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

**Part II of October 07, 2022**

**SUPPLEMENT**

*(Issued on 11. 10. 2022)*



**INLAND REVENUE (AMENDMENT)**

**A**

**BILL**

**to amend the Inland Revenue Act, No. 24 of 2017**

*Ordered to be published by the Minister of Finance, Economic Stabilization & National Policies*

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*STATEMENT OF LEGAL EFFECT*

*Clause 2:* This Clause amends section 5 of the Inland Revenue Act, No.24 of 2017 (hereinafter referred to as the “principal enactment”) for the purpose of clarity.

*Clause 3:* This Clause amends section 10 of the principal enactment and the legal effect of that section as amended is to enhance the scope of the section.

*Clause 4:* This Clause amends section 12 of the principal enactment and the legal effect of that section as amended is to enhance the scope of the section.

*Clause 5:* This Clause amends section 14 of the principal enactment and the legal effect of that section as amended is to enhance the scope of the section.

*Clause 6:* This Clause amends section 16 of the principal enactment and the legal effect of that section as amended is to restrict the cost of depreciable asset in calculating the capital allowance.

*Clause 7:* This Clause amends section 18 of the principal enactment and the legal effect of that section as amended is to introduce a basis to calculate limitation for brought forward financial cost.

*Clause 8:* This Clause amends section 19 of the principal enactment and the legal effect of that section as amended is to provide for a revised methodology in calculating the exempt amounts.

*Clause 9:* This Clause amends section 46 of the principal enactment and the legal effect of that section as amended is to enhance the scope of the section.

*Clause 10:* This Clause amends section 54 of the principal enactment and the legal effect of that section as amended is to make provisions to consider other income when calculating the partnership income or loss.

*Clause 11:* This Clause amends section 66 of the principal enactment and the legal effect of that section as amended is to broaden the scope of the definition of “directives made by the Central Bank of Sri Lanka”.

*Clause 12:* This Clause amends section 69 of the principal enactment for the purpose of clarity.

*Clause 13:* This Clause amends section 72 of the principal enactment for the purpose of clarity.

*Clause 14:* This Clause amends section 73 of the principal enactment and the legal effect of that section as amended is to include payments paid by an institute on behalf of the government of Sri Lanka as a source of payment.

*Clause 15:* This Clause amends section 83A of the principal enactment and the legal effect of that section as amended is to enhance the scope of the section.

*Clause 16:* This Clause amends section 84A of the principal enactment and the legal effect of that section as amended is to enhance the scope of the section.

*Clause 17:* This Clause amends section 85 of the principal enactment and the legal effect of that section as amended is to widen the application of that section.

*Clause 18:* This Clause amends section 87 of the principal enactment for the purpose of clarity.

*Clause 19:* This Clause amends the section 88 of the principal enactment and the legal effect of that section as amended is to enhance the scope of the section.

*Clause 20:* This Clause amends section 90 of the principal enactment for the purpose of clarity.

*Clause 21:* This Clause inserts section 92A of the principal enactment and the legal effect of that section as amended is to make provisions for Assistant Commissioners to estimate the tax payable.

*Clause 22:* This Clause amends section 94 of the principal enactment and the legal effect of that section as amended is to exclude the employees who have paid the Advance Personal Income Tax from submitting return of income.

*Clause 23:* This Clause amends section 120 of the principal enactment for the purpose of clarity.

*Clause 24:* This Clause amends section 123 of the principal enactment and the legal effect of that section as amended is to broaden the applicability of that section.

*Clause 25:* This Clause amends section 133 of the principal enactment and the legal effect of that section as amended is to make provisions to serve notice by electronic means.

*Clause 26:* This Clause amends section 134 of the principal enactment and is consequential to the amendment made by clause 25.

*Clause 27:* This Clause amends section 135 of the principal enactment and is consequential to the amendment made by clause 25.

*Clause 28:* This Clause amends section 136 of the principal enactment and the legal effect of that section as amended is to specify the time period to submit a request to amend the self-assessment.

*Clause 29:* This Clause amends section 139 of the principal enactment and the legal effect of that section as amended is to broaden the applicability of the section.

*Clause 30:* This Clause amends section 151 of the principal enactment and is consequential to the amendment made by clause 25.

*Clause 31:* This Clause amends section 163 of the principal enactment and the legal effect of that section as amended is to extend the time to recover the taxes in default.

*Clause 32:* This Clause amends the section 176 of the principal enactment for the purpose of clarity.

*Clause 33:* This Clause amends the section 179 of the principal enactment and the legal effect of that section as amended is to broaden the purview of that section.

*Clause 34:* This Clause amends section 182 of the principal enactment and the legal effect of that section as amended is to introduce mandatory provisions for tax payers to maintain proper accounts, records or documents as required by the Act.

*Clause 35:* This Clause amends section 195 of the principal enactment for the purpose of clarity.

*Clause 36:* This Clause amends First Schedule of the principal enactment and the legal effect of that Schedule as amended is to specify different tax rates for different gains and income.

*Clause 37:* This Clause amends Second Schedule of the principal enactment for the purpose of clarity.

*Clause 38:* This Clause amends Third Schedule of the principal enactment and the legal effect of that Schedule as amended is to grant tax exemptions on certain gains, profits and income.

*Clause 39:* This Clause amends Fifth Schedule of the principal enactment for the purpose of clarity.

