**THE GAZETTE OF THE DEMOCRATIC SOCIALIST REPUBLIC OF**

**SRI LANKA**

**Part II of February 07, 2020**

**SUPPLEMENT**

*(Issued on 10.02.2020)*



**VALUE ADDED TAX (AMENDMENT)**

**A**

**BILL**

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

*Ordered to be published by the Minister of Finance, Economic and Policy Development*

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*STATEMENT OF LEGAL EFFECT*

*Clause 2* : This clause amends section 3 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 increase the amount for Vat liability on wholesale and retail sale.

*Clause 3* : This clause amends section 10 of the principal enactment and the legal effect of that section as amended is to increase the registration threshold for VAT liability to Rs. Seventy five million for a quarter and Rs. Three hundred million *per annum* and the consequential changes relating thereto.

*Clause 4* : This clause amends section 12 of the principal enactment and the legal effect of that section as amended is to provide for voluntary registration under this Act, for persons as described in that section.

*Clause 5* : This clause amends Part II of the First Schedule to the principal enactment in order to exempt the VAT imposed on the supply of condominium housing units and information technology and enabled services.

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

L. D.— O. 60/2019

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:-

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

(Amendment) Act, No. of 2020.

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| --- | --- | --- | --- |
| 5 | **2.** | Section 3 of the Value Added Tax Act, No. 14 of | Amendment of section 3 of Act,  No.14 of  2002. |
| 2002 (hereinafter referred to as the “principal enactment”) is | |
| hereby amended in paragraph (f) of subsection (1) as follows:- | |
| (1) | by the substitution in sub-paragraph (iv), for the |

words and figures “on or after November 1, 2016,”10 of the words and figures“ on and after November 1, 2016, but ending on or before December 31, 2019; and”;

(2) by the insertion immediately after sub-paragraph (iv) of the following new sub-paragraph :-

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| 15 | “(v) seventy five million, for any such period of three months commencing on and after January |

1, 2020,”.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| 20 | **3.** | Section 10 of the principal enactment is hereby | | Amendment |
| amended as follows :- | | | of section 10 |
| of the |
| (1) | in subsection (1) of that section- | | principal |
| enactment. |
| (*a*) | | by the substitution in paragraph (v), for the |

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

25 2020, carries on”;

|  |  |  |
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| 2 | (*b*) | *Value Added Tax (Amendment)* |
| by the insertion immediately after paragraph |

(v), of the following new paragraph:-

“(vi) on and after January 1, 2020, carries on or carries out any taxable activity in Sri 5 Lanka shall 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 10 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, 15 has seventy five million rupees; 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, 20 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

|  |  |
| --- | --- |
| 25 | 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

|  |  |
| --- | --- |
| 30 | seventy five million rupees or in the succeeding twelve months period |

is likely to exceed three hundred   
million rupees.”;

*Value Added Tax (Amendment)*  3

(2) in subsection (2) of that section-

(*a*) by the substitution in sub-paragraph (*c*), for the words and figures “on or before November 1, 2016; and” of the words and figures “on or before 5 November 1, 2016;”;

(*b*) by the substitution in sub-paragraph (*d*), for the words and figures “on or after November 1, 2016,” of the words and figures “on and after November 1, 2016 but ending on or before December 31, 2019; 10 and”;

(*c*) by the insertion immediately after sub-paragraph   
(*d*) of that section of the following new   
sub-paragraph:—

|  |  |  |
| --- | --- | --- |
| 15 | “(*e*) | Seventy five million, for any such period |
| of three months commencing on and after |

January 1, 2020.”.

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| 20 | **4.** Section 12 of the principal enactment is hereby | | Replacement of section 12 of the  principal  enactment. |
| repealed and the following section substituted therefor:- | |
| “Voluntary | 12. Notwithstanding the provisions of |
| registration. | 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 in the specified form to the Commissioner-General, for registration 25 under this Act,-

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

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| 4 | *Value Added Tax (Amendment)* | | the |
| Provided | however, |

Commissioner-General may after affording the applicant an opportunity of being heard, and having regard to 5 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 the probability that the value of his taxable 10 supplies will not exceed the value referred to in section 10, refuse to register such applicant; and

(*b*) for any taxable period commencing on   
 and after January 1, 2020.”.

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| 15 | **5.** The First Shedule to the principal enactment is hereby | Amendment |
| amended in PART II as follows:- | of the |
| Shedule to |
| the principal |
| enactment. |

(1) 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

|  |  |
| --- | --- |
| 20 | figures “on and after April 1, 2019 but ending on December 1, 2019, other than any lease”; |

(2) by the insertion immediately after sub-item (*c*), of the following new sub-item:-

“(*d*) commencing with December 1, 2019, by any 25 person, other than any lease or rent of residential accommodation.”;

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

*Value Added Tax (Amendment)*  5

(4) by the insertion immediately after the renumbered item (Liii) of the following:—

“(Liv) commencing with January 1, 2020   
 information technology and, enabled

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| --- | --- | --- |
| 5 | services as may be prescribed;”. | Sinhala text  to prevail in case of  inconsistency. |
| **6.** In the event of any inconsistency between the Sinhala |
| and Tamil texts of this Act, the Sinhala text shall prevail. |

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| 6 | *Value Added Tax (Amendment)* |

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