

**PARLIAMENT OF THE DEMOCRATIC SOCIALIST REPUBLIC OF**   
**SRI LANKA**

**VALUE ADDED TAX (AMENDMENT)**   
 **ACT, No. 9 OF 2021**

**[Certified on 13th of May, 2021]**

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| *Value Added Tax (Amendment)* | 1 |

*Act, No. 9 of 2021*

[Certified on 13th of May, 2021]

L. D.— O. 9/2020

AN ACTTOAMENDTHE VALUE ADDED TAX ACT, NO. 14 OF 2002

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

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| **1.** | This Act may be cited as the Value Added Tax | Short title |

(Amendment) Act, No. 9 of 2021.

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| **2.** | Section 2 of the Value Added Tax Act, No.14 of 2002 | Amendment of section 2 of  Act, No.14 of 2002 |
| (hereinafter referred to as the “principal enactment”) is hereby amended as follows:- | |
| (1) | in item (v) of sub-paragraph (v) of subsection (1) of |

that section by the substitution for the words “any   
taxable period thereafter” of the words and figures  
“any taxable period thereafter but for the period   
ending on or before November 30, 2019; and”;

(2) by the insertion immediately after the item (v) of sub-paragraph (v) of subsection (1) of that section of the following:-

“(vi) for the period commencing on December 1,   
2019 and ending on December 31, 2019 and   
for any taxable period commencing on or after   
January 1, 2020 at the rate of eight *per centum*   
(of which the tax fraction is 2/27),”.

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| **3.** | Section 3 of the principal enactment is hereby | Amendment of section 3 of the principal  enactment |
| amended in subsection (1) of that section by the substitution for the words “Notwithstanding the provisions of section 2, the tax shall not be” of the words and figures | |

“Notwithstanding the provisions of section 2, for any period prior to January 1, 2020, the tax shall not be”.

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| Amendment of section 7 of the principal  enactment | **4.** | Section 7 of the principal enactment is hereby |
| amended in subsection (1) of that section as follows:- | |
| (1) | by the substitution in paragraph (a), for the words |

“where the supplier of such goods has exported   
such goods;” of the words “where the supplier of   
such goods has exported such goods for which   
payment is received in foreign currency through a   
bank in Sri Lanka licenced under the Banking Act,   
No. 30 of 1988 within a period of six months from   
the end of the taxable period of which such   
exportation has taken place;”;

(2) in paragraph (b) of that subsection–

(*a*) by the substitution in sub-paragraph (i) for   
the words “immovable property outside Sri   
Lanka” of the words “immovable property   
outside Sri Lanka, for which payment is   
received in foreign currency through a bank   
in Sri Lanka licenced under the Banking   
Act, No. 30 of 1988 within a period of six   
months from the end of the taxable period   
of which supply of such service is provided;

(*b*) by the substitution in sub-paragraph (ii*a*) for   
the words “re-export under entre-port trade:”  
of the words and figures “re-export under   
entre-port trade, for which payment is   
received in foreign currency through a bank   
in Sri Lanka licenced under the Banking Act,   
No. 30 of 1988 within a period of six months   
from the end of the taxable period of which   
supply of such service is provided;

(*c*) by the substitution in sub-paragraph (iii)   
for the words “such right if for use outside   
Sri Lanka” of the words “such right is for   
use outside Sri Lanka, for which payment is

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received in foreign currency through a bank   
in Sri Lanka licenced under the Banking   
Act, No. 30 of 1988 within a period of six   
months from the end of the taxable period   
of which supply of such service is provided;

(*d*) by the substitution in sub-paragraph (v) for   
 the words “payment is received in foreign   
 currency through a bank, if ” of the words   
 and figures “payment is received in foreign   
 currency through a bank in Sri Lanka   
 licenced under the Banking Act, No. 30 of   
 1988 within a period of six months from the   
 end of the taxable period of which supply   
 of such service is provided, if;

(*e*) by the substitution in sub-paragraph (vi) for   
 the words “payment is received in foreign   
 currency, through a bank” of the words and   
 figures “payment is received in foreign   
 currency through a bank in Sri Lanka   
 licenced under the Banking Act, No. 30 of   
 1988 within a period of six months from the   
 end of the taxable period of which supply   
 of such service is provided;

(*f*) by the substitution in sub-paragraph (vii)   
 for the words “payment for such service is   
 received in foreign currency, through a bank   
 in Sri Lanka in so far” of the words and   
 figures “payment for such service is   
 recieved in foreign currency through a bank   
 in Sri Lanka licenced under the Banking   
 Act, No. 30 of 1988 within a period of six   
 months from the end of the taxable period   
 of which supply of such service is provided,   
 in so far;”;

