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இலங்கை உள்நாட்டு இறைவரி
Sri Lanka Inland Revenue

GUIDE TO CORPORATE RETURN OF INCOME TAX
YEAR OF ASSESSMENT - 2022/2023



You may read this set of instructions provided, before completing the Return of Income. Further details can be obtained via Inland Revenue (IRD) web portal – www.ird.gov.lk.

1. Introduction

In terms of Section 93 (1) of the Inland Revenue Act, No. 24 of 2017 (IRA), and its amendments thereon every person shall file with Commissioner-General not later than 8 Months after the end of each year of assessment a return of income for the year. Accordingly, return of income for the year of assessment ended on March 31st, 2023 (2022/2023) shall be filed on or before November 30th 2023.

As provided in Section 126(2) of IRA, the Commissioner-General may specify the form for returns, the information to be furnished on the return and attachments, if any, required to be filed with the return and the manner of filing.

Accordingly, Form No-Asmt_CIT_001 including its' schedules contained in Form No.-Asmt_CIT_002A and Form No.-Asmt_CIT_002B are the forms specified by the Commissioner-General for Return of Income (CIT returns) in respect of any entity other than partnerships. Therefore, entities mentioned under paragraph 2 shall comply with provisions of the IRA by furnishing return of income in the said forms, for the year of assessment 2022/2023.

2. Entities who shall furnish the CIT return

- (a) Resident or non-resident limited liability company
- (b) Resident or non-resident trust
- (c) Charitable institution
- (d) Unit trust or mutual fund



- (e) Non-Governmental organization
- (f) Public corporation
- (g) Club, society or association
- (h) Any government organization
- (i) Employees Trust Fund, Provident Fund, Pension Fund,
Termination Fund or Gratuity Fund
- (j) Any other entity excluding partnership

3. Method of filing

In terms of Section 113 (1A) of the IRA as amended by the Inland Revenue (Amendment) Act No. 10 of 2021, with effect from April 1,2021, e-filing of tax returns (electronically filing Returns) is mandatory for,

- (a) companies incorporated in Sri Lanka (all resident limited liability companies);
- (b) companies incorporated outside Sri Lanka (all non-resident limited liability companies); and for
- (c) public corporations.

Therefore, such entities are not entitled to furnish their return of income in writing by using the printed specified forms

Further, as provided in Section 113(4) of the IRA, other persons are also shall file their returns of income through e-filling, if such persons have already filed their returns of income for the previous years of assessment (2020/2021, 2021/2022) through e-filling.

Arrangements have been made for E-filing via IRD web portal. Please refer to the quick guide available in the IRD web portal (www.ird.gov.lk) for additional information.

Entities other than above referred entities which are liable to furnish e-returns, shall file their returns of income either in writing in printed forms



issued by the Commissioner-General or through e-filing. However, such taxpayers are also encouraged to use the online platform to e-File the Return of Income.

4. Approved forms of the CIT return

Approved forms have been structured as follows.

(a) Return of income - Part A

- (i) Section -01: Statement of gains and profits
- (ii) Section -02: Declaration
- (iii) Schedules to Return of Income

(b) Financial Information - Part B

- (i) Schedule -08: Computation Sheets
- (ii) Schedule -09: Financial Information

Part A of the return entails eleven schedules namely schedule 1, 2, 2B, 3, 4, 5, 6 (6A+6B), 7, 7A, 7B. Submission of all such schedules are mandatory. Mandatory schedules are integral parts of the approved forms of the Return of Income specified by the Commissioner General of Inland Revenue. However, you are not required to submit the schedule 1, 2B, 3, 5, 6 (6A+6B), 7A and 7B, if such schedules are not applicable in filling the Return of Income. In such situation, please mark the relevancy of schedules in the table given in first page of the Schedules (Part A of the Return of Income) as “(X)”. The person who marked as (X) in that table and submitted the same with the Return of Income will be considered as a person who has submitted such mandatory schedules. However, it is compulsory to submit the Schedule 2,4 and 7 together with above referred table.

