



## INLAND REVENUE DEPARTMENT

### Notice to Hotel, Guest House, Restaurant Business and Inbound Tour Operators Registered with Sri Lanka Tourism Development Authority

### Change of Value Added Tax Rate

As per the Extraordinary Gazette Notification No. 2124/3 dated May 21, 2019, published under section 2A of the Value Added Tax Act, No. 14 of 2002 (VAT Act), VAT rate on the supply of services listed below is **reduced to 5% with effect from May 21, 2019.**

- i. Supply of services by a hotel, guest house, restaurant or other similar businesses providing similar services, registered with the Sri Lanka Tourism Development Authority;
- ii. Supply services in respect of inbound tours, by a travel agent registered with the Sri Lanka Tourism Development Authority.

**However**, any input tax attributable to supply of such services (on which VAT is charged at 5%), shall not be allowed in terms of third proviso to section 22 (3) of the VAT Act as inserted by the VAT (Amendment) Act, No. 6 of 2005.

In case, if VAT is charged on or after the date of the Gazette notification at 15%, such collected VAT should be paid to the Department of Inland Revenue without any adjustment (no credit note could be issued as such services are consumed by end customers).

**Commissioner General of Inland Revenue**



**TAXES - FOR A BETTER FUTURE**