

A GUIDE TO SRI LANKA TAX RATES IN BRIEF

PRESENTATION OF SRI LANKA TAX CHART APPLICABLE TO CORPORATE, PARTNERSHIP, SOLE PROPRIETORSHIP BUSINESSES, CLUBS, ASSOCIATIONS AND INDIVIDUALS FOR THE YEAR OF ASSESSMENT 2020/21

(01.04.2020 TO 31.03.2021)

YEAR OF ASSESSMENT - 2020/21

VERSION 1.1

TAX IS EVER CHANGING SUBJECT, YOU MAY LIABLE TO PAY IT IN DIFFERENT SCENARIOS, YOU MAY ENTITLED TO DIFFERENT TAX RELIEFS

PLEASE CONSULT YOUR PERSONAL TAX ADVISOR FOR UPDATED TAX INFORMATION REGULARLY.



THIS DOCUMENT IS PREPARED FOR INFORMATION PURPOSE ONLY

Dated 01/12/2020

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CORPORATE INCOME TAX

FOR ALL COMPANIES REGISTERED UNDER ANY SPECIFIC PARLIAMENTARY ACT OR COMPANIES ACT NO 07 OF 2007

- Standard Rates for companies

All companies (Other than companies taxed at special rates)	Tax Rate 2020/21	Tax Rate 2019/20
taxable income of a company	24%	28%
Betting and gaming, liquor and tobacco	40%	40%
Dividend Tax	-	14%
Dividend Distributed out of dividends	-	Exempt
Gains from the realisation of investment assets S 2(4.4)	10%	10%
Remittance tax on non-resident companies S 62 / S2.9	14%	14%

CORPORATE INCOME TAX

FOR ALL COMPANIES REGISTERED UNDER ANY SPECIFIC PARLIAMENTARY ACT OR COMPANIES ACT NO 07 OF 2007

- Rates for Identified Businesses

All companies (Other than companies taxed at Standard rates)	Tax Rate 2020/21	Tax Rate 2019/20
Small and Medium enterprises (as defined in section 195)	14%	14%
Export / sale is received in foreign currency and remitted through a bank to Sri Lanka	14%	14%
Specified undertaking (as defined in section 195)/	14%	14%
Educational /Healthcare / /Promotion of tourism	14%	14%
Agro processing / IT	14%	14%
Construction services	14%	28/14%
Dividends received from a resident company	14%	28/14%
gains and profits from Manufacturing	18%	28/14%

OTHER INCOME TAX

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FOR ALL REGISTERED PERSONS / UNDERTAKINGS IN ANY SPECIFIC AREA OF SERVICE OR MANUFACTURE

- Tax Rates Applicable on Certain Persons / incorporated bodies

(The rate schedule provides all the rates including higher rates on specific areas and concessionary rates)	Tax Rate 2020/21	Tax Rate 2019/20
Non-Governmental Organizations (S 68, S2.7)	28%	28%
Charities (all) (S2.6) /Provided Funds (S2.8)	14%	14%
Mutual Fund (S 59, S 2.5)	28%	28%
Trust Income except gains from investment assets (including trust by last wills) (S 57) 2.a	24%	24%
Gains from the realisation of investment assets by Trust / Mutual Fund / Charities ,NGO(S 57) 2.b	10%	10%

6 PARTNERSHIP INCOME TAX

FOR ALL REGISTERED PERSONS / UNDERTAKINGS AS PARTNERSHIPS AND /OR RELATED THERE TO

- Tax Rates Applicable on partnerships

(The rate schedule provides all the rates including higher rates on specific areas and concessionary rates)	Tax Rate 2020/21	Tax Rate 2019/20
Resident partner in respect of the partner's share of profit allocated by the partnership	-	8%
Income tax not exceeding Rs. 1,000,000	0%	
On Excess Balance Exceeding Rs 1,000,000	6%	
Gains from the realisation of investment assets S2(2)	10%	10%

INDIVIDUALS - INCOME TAX

SEC 2 FIRST SCHEDULE

FOR ALL PERSONS WHOSE INCOME IS TAXABLE FOR THE PERIOD (RESIDENT & NON RESIDENT)

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Description	2020/21	2019/20
TFA for residents/non - resident citizens	3,000,000	500,000/-
Additional allowance by way of qualifying payment (maximum) on employment income		700,000/-

