

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

**INLAND REVENUE (AMENDMENT)**   
**ACT, No. 14 OF 2023**

**[Certified on 08th of September, 2023]**

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| *Inland Revenue (Amendment) Act, No. 14 of 2023* | 1 |

[Certified on 08th of September, 2023]

L.D.-O. 45/2023

AN ACTTOAMENDTHE INLAND REVENUE ACT, NO. 24 OF 2017

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

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| **1.** (1) This Act may be cited as the Inland Revenue (Amendment) Act, No. 14 of 2023. | Short title  and the date  of operation |

(2) The provisions of this Act shall be deemed to have come into operation on April 1, 2023.

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| **2.** The First Schedule to the Inland Revenue Act, No.24 of 2017 is hereby amended by the repeal of paragraph 8 of that Schedule and the substitution therefor, of the following paragraph: - | Amendment  of the First  Schedule to  Act, No. 24  of 2017 |

**“8. Tax rate for Employees’ Trust Funds,**   
**Provident, Pension or Gratuity Funds and**   
**Termination Funds.**

(1) The taxable income of the Employees’ Trust   
Fund, an approved provident or pension fund, or   
an approved termination fund for a year of   
assessment commencing on or prior to April 1, 2022   
and for the first six months period of the year of   
assessment commencing on April 1, 2023 shall be   
taxed at the rate of 14%.

(2) Subject to subparagraphs (3) and (4), the   
taxable income of the Employees’ Trust Fund, an   
approved provident or pension fund or an approved   
termination fund for the second six months period   
of the year of assessment commencing on April 1,   
2023 and for each year of assessment commencing   
on or after April 1, 2024, shall be taxed at the rate   
of 14%.

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| 2 | *Inland Revenue (Amendment) Act, No. 14 of 2023* |

(3) Such part of the gains and profits received   
or derived by the Employees’ Trust Fund, an   
approved provident or pension fund or an approved   
termination fund from treasury bonds, for the second   
six months period of the year of assessment   
commencing on April 1, 2023 and for each year of   
assessment commencing on or after April 1, 2024,   
shall be taxed at the rate of 30%.

(4) Notwithstanding anything to the contrary   
in the provisions of subparagraph (3), ifthe   
Employees’ Trust Fund, an approved provident or   
pension fund or an approved termination fund has   
invested in eligible bonds, and the Registrar of the   
Public Debt Department of the Central Bank of   
Sri Lanka confirms that any such fund has   
effectively participated in the process of domestic   
debt optimization approved by the Parliament by   
Resolution dated July 1, 2023, such part of the   
gains and profits received or derived by such funds   
from the treasury bonds, for the second six months   
period of the year of assessment commencing on   
April 1, 2023 and for each year of assessment   
commencing on or after April 1, 2024 shall be taxed   
at the rate of 14%.

(5) In this paragraph -

“approved termination fund” means any   
 thrift, savings or building society   
 or welfare fund to which   
 contributions are made by   
 employees only or, any gratuity   
 fund approved by   
 the Commissioner-General and   
 maintained for the purpose of   
 payment of gratuities to   
 employees on the termination of   
 their service, under the Payment   
 of Gratuity Act, No. 12 of 1983;

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| *Inland Revenue (Amendment) Act, No. 14 of 2023* | 3 |

“effectively participated” means the   
submission of offers by the   
Employees’ Trust Fund, an   
approved provident or pension   
fund or an approved termination   
fund for not less than 50% of the   
total holding of each series of   
eligible bonds maturing in the   
year 2023, and for 100% of the   
total holding of eligible bonds   
maturing in the calendar years   
2024 to 2032 (both inclusive)   
and acceptance of such offers by   
the Registrar of the Public Debt   
Department of the Central Bank   
of Sri Lanka; and

“eligible bonds” means the treasury   
bonds applicable for the purposes   
of domestic debt optimization,   
issued under the Registered   
Stocks and Securities Ordinance   
(Chapter 420) that are-

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| (*a*)  (*b*) | maturing between June 28, 2023 and December 31, 2023 (excluding the treasury bonds maturing on July 15, 2023 and September 1, 2023); and  maturing in the calendar years 2024 to 2032 (both inclusive). |

(6) Notwithstanding anything to the contrary   
in any other provision of this Act, where any fund   
referred to in this paragraph uses accounts based on   
an alternative period of twelve months for the

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| 4 | *Inland Revenue (Amendment) Act, No. 14 of 2023* |

computation of the income tax payable for the year   
of assessment commencing on April 1, 2023, the   
income tax rates set out in this paragraph shall be   
applied for such year of assessment by considering   
such alternative period of twelve months period.”.

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| Sinhala text  to prevail in case of  inconsistency | **3.** In the event of any inconsistency between the Sinhala and Tamil texts of this Act, the Sinhala text shall prevail. |

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| *Inland Revenue (Amendment) Act, No. 14 of 2023* | 5 |

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