If you attach your tax computation prepared by adjusting the accounting profit in accordance with the provisions of the IRA, submission of schedule 8 is not mandatory for this year of assessment. However, you



are advised to fill the schedules of financial information and attach to the return forms.

In any case, where there is a value to fill in the relevant cage of the Return of Income, which is linked to the other schedules, the relevant schedule should be filled and provided with the return.

5. Section 02 – Part A of the Return (Details of approved accountant/Any other person)

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 was 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 put a “√” in relevant box. If you put a “√” in the box of “YES”, you are required to fill the details of such person in 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 has involved to prepare your return or part of the return, please use a separate sheet to enter the required details as per part A of Section 02 and then attach that sheet with all separate certificates to the return of income. That certification shall be deemed to be part and parcel of your return.

6. Section 02 – Part B of the Return (Declaration of the taxpayer)

In terms of section 126(4) of the IRA, a taxpayer or the taxpayer’s duly authorised agent, shall sign the return, attesting to its accuracy and completeness. Therefore, the Managing Director/ Director/ Secretary or Principal Officer for a company or a representative (as defined in Section 146 of the IRA) for other entity, shall sign (and date) the Return of



Income indicating his/her name and designation as per part B of Section 02 of the Return of Income.

In terms of Section 128 of the IRA. every return, statement, or form purporting to be furnished under the IRA 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 have deemed to be cognizant of all matters contained therein.

7. Transfer pricing disclosure form

In terms of Regulations 6 of the Transfer Pricing Regulations published in the Extraordinary Gazette No. 2217/07 dated 02.03.2021, it is required that the persons having international transactions with associated undertakings or other than international transactions made between associated enterprises who fulfills the requirements of provision 1 of the Gazette Notification, referred to in Section 76 and 77 of the IRA to submit Transfer Pricing Disclosure Form along with the Return of Income Tax. Disclosers are advised to submit their TPDF declaration in PDF/JPG formats together with Excel format and it is a compulsory in manner of submission of their declaration. The aforesaid Disclosure Form and its excel format (Part A & B) are available in the IRD web Portal under Return of Income.

8. Required attachments to the specified form of the return of income

- (i)** Audited financial statements
- (ii)** Tax computation statement or Schedule 8 of the specified forms
- (iii)** Withholding tax or Advance Income Tax (if claimed) verified schedules on CSV format (uploading is compulsory, if number of items are more than 20)



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- (iv) Separate certificates of the person who prepared the return or part of the return for a payment
 - (v) Transfer pricing disclosure form in PDF/JPG with Excel format (if applicable)
 - (vi) Any other required documents and certificates

Any person who submitted a tax return without, relevant audited financial statements, completed Schedules of approved forms, separate certificates of the person who prepared return or part of return for a payment (if applicable) or with estimated figures of income etc., will be deemed not to have furnished a return of Income for the purpose of the IRA.

9. Loss adjustment of SME Sector

If the company wants to claim the loss incurred during the period that company has operated as SME (lower rate), first enter only the claimable amount into cage 20.B.18 then the same amount shall enter into cage 20.B.91 under 18% rate or 20.B.21 under 24% rate

If any loss occurred during the current year shall enter the total of both amount (loss occurred during the period & the amount carried forward from previous year as SME) in the cage 20.B.91 under 18% rate or 20.B.21 under 24% rate.

Any losses expired entered into cage 20.B.18 are not permitted to deduct

10. Due date of the return

Due date for furnishing of the return of income is November 30th, 2023. However, you are advised to furnish your return of income before such date which is very convenient for both parties.



11. Places where you can submit the returns

Taxpayers can furnish the duly filled return of income with all attachments to the Commissioner General by,

- (i) electronically through e-filing, including all the uploaded attachments (for companies and public corporations, it is mandatory)
- (ii) registered post to, “Commissioner, Central Document Management Unit, First Floor, Inland Revenue Department, Sir Chittampalam A Gardiner Mawatha, Colombo-02”.
- (iii) Delivering to the Central Document Management Unit, First Floor, Inland Revenue Department, Colombo 02 or for any regional or metropolitan office of the Inland Revenue Department.