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(3) by the substitution in paragraph (*c*), for the   
 words “foreign currency from outside Sri   
 Lanka through a bank in Sri Lanka” of the   
 words and figures “foreign currency from   
 outside Sri Lanka through a bank in   
 Sri Lanka licenced under the Banking Act,   
 No. 30 of 1988 within a period of six months   
 from the end of the taxable period of which   
 supply of such service is provided”;

(4) by the insertion immediately after   
 subsection (2), of the following:–

“(3) Notwithstanding the payment in   
respect of supply of goods or services   
referred to in subsection (1) of section   
7 is not received in foreign currency   
through a bank in Sri Lanka licenced   
under the Banking Act, No. 30 of 1988   
within a period of six months from the   
end of the taxable period of which   
such exportation has taken place or   
supply of such service is provided, as   
the case may be, where it is proved to   
the satisfaction of the Commissioner-  
General that such goods are exported   
or the services are performed, the rate   
specified in section 2 shall not apply   
on such supply of goods or services.”.

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| Amendment of section 10 of  the principal  enactment | **5.** | Section 10 of the principal enactment is hereby | |
| amended as follows:- | | |
| (1) | in subsection (1) of that section- | |
| (*a*) | | by the substitution in paragraph (v), for the |

words and figures “on or after April 1, 2016,

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carries on” of the words and figures “on or   
after April 1, 2016, but prior to January 1,   
2020, carries on”;

(*b*) by the insertion immediately after paragraph   
 (v), of the following:-

“(vi) on or after January 1, 2020, carries on or   
carries out any taxable activity in Sri   
Lanka shall be required to be registered   
under this Act, if—

(*a*) at the end of any taxable period of   
one month or three months, as the   
case may be, the total value of the   
taxable supplies of goods or services   
or goods and services of such person,   
made in Sri Lanka in that taxable   
period of one month or three months,   
as the case may be, is seventy five   
million rupees or more; or

(*b*) in the twelve months period then   
ending, the total value of the taxable   
supplies of goods or services or   
goods and services of such person,   
made in Sri Lanka has exceeded   
three hundred million rupees; or

(*c*) at any time, there are reasonable   
 grounds to believe that the total   
 value of the taxable supplies of   
 goods or services or goods and   
 services of such person in Sri Lanka,   
 in the succeeding one month or   
 three months taxable period, as the   
 case may be, is likely to exceed

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seventy five million rupees or in the   
succeeding twelve months period   
is likely to exceed three hundred   
million rupees.”;

(2) in subsection (2) of that section by the substitution   
 for the words “exempted under PART II of the First   
 Schedule to the Act, is not less than” of the words   
 and figures “exempted under PART II of the First   
 Schedule to this Act, for any period prior to January   
 1, 2020, is not less than”.

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| Replacement of section 12 of  the principal  enactment | **6.** Section 12 of the principal enactment is hereby repealed and the following section is substituted therefor:- | |
| “Voluntary registration | 12. (1) Notwithstanding anything to the contrary in sections 3 and 10, any person who |

supplies goods or services and carries on a   
taxable activity or who imports any taxable   
goods may make an application to the   
Commissioner-General, in the form specified   
by the Commissioner-General, for registration   
under this Act,-

(*a*) for any taxable period prior to January 1,   
 2013:

Provided however, the Commissioner-  
General may after affording the applicant   
an opportunity of being heard, and having   
regard to the nature of the business carried   
on by such applicant, the value of the   
taxable supplies made by such applicant   
in the two preceding taxable periods and

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the probability that the value of his   
taxable supplies will not exceed the value   
referred to in section 10, refuse to register   
such applicant; and

(*b*) for any taxable period commencing on or   
after January 1, 2020, in the case of a   
person who supplies goods or services and   
carries on a taxable activity.

(2) Any person registered under this section   
shall not be eligible for registration with the   
Simplified Value Added Tax Scheme   
administered by the Commissioner-General   
unless-

(*a*) his taxable supply exceeds the total value   
 of the taxable supplies referred to in   
 subsection (1) of section 10; or

(*b*) he is an exporter who proves to the   
 satisfaction of the Commissioner-General   
 that his total supplies have been exported;   
 or

(*c*) such person is willing to register for the   
 purpose of the Simplified Value Added Tax   
 Scheme as a Registered Identified Supplier   
 as approved by the Commissioner-  
 General.”.

