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இலங்கை உள்ளநாட்டு இறைவரி
Sri Lanka Inland Revenue

GUIDE TO SURCHARGE TAX RETURN
BASE YEAR OF ASSESSMENT - 2020/2021



You may read this set of instructions provided, before completing the Surcharge Tax Return.

1. Introduction

In terms of Section 3 (1) of the Surcharge Tax Act, No.14 of 2022 (ST Act), every individual, partnership, company and the subsidiaries and the holding company of every group of company chargeable with the Surcharge Tax shall **on or prior to April 20, 2022**, furnish **in writing** to the Commissioner General, a tax return in the specified form containing such particulars as may be specified by the Commissioner-General.

Accordingly, Form No- Asmt_SURT_001 including its' schedule are the forms of tax returns specified by the Commissioner-General for the purpose of Section 3 (2) of the Surcharge Act, No.14 of 2022.

2. Manner of filing

Surcharge Tax (ST) Return is published in the IRD Web portal (www.ird.gov.lk). Any taxpayer who is liable to furnish a Surcharge Tax Return could download the return forms from the IRD Web portal and printed copies should be used without any change in the specified format.

Duly filled and signed ST Return shall be furnished either in registered post or hand delivered to, **“Commissioner, Central Document Management Unit, First Floor, Inland Revenue Department, Sir Chittampalam A Gardiner Mawatha, Colombo-02”**.

A notice of receipt will be issued by the Commissioner of **Central Document Management Unit** confirming the receipt of the ST Return.

3. Instructions to fill the Surcharge Tax Return

Return Form contains,



- (i) Section 1A : Declaration of Taxable Income for the Year of Assessment 2020/2021;
- (ii) Section 1B : Details of Holding Company;
- (iii) Section 2 –PART A: Details of Approved Accountant or any Other Person;
- (iv) Section 2 –PART B: Declaration of the Taxpayer; and
- (v) Schedule.

3.1 Declaration of Taxable Income for the Year of Assessment 2020/2021

- (a) In the case of a company which has entered into an agreement with the Board of Investment of Sri Lanka under section 17 of the Board of Investment of Sri Lanka Law, No. 4 of 1978 and has become liable to income tax determined in accordance with such agreement (at concessional rate or turnover based), after the expiration of its period of tax exemption set out in such agreement, you are required to enter the profit **before income tax** of such company as per the audited financial statement in cage 10 of the return.
- (b) In the case of Subsidiaries and the Holding Company in a group of companies, you are required to fill the schedule of the Surcharge Tax Return first and then enter the amount declared in the schedule for relevant company under 7th Column in cage 20 of the return.(Please see the item 3.5)
- (c) All other taxpayers (individuals, partnership and companies) should enter the taxable income of the year of assessment 2020/2021 in cage 30 of the return.
- (d) Amount entered in cage 10, 20 or 30 should be filled in the Cage 40
- (e) Compute the surcharge tax liability (Cage 40 X 25%) and enter in to the Cage 50



- (f) Tax payable/paid amount in two equal instalments should be mentioned in cage 60 and 70
- (g) Cage 80 is equal to the cage 60 + 70 which should equal to the cage 50

3.2 Details of Holding Company

This section is applicable only for **subsidiaries** of a group of companies. Details of the holding company (immediate parent company and ultimate parent company; if any) should be filled in the given table. (Please see the item 3.5)

3.3 Details of Approved Accountant or any Other Person

According to Section 5 of the ST Act, provisions of Chapter XI (Tax Returns) of the Inland Revenue Act, No.24 of 2017 (IRA) shall mutatis mutandis be applicable for the purpose of Surcharge Tax.

Therefore, in terms of Section 126(5) of the IRA, as amended by the Inland Revenue (Amendment) Act No. 10 of 2021, where a return or part of a return was prepared for a payment by any person, including by an approved accountant, such person shall certify separately specifying the extent to which he has involved in the preparation of such return and specify the documents examined by him and the information relied upon by him. Accordingly, you are required to mark a “√” in relevant box. If you mark a “√” in the box of “YES”, you are required to fill the details of such person under “PART A” of Section 02 and attach the certificate issued by the same person who prepared your return or part of your return. In case where more than one person have involved to prepare your return or part of the return, you may use a separate sheet to enter the required details under PART A of Section 02 and then attach all the certificates and separate sheet to the return. That certification shall be deemed to be part and parcel of your return.