Taxable Income (Tax Rates)	2020/21	2019/20
First Rs. 3,000,000/-	6%	First Rs.3,000,000 6%
Next Rs. 3,000,000/-	12%	Next Rs.3,000,000 12%
On Balance	18%	On Balance 18%

Gains from the realisation of investment assets	2020/21	2019/20
Gains from the realisation of investment assets S2.1(3) Except for Gains does not exceed Rs. 50,000 per month or Rs. 600,000 per year*(S 9)	10%	-
Sale of Principal Residence (g), Gain on Listed Share (h) Winnings less than 500,000 (n) Gain from Sale of vehicle permit (p) Gem Sales (s)	Exempt	-

INDIVIDUALS - INCOME TAX

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FOR ALL PERSONS WHOSE INCOME IS TAXABLE FOR THE PERIOD

- Reliefs from 2020/21

Taxable Income	2020/21
health expenditure including contributions to medical insurance	1,200,000
educational expenditure incurred locally, for such individual or on behalf of his children	
contributions made to an approved pension scheme	
interest paid on housing loans	
expenditure incurred for the purchase of equity or security	

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INDIVIDUAL LUMP SUM PAYMENT- INCOME TAX

FOR ALL PERSONS WHOSE INCOME IS TAXABLE FOR THE PERIOD - TAX ON
TERMINAL BENEFITS FROM EMPLOYMENT S2.1(3)

Paid under uniformly applicable scheme	2020/21	2019/20
On the first Rs. 5Mn of the aggregate sum where the period of services or contribution is not less than 20 years		Exempt
On the first Rs. 2Mn of the aggregate sum where the period of services or contribution is less than 20 years		Exempt
On the next Rs. 1,000,000		5%
On the balance		10%
First Rs. 10 ,000,000	0%	
Second Rs. 10 ,000,000	6%	
On the balance	12%	

VALUE ADDED TAX

FOR ALL COMPANIES, PERSONS OR REGISTERED INSTITUTIONS

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Description	2020/21	2019/20
Standard Rate *	8%	8% /15%
VAT on Financial Services	15%	15%
supply of services by a hotel, guest house, restaurant or other similar businesses registered with the SLTD with (60%) sourced from local supplies/sources	0%	0% /15%
Direct export of goods & supply of certain services referred to in section 7 of the VAT Act (Zero rated supplies)	0%	0%
Limit for registration per month	25mn	25 mn

Rates changed with effect from 01.12.2019

NATION BUILDING TAX

FOR ALL COMPANIES, PERSONS OR REGISTERED INSTITUTIONS

Description	Tax Rate 2020/21	Tax Rate 2019/20
Manufacturer and Service provider	-	2% on liable turnover
Wholesale or Retail Sale - Distributor turnover	-	2% on 25% of liable
Wholesale or Retail Sale - All other traders turnover	-	2% on 50% of liable
Supply of Banking and Financial Services	-	2% of the total value Addition
Limit for registration	-	12 mn
Telecommunication services	-	Liable
Import & Sale of Liquor (wef01.04.18)	-	Liable*
Supply of Electricity (Except CEB)	-	Exempt
Travel agent inbound tours (other than payment is received in foreign currency) supply of residential apartments	-	Liable

NBT Charging was stopped from 01/12/2019

12 ECONOMIC SERVICE CHARGE

FOR ALL COMPANIES, PERSONS OR REGISTERED INSTITUTIONS

Description	Tax Rate 2020/21	Tax Rate 2019/20
ESC Rate	-	0.50%
The period for carried forward of ESC to be set off against income tax	-	3 Years
Applicable if quarterly turnover	-	12.5 Mn
Corporative societies, Non resident aviation and shipping companies, any distributor, any lottery dealer, any unit trust or mutual funds, Local authorities and department	-	Exempt

ESC was abolished from 01/01/2020

STAMP DUTY

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FOR ALL COMPANIES, PERSONS OR REGISTERED INSTITUTIONS (ONLY SELECTED ITEMS)

