

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

*————————*

**VALUE ADDED TAX (AMENDMENT)**

**A**

**BILL**

**to amend the Value Added Tax Act, No. 14 of 2002**

*——————*

*Presented by the Minister of Finance on 20th of August, 2019*

(Published in the Gazette on July 31, 2019)

*Ordered by Parliament to be printed*

*————————*

**[Bill No. 293]**

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*STATEMENT OF LEGAL EFFECT*

*Clause 2* : This clause amends section 6 of the Value Added Tax Act, No. 14 of 2002 (hereinafter referred to as the “principal enactment”), and the legal effect of that section as amended is to make provisions to determine the value of goods imported and enabling the Minister to prescribe the manner by which the value of goods specified by him is to be determined.

*Clause 3* : This clause amends section 22 of the principal enactment and the legal effect of that section as amended is to increase the amount of tax due on local sale of certain garments by export oriented companies.

*Clause 4* : This clause amends section 26 of the principal enactment and the legal effect of that section as amended is to change the date of VAT payment.

*Clause 5* : This clause amends Part II of the First Schedule to the principal enactment in order to give effect to the budget proposals of 2018 exempting the VAT imposed on the supply of condominium housing units where the registered agreement to sale relating to such supply is executed prior to April 1, 2019 and to extend the exemption applicable on locally produced rice products to rice bran oil.

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

L.D.—O. 5/2019

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:-

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

(Amendment) Act, No. of 2019.

|  |  |  |  |
| --- | --- | --- | --- |
| 5 | **2.** | Section 6 of the Value Added Tax Act, No.14 of 2002 | Amendment |
| of section 6 |
| (hereinafter referred to as the “principal enactment”) is hereby | |
| of Act, |
| repealed and the following section is substituted therefor:- | | No. 14 of |

2002.

|  |  |  |  |
| --- | --- | --- | --- |
| 10 | “The value | 6. (1) The value of goods imported, other | |
| of goods |
| than the goods as prescribed by regulation shall | |
| imported. |
| be the aggregate of – | |
| (*a*) | the value of the goods determined for |

the purpose of custom duty increased   
by ten *per centum;* and

|  |  |  |
| --- | --- | --- |
| 15 | (*b*) | the amount of any custom duty payable |
| in respect of such goods with the |
| addition of any surcharge, cess, any |

Ports and Airports Development Levy   
payable under the Finance Act, No. 11   
of 2002, and any excise duty payable

|  |  |
| --- | --- |
| 20 | under the Excise (Special Provisions) Act, No. 13 of 1989 on such goods. |

(2) The Minister may, from time to time,   
prescribe by regulation, the manner by which   
the value of goods specified in the regulation

25 made under subsection (1) is to be determined. Any such regulation made by the Minister shall be approved by the Cabinet of Ministers and

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published in the *Gazette.* Such regulation shall   
be placed before the Parliament for approval   
and shall be effective only upon it being   
approved by the Parliament.”.

|  |  |  |  |
| --- | --- | --- | --- |
| 5 | **3.** | Section 22 of the principal enactment is hereby | Amendment |
| amended in paragraph (*a*) of the first proviso to subsection | | of section |
| 22 of the |
| (1) thereof, by the repeal of subparagraphs (iii) and (iv) and | |
| principal |
| the substitution therefor the following:- | |
| enactment. |

“(iii) rupees seventy five for any period commencing on

|  |  |
| --- | --- |
| 10 | or after August 16, 2018 but prior to July 1, 2019 and rupees hundred for any period commencing on |

or after July 1, 2019, for each such garment other   
than panties, socks, briefs and boxer shorts identified   
under the Harmonized Commodity Description and

15 Coding System Numbers for custom purposes;

(iv) rupees seventy five for any period commencing on   
or after August 16, 2018 but prior to July 1, 2019   
and rupees hundred for any period commencing on   
or after July 1, 2019, for six pieces of panties, socks,

|  |  |
| --- | --- |
| 20 | briefs and boxer shorts, identified under the Harmonized Commodity Description and Coding |

System Numbers for custom purposes,”.

|  |  |  |  |
| --- | --- | --- | --- |
| 25 | **4.** | Section 26 of the principal enactment is hereby | Amendment |
| amended in subsection (1A) thereof by the substitution for | | of section |
| 26 of the |
| the words and figures “January 1, 2013” of the words and | |
| principal |
| figures “January 1, 2013, but prior to July 1, 2019”. | |
| enactment. |
| 30 | **5.** | Paragraph (*b*) of PART II of the First Schedule to the |
| Amendment |
| principal enactment is hereby amended as follows:- | | of the First |
| Schedule to |
| (1) | in item (xi) of that paragraph – | the principal |
| enactment. |
| (*a*) by the substitution in sub-item (*b*) for the | |

words and figures “on or after November 1,   
2016 but prior to the date of commencement

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of this (Amendment) Act by any person” of   
the words and figures “on or after November   
1, 2016 but prior to April 1, 2019, by any   
person”;

5 (*b*) by the substitution in sub-item (*c*) for the words “rupees fifteen million.” of the following:-

“rupees twenty five million; or

(iii) is relating to a sale of any

10 condominium housing unit and where there is an agreement to sell in respect of such supply which is executed in terms of the Notaries Ordinance (Chapter 107) prior to

15 the date of commencement of this (Amendment) Act; or

(iv) is a supply of a condominium housing unit of a condominium housing project in respect of 20 which a certificate of conformity has been issued by the relevant Local Authority prior to the date of commencement of this (Amendment) Act in respect of

|  |  |  |
| --- | --- | --- |
| 25 | (2) | such supply.”; |
| by the repeal of item (xxvi) and the substitution |

therefor of the follwing:-

“(xxvi) locally produced dairy products other than powdered milk containing added 30 sugar or other sweetening matter, out of locally produced fresh milk in so far

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as such milk is produced in Sri Lanka   
and locally produced rice products   
containing rice produced in Sri Lanka   
and, (with effect from July 1, 2019)

5 locally produced rice bran oil made out of locally produced rice;”.

|  |  |  |
| --- | --- | --- |
| **6.** | In the event of any inconsistency between the Sinhala | Sinhala text to prevail in case of |
| and Tamil texts of this Act, the Sinhala text shall prevail. | |

inconsistency.

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