**THE GAZETTE OF THE DEMOCRATIC SOCIALIST REPUBLIC OF**   
**SRI LANKA**   
**Part II of September 23, 2022**   
**SUPPLEMENT**   
*(Issued on 27.09.2022)*



**VALUE ADDED TAX (AMENDMENT)**   
**A**   
**BILL**

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

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*STATEMENT OF LEGAL EFFECT*

*Clause 2* : This clause amends section 2 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–

(i) from 8% to 12% with effect from June 1, 2022 to August 31, 2022; and

(ii) from 12% to 15% with effect from September 1, 2022,

on the value of goods or services supplied, or goods imported.

*Clause 3* : This clause amends section 10 of the principal enactment and the legal effect of that section as amended is to decrease the threshold of registration for VAT from Rs. 300 million to Rs. 80 million *per annum* with effect from October 1, 2022.

*Clause 4* : This clause amends Part II of the First Schedule to the principal enactment in order to remove the VAT exemption on condominium residential apartments with effect from October 1, 2022.

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

L. D.— O. 16/2022

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.

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

2002

|  |  |  |
| --- | --- | --- |
| 10 | (1) | in item (v) of sub-paragraph (v) of subsection (1) of |
| that section by the substitution for the words and |
| figures “November 30, 2019; and” of the words |

and figures “November 30, 2019;”;

(2) in item (vi) of sub-paragraph (v) of subsection (1) of that section by the substitution for the words and figures, “commencing on or after January 1, 2020”15 of the words and figures “commencing on or after January 1, 2020 but ending on or before May 31, 2022;”; and

(3) by the insertion immediately after the item (vi) of subparagraph (v) of subsection (1) of that section 20 of the following:-

“(vii) for the period commencing on June 1, 2022 and ending on June 30, 2022 and for any taxable period commencing on or after July 1, 2022 but ending on August 31, 2022 at 25 the rate of twelve *per centum* (of which the tax fraction is 3/28); and

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“(viii) for the period commencing on September 1, 2022 and ending on September 30, 2022 and for any taxable period commencing on or after October 1, 2022 at the rate of fifteen 5 *per centum* (of which the tax fraction is 3/23).”.

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| 10 | **3.** | Section 10 of the principal enactment is hereby | Amendment |
| amended in subsection (1) of that section as follows:- | | of section 10 |
| of the |
| (1) | by the substitution in paragraph (vi), for the words | principal |
| enactment |
| and figures, “on or after January 1, 2020, carries | |
| on” of the words and figures “on or after January 1, | |

2020 but on or before September 30, 2022, carries   
on”;

|  |  |  |
| --- | --- | --- |
| 15 | (2) | by the insertion immediately after paragraph (vi), |
| of the following:- |

“(vii) on or after October 1, 2022, carries on or   
carries out any taxable activity in Sri Lanka   
shall be required to be registered under this   
Act, if–

|  |  |  |
| --- | --- | --- |
| 20 | (*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

|  |  |
| --- | --- |
| 25 | Lanka in that taxable period of one month or three months, as the case may |

be, is twenty million rupees or more; or

(*b*) in the twelve months period then ending, the total value of the taxable 30 supplies of goods or services or goods and services of such person, made in Sri Lanka has exceeded eighty million rupees; or

*Value Added Tax (Amendment)*  3

(*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

|  |  |
| --- | --- |
| 5 | person, made in Sri Lanka, in the succeeding one month or three months |

taxable period, as the case may be, is likely to exceed twenty million rupees or in the succeeding twelve months 10 period is likely to exceed eighty million rupees.”.

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| 15 | **4.** | The First Schedule to the principal enactment is | Amendment |
| hereby amended in Part II thereof as follows:- | | of the First |
| Schedule to |
| (1) | by the substitution in sub-item (*d*) of item (xi) of | the principal |
| enactment |
| paragraph (*b*) of that PART, by the substitution for | |
| the words and figures “if such supply has taken | |

place on or after December 1, 2019, by any person,”,   
of the words and figures “if such supply has taken

|  |  |  |
| --- | --- | --- |
| 20 | (2) | place on or after December 1, 2019, but on or before |
| September 30, 2022, by any person,”; and |
| by the addition immediately after sub-item (*d*) of |

item (xi) of paragraph (*b*), of the following:-

“(*e*) if such supply has taken place on or after

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 25 | October 1, 2022, by any person, other than | | | | | | | | |
| any | lease | or | rent | | of | residential | | |
| accommodation | | | | or | supply | | of | any |

condominium residential accommodation.”.

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| **5.** | 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

|  |  |
| --- | --- |
| 4 | *Value Added Tax (Amendment)* |

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