12. Taxable Income

In arriving the taxable income of an entity for the year of assessment under section 3 of Inland Revenue Act the aggregate qualifying payment referred in the third Schedule to this Act shall be deducted.

Cage 80 Tax on Income Taxable at Special Rates (Schedule 04)

Concessionary rates applied on gain and profit of following entities

12.1 For the first six months period (from 01.04.2022 to 30.09.2022) of the year of assessment 2022/2023 (Company Tax Rates are applicable as setout bellow)

I. (a) Small and Medium enterprises (SME) – 14%;



- (b) Business of export of goods – 14%**
 - (c) Specified Undertaking – 14%**
 - (d) Providing Educational Services – 14%**
 - (e) Promotion of tourism – 14%**
 - (f) Agro producing – 14%**
 - (g) Construction – 14%**
 - (h) Health services – 14%**
 - (i) Export company under BOI approval – 14%**
 - (j) Colombo stock exchange listed company – 14%**
 - (k) Gem and Jewellery - 14%**
 - (l) Generation of power to National grid using renewable energy – 14%**
 - (m) Manufacturing – 18%**
 - (n) Dividend - 14%**
 - (o) Betting & gaming, liquor and tobacco – 40%**
 - (p) Trust - 18%**
 - (q) Non-governmental organizations – 24%**
 - (r) Unit trust or mutual fund – 24%**
 - (s) Balance taxable income at 24%**
- (ii) 24% Tax Rate –** Balance taxable income (Other than gain from realization of investment assets and income referred above) if any is chargeable at 24% as per the sub-paragraph 1 and 4(b) of the paragraph 4 of the first schedule. This 24% rate is also a special rate for the purpose of return of income filling purposes in Y/A 2022/2023



12.2 For the second six months period (from 01.10.2022 to 31.03.2023) of the year of assessment 2022/2023 (Company Tax Rates)

Should be applied at the normal tax rate setout bellow and other all remain tax rates should be declared.

- (a) Trust – 30%
- (b) Companies – 30% (including gains from realization of investment assets)
- (c) Unit Trust and Mutual Fund - 30%
- (d) Non – Government Organization (including on amounts received by way of grant, donation or contribution or any other manner under section 68 of IRA) – 30%
- (e) Betting & Gaming – 40%
- (f) Manufacture and sale or import and sale of any liquor or tobacco product – 40%
- (g) Dividend – 15%

12.3 Dividend

- On or after October 01, 2022 person's taxable income includes gains and profit from dividends for the second six months of the year of assessment commencing on April 1, 2022 such gain and profit shall be tax at the rate of 15%.
- Dividend paid by a resident company to a member to the extent that such dividend payment is attributable to or derived from another dividend received by that resident company or another resident company is exempted from income tax.
- On or after January 01, 2023 a person shall deduct advance income tax from the payment of dividend which has a source in Sri Lanka at the rate of 15%



- On or after January 01, 2023 dividend paid by a resident company shall be the final withholding payments.

13. Payment of tax

Tax on taxable income shall be payable by withholding, by instalment or on assessment as provided in Section 82 of the IRA. In terms of Section 90 of the IRA, quarterly instalments for the year of assessment 2022/2023, should have been paid as follows.

Instalment	Due date (on or before)	Payment code
1	August 15 th , 2022	22231
2	November 15 th , 2022	22232
3	February 15 th , 2023	22233
4	May 15 th , 2023	22234

Gains derived or expected to be derived from the realization of an investment asset during a year of assessment shall not be considered for the purpose of quarterly payments.

Assessment payment should have been paid as follows.

Assessment	Due date (on or before)	Payment code
On capital gains	One month after the date of realization	22040 to 23030 (code will be changed according to the month of the transaction)



On taxable income other than capital gains	September 2023	30 th , 22230
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Where a taxpayer failed to pay tax on the due date, the taxpayer shall be liable for any costs incurred by the Commissioner-General in taking action to recover the unpaid tax.

