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

**Part II of January 07, 2022**

**SUPPLEMENT**

(*Issued on 07.01.2022*)



**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*

PRINTEDATTHEDEPARTMENTOFGOVERNMENTPRINTING, SRILANKA

TOBEPURCHASEDATTHEGOVERNMENTPUBLICATIONSBUREAU, COLOMBO5

**Price : Rs. 12.00**  **Postage : Rs. 15.00**

*This Gazette Supplement can be downloaded from* www.documents.gov.lk 

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*STATEMENT OF LEGAL EFFECT*

*Clause 2* :This clause amends section 25C 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 VAT rate from 15% to 18% *per centum* on supply of financial services on financial institutions with effect from January 1, 2022.

*Clause 3* :This clause amends Part II of the First Schedule to the principal enactment to exempt certain goods and services from VAT in order to give effect to budget proposals of 2022.

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

L.D.-O. 51/2021

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 2022.

|  |  |  |  |
| --- | --- | --- | --- |
| 5 | **2.** | Section 25C of the Value Added Tax Act, No. 14 of | Amendment |
| of section |
| 2002 (hereinafter referred to as the “principal enactment”) is | |
| 25C of Act, |
| hereby amended in subsection (3) thereof as follows:- | |
| No. 14 of |

2002 (1) by the substitution in paragraph (*f*) of that subsection, for the words and figures, “commencing 10 from November 1, 2016, shall be fifteen *per*  *centum*.” of the words and figures “commencing from November 1, 2016 but ending on or before December 31, 2021, shall be fifteen *per centum*;”;

(2) by the addition immediately after paragraph (*f*) of 15 that subsection of the following:-

“(*g*) commencing on or after January 1, 2022, shall   
 be eighteen *per centum*.”.

|  |  |  |  |
| --- | --- | --- | --- |
| 20 | **3.** | The First Schedule to the principal enactment is | Amendment |
| hereby amended in PART II thereof as follows:- | | of the First |
| Schedule to |
| (1) in paragraph (*a*) of that PART- | | the principal |
| enactment |

(*a*) by the substitution in item (xxxi) of that paragraph, for the words and figures, “with effect from May 20, 2020.” of the words and figures “with effect from May 20, 2020, and 25 ending on December 31, 2021;”;

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(*b*) by the addition immediately after item (xxxi)   
 of the following new item:–

|  |  |  |
| --- | --- | --- |
| 5 | (2) | “(xxxii) on or after January 1, 2022, medical |
| equipment, machinery, apparatus, |
| accessories and parts thereof, |
| 10 | hospital furniture, drugs and |
| chemicals donated to a government |
| hospital or the Ministry of Health |
| for the provision of health services |
| to address any pandemic or public |
| health emergency, approved by the |
| 15 | Minister assigned the subject of |
| Finance on the recommendation of |
| the Secretary to the Ministry of the |
| Minister assigned the subject of |
| Health.”; |
| by the repeal of paragraph (*l*) and the substitution |
| therefor of the following:– |

“(*l*) the import or supply of–

|  |  |
| --- | --- |
| 20  25  30 | (*a*) any motor vehicle identified under the Harmonized Commodity Description and Coding Numbers for custom purposes and liable to–  (i) the Excise Duty imposed under the Excise (Special Provisions) Act, No. 13 of 1989, on or after October 25, 2014; or  (ii) the Special Goods and Services Tax imposed under the Special Goods and Services Tax Act, No. of 2022, |

on the importation of such vehicle or any motor vehicle liable to the same duty or tax on the manufacture of any 35 such vehicle;

*Value Added Tax (Amendment)*  3

(*b*) any motor vehicle remains unsold as at   
October 25, 2014, which would   
otherwise have been liable to pay the   
same duty referred to in item (i) of sub-

|  |  |
| --- | --- |
| 5 | paragraph (*a*) on the importation or manufacture of the same, if imported or |

manufactured after October 25, 2014,

other than any vehicle supplied under a   
financial leasing agreement entered into

|  |  |
| --- | --- |
| 10 | prior to October 25, 2014, which are disposed after the repossession of the same |

by the lessor on which input tax had been   
claimed;

(*c*) cigarettes identified under the

|  |  |
| --- | --- |
| 15 | Harmonized Commodity Description and Coding System Numbers for |

custom purposes and liable to-

(i) the Excise Duty imposed under the

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| 20 | Excise (Special Provisions) Act, No. 13 of 1989 and cess imposed | | | |
| under | Sri | Lanka | Export |

Development Act, No. 40 of 1979,   
on or after October 25, 2014 but   
prior to November 1, 2016, on the

|  |  |
| --- | --- |
| 25 | importation or manufacture of the same including cigarettes in the |

stocks remain unsold as at October   
25, 2014, which would have been   
liable to the same duty on the

|  |  |
| --- | --- |
| 30 | importation or manufacture of the same, if imported or manufactured |

after October 25, 2014; or

(ii) the Special Goods and Services Tax   
imposed under the Special Goods

|  |  |
| --- | --- |
| 35 | and Services Tax Act, No. of 2022, on the importation or |

manufacture of the same;

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(*d*) liquor identified under the Harmonized   
Commodity Description and Coding   
System Numbers for custom purposes   
and subject to-

5 (i) the Customs Duty imposed under the Customs Ordinance (Chapter 235), Excise duty imposed under the Excise

|  |  |
| --- | --- |
| 10 | Ordinance (Chapter 52) and cess imposed under Sri Lanka Export |

Development Act, No. 40 of 1979,   
on or after October 25, 2014 but   
prior to November 1, 2016, on the   
importation or Excise Duty on

|  |  |
| --- | --- |
| 15 | manufacture of the same including liquor imported or manufactured |

prior to October 25, 2014 remains   
unsold as at October 25, 2014,   
which would have been liable to

|  |  |
| --- | --- |
| 20 | the same duty and cess on importation or Excise Duty on |

manufacture of the same, if   
imported or manufactured after   
October 25, 2014; or

|  |  |
| --- | --- |
| 25 | (ii) the Special Goods and Services Tax imposed under the Special Goods |

and Services Tax Act, No. of 2022,   
on the importation or manufacture   
of the same.”.

|  |  |  |  |
| --- | --- | --- | --- |
| 30 | **4.** | In the event of any inconsistency between the | Sinhala text |
| Sinhala and Tamil texts of this Act, the Sinhala text shall | | to prevail in |
| prevail. | | case of |
| inconsistency |

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| --- | --- |
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Department of Government Printing