

THIRD SCHEDULE

EXEMPT AMOUNTS

The following shall be exempt amounts:-

- (a) amounts derived by –
  - (i) the Government of Sri Lanka or a local authority, including any Government department;
  - (ii) the Central Bank of Sri Lanka, including the Monetary Board;
  - (iii) any University which is established or deemed to be established under the Universities Act, No. 16 of 1978 or the Buddhist and Pali University of Sri Lanka Act, No. 74 of 1981;
  - (iv) any Government assisted private school other than that incorporated under the Companies Act, No. 7 of 2007 which is registered with the Ministry of Education and mandated to follow the Circulars and mandated to follow the Circulars issued by Government and the Ministry of Education;
  - (v) any registered society within the meaning of the Co-operative Societies Law, No. 5 of 1972;
  - (vi) the Government of a foreign country of foreign territory to the extent specified under a diplomatic immunities law or a similar law;
  - (vii) an international organisation to the extent specified under a diplomatic immunities law or a similar law or an agreement between the organisation and the Government of Sri Lanka, provided that the exemption provided under the agreement shall be broader than that provided under diplomatic immunities law or a similar law;
- (b) capital sums paid to a person as compensation or a gratuity in relation to –
  - (i) personal injuries suffered by the person; or
  - (ii) the death of another person;
- (c) the pension of a person where the pension income is paid by the Government of Sri Lanka or a department of the Government of Sri Lanka;

- (d) an amount paid to an employee at the time of retirement from—
  - (i) any pension fund or the Employees Trust Fund established by the Employees Trust Fund Act, No.46 of 1980, as represents income derived by that fund, for any period commencing on or after April 1, 1987, from investments made by it;
  - (ii) a provident fund approved by the Commissioner-General;
- (e) the income of an individual entitled to privileges to the extent provided for by –
  - (i) a diplomatic immunities law or a similar law;
  - (ii) an Act giving effect to the Convention on the Privileges and Immunities of the United Nations and the Convention on the Privileges and Immunities of the Specialised Agencies of the United Nations; or
  - (iii) regulations made under this Act relating to an international organisation, or a law or Act referred to in subparagraph (i) or (ii);
- (f) a gain made by a resident individual from the realisation of an investment asset that does not exceed Rs. 50,000 and where the total gains made by the resident individual from the realisation of investment assets in the year of assessment do not exceed Rs. 600,000, except –
  - (i) where the Commissioner-General is satisfied that an investment asset has been realised in two or more parts for the purpose of taking advantage of this paragraph, any gain arising from the realisations shall be exempt under this paragraph only if the total gain from the realisation of all parts does not exceed Rs. 50,000 and the total gains made by the resident individual from the realisation of investment assets in the year of assessment do not exceed Rs. 600,000;
  - (ii) in the case of the realisation of an investment asset that is jointly owned, this paragraph applies only if the total gain made by all owners of the investment asset on realisation of the asset does not exceed Rs. 50,000 and the total gains made by the resident individual in the year of assessment do not exceed Rs. 600,000;

- (g) a gain made by a resident individual on the realisation of the individual's principal place of residence, provided it has been owned by the individual continuously for the three years before being realised and lived in by the individual for at least two of those three years (calculated on a daily basis);
- (h) gain made on realisation of an asset consisting of shares quoted in any official list published by any stock exchange licensed by the Securities and Exchange Commission of Sri Lanka;
- (i) the interest derived by a charitable institution, where it is proved to the satisfaction of the Commissioner-General that such interest is applied solely for the purpose of providing care to children, the elderly or the disabled in a home maintained by such charitable institution;
- (j) any prize received by a person as an award made by the President of the Republic of Sri Lanka or by the Government in recognition of an invention created, or any research undertaken, by such person;
- (k) any sum received by a person from the President's Fund established by the President's Fund Act, No. 7 of 1978 or National Defence Fund established by the National Defence Fund Act, No. 9 of 1985;
- (l) an amount equal to the interest or the discount paid or allowed, as the case may be, to any non-resident person or to any licensed commercial bank in Sri Lanka, by the issuer of any sovereign bond denominated in foreign currency, issued on or after October 21, 2008, by or on behalf of the Government of Sri Lanka;
- (m) any amount derived by a senior citizen from an annuity for life for a period of not less than ten years purchased from a bank or an insurance company registered under the Regulation of Insurance Industry Act, No. 43 of 2000;
- (n) any winning from a lottery, the gross amount of which does not exceed Rs. 500,000;
- (o) a dividend paid by a resident company to a member to the extent that dividend payment is attributable to, or derived from, another dividend received by that resident company or another resident company that was subject to withholding under section 84; and
- (p) benefits received or derived by an employee of the government of Sri Lanka from a road vehicle permit issued to that employee;

- (q) the profits and income from any property donated by royal or other grant before March 2, 1815, to any place of public worship administered by a charitable institution, in so far as such profits and income are applied to the purposers for which such grant was made;
- (r) dividends from and gains on the realisation of shares in a non-resident company where derived by a resident company with respect to a substantial participation in the non-resident company. In this paragraph, “substantial participation” means—
  - (i) holding 10 percent or more of the value of shares in the company, excluding redeemable shares; together with
  - (ii) control, either directly or indirectly, of 10 percent or more of the voting power in the company;
- (s) any amount derived by a person from the sale of any gem on which tax has been deducted under subsection (2) of section 84.

## FOURTH SCHEDULE

CAPITAL ALLOWANCES, BALANCING ALLOWANCES AND  
ASSESSABLE CHARGES**Types and classification of depreciable assets.**

1. (1) The types and classification of depreciable assets shall be as follows:

<i>Class</i>	<i>Depreciable Assets</i>
1	computers and data handling equipment together with peripheral devices.
2	buses and minibuses, goods vehicles; construction and earth-moving equipment, heavy general purpose or specialised trucks, trailers and trailer-mounted containers; plant and machinery used in manufacturing.
3	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.
4	buildings, structures and similar works of a permanent nature.
5	intangible assets, excluding goodwill.

(2) Where a depreciable asset owned by a person is only partly used in the production of income from a business at the end of a year of assessment, the cost of and consideration received for the asset shall be apportioned according to the market value of that part of the asset that is used in the production of income from that business and that part not.

**Capital allowances.**

2. (1) Subject to this paragraph, an allowance shall be granted to a person for a year of assessment for each of the person's depreciable assets equal to the depreciation for the year of that asset and calculated in accordance with subparagraph (2).

(2) Depreciation for a year of assessment for each depreciable asset shall be calculated according to the straight line method using the following formula: