

## INSTRUCTIONS TO COMPLETE THE ANNUAL STATEMENT OF EMPLOYER AND SCHEDULES

YEAR OF ASSESSMENT 2019 / 2020

The Annual Statement of Employer (PAYE Annual Statement) entails **two schedules** namely **Schedule 01 and Schedule 02** for the Year of Assessment 2019/2020. These should be completed and submitted along with the Annual Statement of Employer, manually or electronically, through the Inland Revenue Department (IRD) web portal ([www.ird.gov.lk](http://www.ird.gov.lk)).

You are required to take note of the followings, in submission of Annual Statement and schedules for PAYE.

1. PAYE Annual Statement can be submitted using either through **e-service or manually**, but it is **appreciated if you submit PAYE Annual Statement and Schedules through e-service**.

You are required to pay attention to the following in submission of **Schedules** for PAYE.

- a. If the aggregate number of employees liable for PAYE is greater **than 20**;
    - i. It is compulsory that you submit your **schedules through e-service/upload to the system** (You may please refer the Guide).
    - ii. If e-service facility is not available to you, you can submit your schedules (a soft copy) by yourself making use of e-service facility available at “**Nanasala**”, established in the IRD Head Office, ground floor or at any IRD Regional Office.
    - iii. If you are not familiar with the uploading procedure you may bring a soft copy of the relevant schedules to IRD Head Office and get the assistance of IRD officers stationed at IRD “**Nanasala**”, or at any **IRD Regional Office**.
  - b. If the aggregate number of employees liable for PAYE is **equal or less than 20**, you have an option to submit hard copies or soft copies of the schedules.
2. Quick Guide for e-filing, Schedule templates and updated Schedule verification tool are available at IRD Web Portal. (Make sure to use correct schedule formats. Specified formats of **Schedule 01 and Schedule 02** are attached herewith)
  3. It is recommended to use e-service to file PAYE Annual Statement and Schedules.
  4. **e-filing link is available from 01.04.2020**. To avoid unnecessary technological issues, you are advised to submit early, than waiting until last moment of the due date.
  5. You are strictly advised to submit **one single** PAYE Annual Statement for all categories of employees and all branches of your organization.
  6. Please verify the monthly tax payments before filing the PAYE Annual Statement and schedules while filing Statement via e-Service.

7. Hard copies of PAYE Annual Statement should be submitted to the **Central Document Management Unit (CDMU) of IRD Head Office**. However, if you have any difficulty in submitting the Annual Statement to the Head Office, you may submit your Annual Statement to the nearest Regional Office of the IRD. **If you have submitted PAYE Annual Statement through e-service, you are not required to submit a hard copy of the same.**
  
8. When you submit the hard copy of PAYE Annual Statement, you may keep copies of **Annual Statement, Schedule 01 and Schedule 02** for your future reference.
  
9. If you come across any difficulties relating to;
  - **System failure:**  
Please contact IRD call center by dialing 1944 and get assistance or keeping a voice record and get a ticket number.
  
  - **Uploading trouble:**  
Please contact Central Document Management Unit by dialing 011-2134162 or 011-2134118.
  
  - **Issues relating to schedule verification:**  
Please contact Central Document Management Unit by dialing 011-2134162 or 011-2134118.

## Guidance to fill the Annual Statement & Schedules

### ❖ PAYE ANNUAL STATEMENT

#### 1. PART I of PAYE Annual Statement

##### Number of Employees

- Enter the number of employees who are considered to be on **Primary Employment** and earned gross remuneration less than LKR 1,200,000 per annum, and from whom no tax have been deducted under PAYE scheme, in **Cage A**.
- Enter the number of employees who are considered to be on **Primary Employment** and come under each range of gross remuneration during the year of assessment, in Cages “i” to “vii”.
- Enter the number of employees who are considered to be on Secondary Employment, in **Cage “C”**.
- Enter the number of employees, whose employment have been terminated during the year of assessment on both Primary and Secondary Employment, in **Cage “E”**.

##### Total Gross Remuneration

Enter the total of gross remuneration earned by **each category** of employees.