Description	Tax Rate 2020/21	Tax Rate 2019/20
Affidavit (from 13/5/2013)	Rs. 50/-	Rs. 50/-
Policy of insurance Rs. 1000 or part (exp-2007/24)	Rs. 1/-	Rs. 1/-
Warrant to act as Notary Public	Rs. 2000/-	Rs. 2000/-
Periodic license to carry on trade, business, profession or vocation etc (Other than liquor license) or 10% of license, whichever is less (liquor license – Rs.20,000/-) (G/N 1530/13-01.01.18	Rs. 2000/-	Rs. 2000/-
Claim or demand of money on usage of Credit cards Rs.1000/- or part - *Local Only.	Nil	Nil
Share certificate - issue or transfer Rs. 1000/- or part	Nil	Nil
Mortgage - collecting any property Rs.1000/- or part	Rs. 1/-	Rs. 1/-
Promissory Note Rs. 1000/- or part	Rs. 1/-	Rs. 1/-

14 STAMP DUTY

FOR ALL COMPANIES, PERSONS OR REGISTERED INSTITUTIONS (ONLY SELECTED ITEMS)

Description	Tax Rate 2018/19	Tax Rate 2017/18
Lease or hire of any property Rs. 1000/- or part of the aggregate rent or hire (If the term of lease or hire is more than 20 years, the aggregate of the hire or lease payable for the first 20 years of such term is to be considered)	Rs. 10/-	Rs. 10/-
A receipt or discharge given for Money or Property (including Remuneration) Up to Rs. 25,000/-	Exempt	Exempt
A receipt or discharge given for Money or Property (including Remuneration) More than Rs. 25,000/-	Rs. 25/-	Rs. 25/-

PAYE TAX / APIT

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FOR ALL RESIDENT EMPLOYEES (NORMAL RATES)

Description / Monthly Remuneration	Tax Rate / 2020/21	Description / Monthly Remuneration	Tax Rate / 2019/20
Gross remuneration for a month exceeds	>250,000.	up to Rs. 100,000	Exempt
exceeds Annual	>3,000,000	Rs.100,000 - 150,000	4% (Less 4,000)
		Rs.150,000 - 200,000	8% (Less 10,000)
< Rs.250,000 -	Tax Relief	Rs.200,000 - 250,000	12% (Less 18,000)
Rs.250,000 - 500,000	6% (Less 15,,000)	Rs.250,000 - 300,000	16% (Less 28,000)
Rs.500,000 - 750,000	12% (Less 45,,000)	Rs.300,000 - 350,000	20% (Less 40,000)
Exceeding Rs. 750,000/-	18% (Less90,000)	Exceeding Rs. 350,000/-	24% (Less 54,000)

Note - rates for 19/20 were changed from 01.01.2020 and new table was applied for the period from 01.01.20 to 31.03.20

WITH HOLDING TAX

6 FOR ALL RESIDENT COMPANIES, PERSONS OR REGISTERED INSTITUTIONS ETC

Description	Tax Rate 2020/21	Tax Rate 2019/20
Resident Individual dividend, interest, discount, charge, natural resource payment, rent, royalty, premium or retirement payment received and /or on service performed (85(1)(a))by such individual *This is subject to optional Payment	-	14/10/5%
lottery, reward, betting or gambling	14%	14%
Sale price payable to the seller of any gem	2.5%	2.5%

* Gazette Notification No. 2064/51 -01/04/2018

WITH HOLDING TAX

7 FOR ALL NON RESIDENT COMPANIES, PERSONS OR REGISTERED INSTITUTIONS ETC

Description	Tax Rate 2020/21	Tax Rate 2019/20
Dividend *effective 01.04.2020 subjected to DTTA	Exempt	14%
Interest (Excluding exempt Interest) (S84)	5%	5%
Any other payment [excluding the payments under section 85(2)and exempt gains & Profits] and Service Fee (85) 1(a)	14%	14/5%
land, sea, air transport or telecommunication service as per Gazette Notification No. 2064/51 -01/04/2018	2%	2%

18 SHARE TRANSACTION LEVY

FOR ALL SHARE TRANSACTIONS AT STOCK EXCHANGE

Description	Tax Rate 2020/21	Tax Rate 2019/20
From Buyer	0.3%	0.3%
From Seller	0.3%	0.3%

VEHICLE ENTITLEMENT LEVY

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TAX IS CHARGED ON UNIT BASIS

Description	Tax Rate 2020/21	Tax Rate 2019/20
Motor Cycles / Three Wheelers / Tractors	2,000	2,000
Motor Cars	15,000	15,000
All other Vehicles	10,000	10,000

