



INLAND REVENUE DEPARTMENT Notice to the Employers and Employees

Deduction of Advance Personal Income Tax (APIT) on Gains and Profits from Employment

As you are already informed by the Inland Revenue Department (IRD) by its notice under the reference No. PN/IT/2020 - 03 (Revised) dated 08.04.2020 published in line with the instructions issued by the Ministry of Finance, subject to formal amendments to the Inland Revenue Act, No. 24 of 2017 (IRA), mandatory requirement under Section 83 of the IRA for deduction of Withholding Tax (WHT) on employment income under Pay-As-You-Earn (PAYE) Scheme by the employer on the remuneration of a resident employee is removed with effect from 01.01.2020 and deduction of **Advance Personal Income Tax (APIT) is replaced in lieu of PAYE tax with effect from 01.04.2020 on optional basis.**

Accordingly, the employers are required to remit the APIT by deducting (or as per any alternative arrangement) from the remuneration of respective employees, if such employees are resident in terms of the provisions of the Inland Revenue Act No. 24 of 2017, with the consent of respective employees. If such employees are **non-residents**, regardless of their consent, due tax must be deducted as per the tables provided in the guideline. Tax rate on the income of non-resident individual is applicable in progressive rate subject to maximum of 18% as applicable to resident individuals. Further, non-residents who are citizens in Sri Lanka are entitled to get tax “relief” Rs. 3 Mn for a year of assessment.

The deducted tax shall not be considered as final and the employees are required to file tax return individually irrespective of the APIT deduction, from the year of assessment 2019/2020 by registering in the IRD to obtain a Taxpayer Identification No (TIN). Tax registration could be done via online also.

The APIT Guideline could be downloaded from the web portal of the IRD.

For making tax payments to the IRD, please refer to the notice under the reference No. PN/PMT/2020-1 dated 08.04.2020 published in the IRD web portal.

Commissioner General of Inland Revenue



TAXES - FOR A BETTER FUTURE