##### Tax Deductions

Enter the PAYE deductions made under **each category** of employees.

#### 2. PART II of PAYE Annual Statement

##### (a). Exempt / Exclude Remuneration

Enter the aggregate of remuneration paid to Employees during each month of the year of assessment which is exempted / Excluded by the Inland Revenue Act in column “A”.

##### (b). Total Gross Remuneration Liable for PAYE & Tax Deductions

Enter the **aggregate of remuneration paid** to Employees who are liable for PAYE, in Column "B". Enter the **aggregate of such tax deductions** made in each month in Column "C".

##### (c). Payments Made

**PLEASE SPECIALLY NOTE** to enter the amount of tax remitted (excluding penalty & interest) to the Department of Inland Revenue in each month in Column "D". Please enter cents value clearly.

##### (d). Total Terminal Benefits & Tax Deductions

Enter the Total Terminal Benefits paid to Employees in each month during the year of assessment in Column “E”. Enter the aggregate of such tax deductions on Terminal Benefits made in each month in Column "F".

##### (e). Payments Made

Enter the amount of tax deducted from terminal benefits and remitted to the Department of Inland Revenue during each month in Column "G". Please enter cents value clearly.

**(f). Declaration**

Where the statement or part of the statement is prepared by some other person, including by an approved accountant, other than a full time employee of the tax payer, it is mandatory that part (A) and part (B) of the declaration to be complete.

**Part (A)**

Details of other person including an approved accountant to be included in part (A).

**Part (B)**

A taxpayer or the taxpayer’s duly authorized agent, have to sign the return using part (B) of the Declaration.

❖ **PAYE SCHEDULES**

**1. Schedule 01 -Remuneration other than Once-and-for-all Payments**

This is the document for employees’ information, whose tax deducted from their gross remuneration under Primary and Secondary employment.

Enter the particulars and total of figures related to each Employee, \*including non-residents, (other than Once-and-for-all payments) extracted from PAYE Pay Sheet in respective cages in “Schedule 01”.

\* 14% Withholding Tax (WHT) deducted on remuneration of non-residents from 01-01-2020 should not be declared in the PAYE return. (This amounts to be declared in the WHT return).

**2. Schedule 02 -Terminal Benefits & Once-and-for-all Payments**

This is the document for employees’ information, with regard to Once-and-for-all payments.

Enter the particulars and totals of figures relating to all employees who have been terminated or ceased their employment during the year of assessment. But, do not enter the particulars of employees whose tax liability on Once-and-for-all payments has not been finalized within 90 days from the date of termination.

Please note that only particulars related to Once-and-for-all payments ("Terminal Benefits") should be entered in the “Schedule 02”.

❖ **Pay your attention to match the figures among the Part I, Part II, Schedule 01 and Schedule 02 as set out in below table.**

| Part I                   |                     | Part II                  | Schedule 1             | Schedule 2             |
|--------------------------|---------------------|--------------------------|------------------------|------------------------|
| Total Gross Remuneration | Cage 'B' + Cage 'C' | Total Cage of column 'B' |                        |                        |
| Tax Deductions           | Cage 'B' + Cage 'C' | Total Cage of column 'C' |                        |                        |
| Total Gross Remuneration | Cage 'E'            | Total Cage of column 'E' |                        |                        |
| Tax Deductions           | Cage 'E'            | Total Cage of column 'F' |                        |                        |
| Total Gross Remuneration | Cage 'B' + Cage 'C' |                          | Total of column 'H'    |                        |
| Tax Deductions           | Cage 'B'            |                          | Total of column 'J'    |                        |
| Tax Deductions           | Cage 'C'            |                          | Total of column 'K'    |                        |
| Total Gross Remuneration | Cage 'E'            |                          |                        | Total of column 'I'    |
| Tax Deductions           | Cage 'E'            |                          |                        | Total of column 'M'    |
| Number of Employees      | Cage 'B' + Cage 'C' |                          | Total No. of Employees |                        |
| Number of Employees      | Cage 'E'            |                          |                        | Total No. of Employees |
|                          |                     | Total Cage of column 'A' | Total of column 'I'    |                        |