CAPITAL GAIN LEVY

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20 BETTING & GAMING LEVY

The Business of a Bookmaker or Business of Gaming

Description	Tax Rate 2020/21	Tax Rate 2019/20
Gross collection of business < 1 mn per month	Exempt	Exempt
Gross collection of business > 1 mn per month	10%	10%

Any business which is subject to this levy on the gross collection is not liable to pay the VAT or NBT

TOURISM DEVELOPMENT LEVY

Institutions licensed under the Tourist Development Act, No. 14 of 1968 and Tourism Act, No. 38 of 2005

Description	Amount 2020/21 (Rs.)	Amount 2019/20 (Rs.)
Annual turnover <Rs. 12 Mn	0.50 *	Exempt
Annual turnover >Rs. 12 Mn	1% *	1%

* Changes are effective only from 01.01.2019

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CONSTRUCTION INDUSTRY GUARANTEE FUND LEVY

FOR ALL COMPANIES, PERSONS OR REGISTERED INSTITUTIONS (ONLY SELECTED ITEMS)

Value of contract	Tax Rate / Amount 2020/21	Tax Rate / Amount 2019/20
Less than Rs. 15 Mn	Nil	Nil
Not less than Rs. 15 Mn but less than Rs. 50 Mn	0.25%	0.25%
Not less than Rs. 50 Mn but less than Rs. 150 Mn	0.5%	0.5%
Rs. 150 Mn or more	1%	1%
Exemption: respect of construction contracts for the implementation of Specified Projects approved by the Ministry	Nil	Nil

22 CAPITAL ALLOWANCE

4TH SCHEDULE – BY IRD ACT 24 OF 2017 -FOR ALL COMPANIES, PERSONS OR REGISTERED INSTITUTIONS

Type of Asset	Years / 2020/21	Years / 2019/20
computers and data handling equipment with peripheral devices.	5	5
buses and minibuses, goods vehicles; construction and earthmoving equipment, heavy general purpose or specialised trucks, trailers and trailer-mounted containers; plant and machinery used in manufacturing.	5	5
railroad cars, locomotives, and equipment; vessels, barges, tugs, and similar water transportation equipment; aircraft; specialised public utility plant, equipment, and machinery; office furniture, fixtures, and equipment; any depreciable asset not included in another class.	5	5
buildings, structures and similar works of a permanent nature.	20	20
intangible assets, excluding goodwill.	20	20

23 INVESTMENT INCENTIVES

2ND SCHEDULE – BY IRD ACT 24 OF 2017 -FOR ALL COMPANIES, PERSONS OR REGISTERED INSTITUTIONS

Value of Investment	Rate / 2020/21	Rate / 2019/20
US \$ 3 Mn – 100 Mn Except Northern Province	100%	100%
> US \$ 100 Mn Except Northern Province	150%	150%
< US \$ 3 Mn in Northern Province	200%	200%
< US \$ 250 Mn in state owned company *	150%	150%
WHT on Dividend for Non Resident Member when Company has \$ 1000 Mn investment (P2)	0%	0%
PAYE for expatriate employee when Company has \$ 1000 Mn investment & less than 20 expatriates (P3)	0%	0%

24 QUALIFYING PAYMENTS AND RELIEFS

5TH SCHEDULE – BY IRD ACT 24 OF 2017 -FOR ALL COMPANIES, PERSONS OR REGISTERED INSTITUTIONS

Description (Deduction from taxable Allowance S 57)	Rate / Amount 2020/21	Rate / Amount 2019/20
Approved Donations by Individuals	1/3 or Rs.75000	1/3 or Rs.75000
Approved Donations by entities	1/5 or Rs.500000	1/5 or Rs.500000
< US \$ 3 Mn in Northern Province	200%	N/A
< US \$ 250 Mn in state owned company *	150%	N/A
WHT on Dividend for Non Resident Member when Company has \$ 1000 Mn investment (P2)	0%	N/A
PAYE for expatriate employee when Company has \$ 1000 Mn investment & less than 20 expatriates (P3)	0%	N/A

25 THANKING YOU



ASJD & ASSOCIATES

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Note to the Users,

This booklet is prepared for only easy reference of changing tax rates, Please consult us for any details relating to new imposition or variations during the year.