2011	300	900	1,500	5,700	75	180	1,545	6.2	10.0	25.8
2011/2012	600	600	1,200	5,400	28	84	976	2.3	4.6	16.2
2012/2013	600	600	1,200	5,400	28	84	976	2.3	4.6	16.2
2013/2014	600	600	1,200	5,400	28	84	976	2.3	4.6	16.2
2014/2015	600	600	1,200	5,400	28	84	976	2.3	4.6	16.2
2015/2016	750	450	1,050	5,250	18	66	720	1.5	3.6	12
2016/2017	750	450	1,050	5,250	18	66	720	1.5	3.6	12
2017/2018	750	450	1,050	5,250	18	66	720	1.5	3.6	12
2018/2019	1,200	-	600	4,800	-	24	792	-	1.3	13.2
2019/2020	1,200	-	600	4,800	-	24	792	-	1.3	13.2



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# Appendix D – Taxation of Terminal Benefits (Retiring Benefits)

Terminal benefits includes, gratuity, commutation of pension, compensation for loss of employment and ETF withdrawals.

## Tax Rate

Where the period of contribution or employment is;

### 20 years or less

	Rate
First Rs.2Mn	Nil
Next Rs.1Mn	5%
Balance	10%

### More than 20 years

	Rate
First Rs.5Mn	Nil
Next Rs.1Mn	5%
Balance	10%

## Exemptions

- Retiring benefit from Government
- Provident Fund withdrawals after 01.04.2011
- The share of investment income which represents the amount received by the Employees Trust Fund (ETF) after 01.04.1987.



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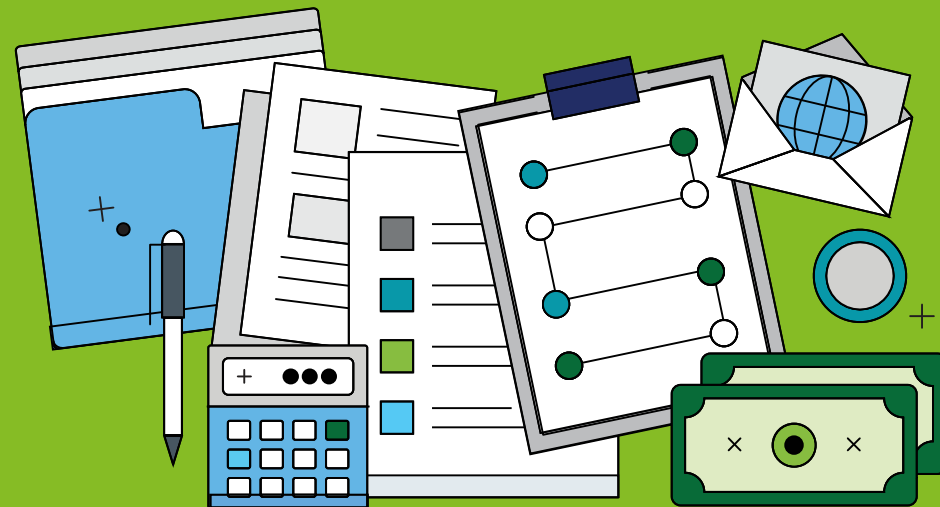
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