3.4 Declaration of the Taxpayer

In terms of section 126(4) of the IRA (Read together with the Section 5 of the Surcharge Tax Act, No.14 of 2022), a taxpayer or the taxpayer's duly authorised agent, shall sign the return, attesting to its accuracy and completeness. Therefore, the Individual, Partner, Managing Director, Director, Secretary or Principal Officer of the company is required to sign (and date) the Surcharge Tax Return indicating his/her name and designation in Section 02 of the Return of Income.

In terms of Section 128 of the IRA, every return, statement, or form purporting to be furnished by or on behalf of any person shall be deemed to have been furnished by that person or with the person's authority, as the case may be, unless the contrary is proved, and any person signing such return, statement, or form shall be deemed to be cognisant of all matters contained therein.

3.5 Schedule

Schedule is applicable only for the subsidiaries and holding company of a group of companies. Other taxpayers are not required to furnish the schedule to the Surcharge Tax Return (If you have filled cage 10 or 30 of the return, schedule is not applicable). On behalf of all subsidiaries and holding company of a group of companies, the schedule could be submitted by the holding company (either immediate parent or ultimate parent). If so, each of other subsidiary companies are not required to fill the schedule, but should be declared the same under the fourth column of the table in Section 1B. In all other cases, each subsidiary company or holding company should submit the duly filled Schedule to the Surcharge Tax Return.

Under the schedule to the Surcharge Tax Return, Name, TIN and taxable income for the year of assessment 2020/2021 of each subsidiary/holding company should be declared in column 2, 3 and 4 respectively. **Gains**



and profits from dividends received from a subsidiary which is part of the taxable income of holding company should be declared under Column 5 by relevant holding company. Column 6 is equal to the amounts declared in column 4 – (minus) amounts declared in column 5 for each company. Any subsidiary or any holding company which has a nil amount as taxable income due to losses or unrelieved losses, should be disregarded for the Schedule to the Surcharge Tax Return.

If aggregate taxable income of the year of assessment 2020/2021 for all subsidiaries and holding company (Aggregate amount calculated for column 4 of the schedule) of group of companies exceeds Rs. 2,000 million, each subsidiaries and holding company shall be liable for Surcharge Tax and the amount declared under column 6 for each company should be entered in to the cage 20 of the Surcharge Tax Return of respective company.

Additionally, company which is liable to submit the Schedule to the Surcharge Tax Return, shall attach a list of companies in the group of companies [Name, TIN, and Shares with voting rights as at 31.03.2021 owned by the holding company (directly or indirectly) in subsidiaries] and a schedule for gains and profits from dividends received (name of subsidiary, TIN and amount of gains and profits from dividends received) from subsidiaries. It is a break-up for amounts declared under column 5.

4 Due date of the return

Due date of the surcharge tax return is on April 20th, 2022. You are required to furnish your surcharge tax return on or before that date.

5 Payment of tax

In terms of Section 2(4) of the ST Act, Surcharge Tax shall be paid in two equal instalments as follows.



Instalment	Due date (on or before)	Payment code
1	April 20 th , 2022	22001
2	July 20 th 2022	22002

Where a taxpayer fails to pay surcharge tax on the due date, the taxpayer shall be liable for **Interest, penalties on late and under payments** and any costs incurred by the Commissioner-General in taking action to recover the unpaid tax.

Further, taxpayer who fails to file a surcharge tax return shall be liable for penalties as provided in the IRA (Read together with Section 5 of the Surcharge Tax Act). Similarly, other penal provisions and provisions of Criminal Proceedings shall applicable for the Surcharge tax payments and return.

For further details, please contact;

- 011-2135401 – Deputy Commissioner General - Tax Policy, Legislation & International Affairs
- 011-2135410 – Senior Commissioner - Tax Policy, Legislation & International Affairs
- 011-21345412 - Commissioner–Tax Policy and Legislation Unit
- 011-21345438 – Senior Deputy Commissioner–Tax Policy and Legislation Unit



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