

Inland Revenue Act, No. 24 of 2017

[Certified on 24th of October, 2017]

L.D.—O. 23/2017

AN ACT TO PROVIDE FOR THE IMPOSITION OF INCOME TAX

BE it enacted by the Parliament of the Democratic Socialist Republic of Sri Lanka as follows:-

1. This Act may be cited as the Inland Revenue Act, No. 24 of 2017 and comes into operation on April 1, 2018.
- Short title and the effective date of the Act.

PART I

CHAPTER I

IMPOSITION OF INCOME TAX

2. (1) Income tax shall be payable for each year of assessment by –
- Charging provision.

- (a) a person who has taxable income for that year; or
- (b) a person who receives a final withholding payment during that year.

(2) The amount of income tax payable by a person for any year of assessment shall be the total of the amounts payable under subsection (1).

(3) The income tax payable by a person under paragraph (a) of subsection (1) shall be calculated by –

- (a) applying the relevant rates of income tax set out in the First Schedule to this Act to that person's taxable income;
- (b) deducting any foreign tax credit claimed by and allowed to the person for the year under section 80 of this Act; and

- (c) deducting any other tax credit granted or allowed to the person for the year under this Act.

(4) The income tax payable by a person under paragraph (b) of subsection (1) shall be calculated by applying the relevant rate set out in the First Schedule to this Act to each final withholding payment.

CHAPTER II

INCOME TAX BASE

Division I: Taxable Income

Taxable income. **3.** (1) Subject to subsection (2), the taxable income of a person for a year of assessment shall be equal to the total of the person's assessable income for the year from each employment, business, investment and other sources.

(2) In arriving at taxable income of a year of assessment qualifying payments and reliefs for that year under section 52 shall be deducted.

(3) The taxable income of each person and the assessable income from each source shall be determined separately.

Division II: Assessable Income

Assessable income. **4.** The assessable income of a person for a year of assessment from employment, business, investment or other source shall be equal to –

- (a) in the case of a resident person, the person's income from employment, business, investment or other source for that year, wherever the source arises; and
- (b) in the case of a non-resident person, the person's income from the employment, business, investment