14. Interest and penalties on late and under payments

- If an amount of tax is not paid by the due date, the taxpayer shall be liable for interest on the amount for the period from the due date, to the date the tax is paid. The interest rate shall be 1.5% per month or part of the month, computed monthly.
- A person who fails to pay all or part of tax due for a tax period, is liable for a penalty equal to 20% of the due tax (but not paid as required by the IRA). Further, if fails to pay installments as required under the IRA, liable penalty will be equal to 10% of the amount of tax due but on the amount which was not paid.

15. Penalty on failure to file a tax return

A person who fails to file a return of income for the year of assessment 2022/2023, on or before the date of November 30, 2023, shall be liable to a penalty equal to the greater of –

- (a) 5% of the amount of the tax owing, plus a further 1% of the amount of tax owing for each month or part of a month during which the failure to file continues; and
- (b) Rs. 50, 000/- plus a further Rs.10, 000 for each month or part of a month during which the failure to file continues.



16. Application of other penal provisions

(a) Penalties

- In terms of Section 180 of the IRA (Negligent or Fraudulent Underpayment), a penalty can be imposed on taxpayers who underpay (or may have underpaid) tax intentionally or negligently, as a result of an incorrect statement or omission on the tax return. The amount of the penalty is based on the extent of the underpayment. It is 75% of the underpayment, if the amount of the underpayment is higher than ten million rupees or higher than 25% of the person's tax liability for the period. If not, penalty is the 25% of the underpayment.
- Section 181 of the IRA (False or Misleading Statements) imposes penalty on making false or misleading statements to a tax official (if penalty has not imposed under Sec.180). The amount of the penalty is equal to Rs. 50,000 or, if greater, an amount that is based on the amount of tax that would have been assessed (or refund reduced).
- Section 182 (Failure to Maintain Documents) imposes Rs. 1,000 a day penalty for the failure to maintain proper documents.

(b) Criminal Proceedings

- In terms of Section 187 of the IRA (Aiding and Abetting), a person who willfully aids, abets, assists, counsels, incites, or induces another person to commit a criminal offence under the IRA is liable on conviction to the same penalty as if the offence had been committed by that person.
- Section 189 (Tax Evasion) provides that a person who wilfully evades, or attempts to evade the assessment, payment, or



collection of tax is guilty of an offence and is liable on conviction to a fine of Rs. 10,000,000 or to imprisonment for a term not exceeding two years, or both.

- Section 190 (Impeding Tax Administration) provides that a person who wilfully impedes or attempts to impede the IRD in its administration of the IRA is guilty of an offence and is liable on conviction to a fine of Rs. 1,000,000, or to imprisonment for a term not exceeding one year, or both. Fails to file a return, makes a statement to a tax official that is false or misleading in a material particular, fails to maintain required records or otherwise impedes the determination, assessment or collection of tax are constitute as impeding tax administration. A person may be guilty of impeding tax administration even if the tax, the collection of which is being impeded, is not the person's own tax.
- Section 190A (Fraudulently prepared or certified documents) provides that a person who fraudulently prepares any document of information or certifies a document, to be furnished to the Commissioner-General, commits an offence and on conviction after summary trial before a Magistrate, be liable to a fine not exceeding Rs. 1,000,000 or to imprisonment of either description for a term not exceeding six months.

Sinhala or Tamil translation of this guide can be downloaded from the IRD Portal www.ird.gov.lk

Detailed instructions on the calculation of income tax payable in terms of the IRA and to fill the return forms can also be downloaded from the IRD Portal via www.ird.gov.lk.



Special Notes

In addition to the above guide lines, tax payers are hereby adviced to follow the circulars related to the income tax issued by the commissioner General of Inland Revenue from time to time which have been published in the IRD web portal www.ird.gov.lk

http://www.ird.gov.lk/en/publications/Circulars_Circulars/SEC_2023_E_03.pdf

For further details, please contact;

1. 1944 – Inland Revenue Call Centre
2. 011-2134200 – Senior Commissioner – Business Consultation Unit
3. 011-2134250 - Commissioner - Customer Supporting and Promotion Unit
4. 011-2134251 - Commissioner– Business Consultation Unit
5. Commissioners of all Regional & Metro Unit