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| **7.** | Section 22 of the principal enactment is hereby | Amendment  of section 22  of the  principal  enactment |
| amended as follows:- | |
| (1) | in paragraph (*a*) of the first proviso to subsection (1) |
| thereof, by the repeal of sub-paragraphs (iii) and (iv) | |

and the substitution therefor of the following:-

“(iii) (*a*) rupees seventy five for any period   
commencing on or after August 16, 2018   
but prior to November 1, 2019;

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(*b*) rupees one hundred for any period   
commencing on or after November 1,   
2019, but prior to January 1, 2021;

(*c*) rupees twenty five for any period   
 commencing on or after January 1, 2021,

for each such garment other than panties, socks,   
briefs and boxer shorts identified under the   
Harmonized Commodity Description and   
Coding System Numbers for Custom Purposes;

(iv) (*a*) rupees seventy five for any period   
commencing on or after August 16, 2018,   
but prior to November 1, 2019;

(*b*) rupees one hundred for any period   
commencing on or after November 1,   
2019, but prior to January 1, 2021;

(*c*) rupees twenty five for any period   
 commencing on or after January 1, 2021,

for six pieces of panties, socks, briefs and boxer   
shorts, identified under the Harmonized   
Commodity Description and Coding System   
Numbers for Custom Purposes.”;

(2) in subsection (6) of that section, by the insertion   
 immediately after paragraph (v), of the following   
 new paragraph:–�

“(vi) if the payment in respect of supply of goods   
or services referred to in subsection (1) of   
section 7 is not received in foriegn currency   
through a bank in Sri Lanka licenced under   
the Banking Act, No. 30 of 1988 within a   
period of six months from the end of the   
taxable period of which such exportation   
has taken place or supply of such service is   
provided, as the case may be.”;

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(3) in subsection (14) of that section, by the substitution   
 for the words and figures “ (14) Where any person”  
 of the words and figures “(14) For any period prior   
 to the date of commencement of this (Amendment)   
 Act where any person”.

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| **8.** | The First Schedule to the principal enactment is | Amendment of the First  Schedule to the principal  enactment |
| hereby amended in PART II as follows: -  (1) in paragraph (*a*) of that PART, by the insertion immediately after item (xxx) of the following new | |

item-

“(xxxi) machinery and equipment including   
medical, surgical and dental instruments,   
apparatus, accessories and parts thereof,   
hospital or medical furniture and drugs,   
chemical and similar items, as recommended   
by the Secretary to the Ministry of the   
Minister assigned the subject of Health, as   
required for the provision of health services   
to address the COVID 19 pandemic, with   
effect from May 20, 2020.”;

(2) by the substitution in sub-item (*c*) of item (xi) of paragraph (*b*) for the words and figures “on or after April 1, 2019, other than any lease” of the words and figures “on or after April 1, 2019 but on or before November 30, 2019, other than any lease”;

(3) by the insertion immediately after sub-item (*c*) of item (xi) of paragraph (*b*), of the following: -

“(*d*) if such supply has taken place on or after December   
1, 2019, by any person, other than any lease or   
rent of residential accommodation.”;

(4) by the renumbering of item (Li) and (Lii) (as inserted by Value Added Tax (Amendment) Act, No.25 of 2018) of paragraph (*b*)as (Lii) and (Liii) respectively;

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(5) by the insertion immediately after the renumbered item (Liii) of the followings:-

“(Liv) commencing on or after January 1, 2020   
information technology and enabled   
services as shall be prescribed;

(Lv) health protective equipment and similar   
products by any exporter, registered with the   
Board of Investment of Sri Lanka established   
by the Board of Investment of Sri Lanka Law,   
No.4 of 1978, to the Ministry of Health and   
Indigenous Medical Services, Department of   
Health Services, Sri Lanka Army, Sri Lanka   
Navy, Sri Lanka Air force and Sri Lanka   
Police on or after April 29, 2020;

(Lvi) services in respect of inbound tours, by a   
travel agent registered with the Sri Lanka   
Tourism Development Authority for any   
period commencing from April 1, 2020;”;

(6) by the addition immediately after paragraph (l) of that PART the following:-

“(m) with effect from the date of commencement   
 of this (Amendment) Act, local supply of   
 any goods [other than goods referred to in   
 paragraph (c)], which would have been   
 exempted on importation, if imported.”;.

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| Validation | **9.** | Any person who is authorized to collect the Value |

Added Tax as provided for in this Act during the period commencing from December1, 2019 and ending on the date on which the Certificate of the Speaker is endorsed in respect of this Act, shall be deemed to have acted with due authority and such collection shall be deemed to have been, and to be, validly made and such person is hereby indemnified against all actions, civil or criminal, in respect of such collection:

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Provided that, the aforesaid provisions shall not affect any decision or Order made by any Court or any proceedings pending in any Court in respect of any tax collected as provided for in this Act during the said period.

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| **10.** | In the event of any inconsistency between the | Sinhala text to  prevail in case  of inconsistency |
| Sinhala and Tamil texts of this Act, the Sinhala text shall prevail. | |

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| 12 | *Value Added Tax (Amendment)* |

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