*Clause 40:* This Clause amends Sixth Schedule of the principal enactment for the purpose of clarity.

*Clause 41:* This clause makes provisions to calculate the income tax payable for the year of assessment commencing on April 1, 2022, separately for two periods of the year of assessment as first six months and second six months.

|  |  |
| --- | --- |
| *Inland Revenue (Amendment)* | 1 |

L.D.-O. 7/2022

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: -

|  |  |  |
| --- | --- | --- |
| 5 | **1.** (1) This Act may be cited as the Inland Revenue | Short title |
| (Amendment) Act, No. of 2022. | and the date |
| of operation |
| (2) The provisions of this Act (other than the provisions |

of sections referred to in *Table* ‘*A’,Table ‘B’ and Table ‘C’*) shall come into operation on the date on which the certificate of the Speaker is endorsed thereon.

(3) The provisions of sections referred to in *Table ‘A’*10 shall be deemed to havecome into operation on April 1, 2022.

(4) The provisions of sections referred to in *Table ‘B’*shall be deemed to have come into operation on October 1, 2022.

|  |  |
| --- | --- |
| 15 | (5) The provisions of sections referred to in *Table ‘C’*shall be deemed to have come into operation on the |

respective dates specified in the Table.

|  |  |  |
| --- | --- | --- |
| 20 | **2.** Section 5 of the Inland Revenue Act, No. 24 of 2017 | Amendment |
| of section 5 |
| (hereinafter referred to as the “principal enactment”) is hereby |
| of Act, |
| amended as follows: - |
| No. 24 of |

2017

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

(*a*) in paragraph (*c*) of that subsection, by the   
 substitution for the words “payments   
 providing” of the words “payments

25 providing”;

|  |  |  |
| --- | --- | --- |
| 2 | (*b*) | *Inland Revenue (Amendment)* |
| in paragraph (*f*) of that subsection, by the |

substitution for the words “retirement   
payments received” of the words “retirement   
payments received”; and

|  |  |  |
| --- | --- | --- |
| 5 | (*c*) | in paragraph (i) of that subsection, by the |
| substitution for the words “the employment; |

and” of the words “the employment; and”;

|  |  |  |  |
| --- | --- | --- | --- |
| 10 | (2) | in subsection (3) of that section- | |
| (*a*) | in paragraph (*e*) of that subsection, by the |
| substitution for the words “subsection (2)); | |
| and” of the words “subsection (2));”; and | |
| (*b*) | in paragraph (*f*) of that subsection, by the |

substitution for the words “approved by the   
Commissioner-General.” of the words

|  |  |  |
| --- | --- | --- |
| 15 | (*c*) | “approved by the Commissioner-General; |
| and”; and |
| by the addition immediately after paragraph |

(*f*) of that subsection, of the following new   
paragraph: -

|  |  |
| --- | --- |
| 20 | “(*g*) any retirement payments received at the time of the retirement from employment, |

subject to the condition that the   
respective retirement contributions   
have already been considered for

|  |  |
| --- | --- |
| 25 | income tax purposes and the employee has paid tax on such contributions in a |

previous year of assessment.”.

|  |  |  |  |
| --- | --- | --- | --- |
| 30 | **3.** Section 10 of the principal enactment is hereby | | Amendment |
| amended in paragraph (*b*) of subsection (1) of that section as | | of section 10 |
| follows: - | | of the |
| principal |
| (1) | in subparagraph (iv) of that paragraph, by the | enactment |

substitution for the word “expenditure” of the words  
“expenditure or any other deduction”; and

*Inland Revenue (Amendment)*  3

(2) in subparagraph (x) of that paragraph, by the substitution for the words “the Commissioner- General.” of the words “the Commissioner-General and any tax or levy which is not allowed to be 5 deducted in calculating a person’s income in terms of any other written law.”.

|  |  |  |
| --- | --- | --- |
| 10 | **4.** Section 12 of the principal enactment is hereby | Amendment |
| amended in paragraph (*a*) of that section, by the substitution | of section 12 |
| of the |
| for the words “where the debt obligation was incurred in |
| principal |
| borrowing money, the money is used during the year or was | enactment |

used”, of the words “the money borrowed under such debt obligation was used”.

|  |  |  |  |
| --- | --- | --- | --- |
| 15 | **5.** Section 14 of the principal enactment is hereby | | Amendment |
| amended as follows: - | | of section 14 |
| of the |
| (1) | by the re-numbering of subsection (4) of that section, | principal |
| enactment |

as subsection (5) of that section; and

(2) by the insertion immediately after subsection (3) of   
 that section, of the following new subsection: -

|  |  |
| --- | --- |
| 20 | “(4) In the event of the written down value referred to in subsection (2) is zero for a depreciable asset, |

notwithstanding the provisions of subsection (2),   
the deduction for improvement referred to in   
subsection (1) shall be deducted in equal amounts   
apportioned over-

|  |  |  |
| --- | --- | --- |
| 25 | (*a*) | twelve years of assessment, for a Class 4 |

depreciable asset;

(*b*) three years of assessment, for other Classes of   
 depreciable assets,

|  |  |
| --- | --- |
| 30 | commencing from the year of assessment in which the expenditure was incurred.”. |

|  |  |  |
| --- | --- | --- |
| 4 | *Inland Revenue (Amendment)* | Amendment of section 16 of the  principal  enactment |
| **6.** Section 16 of the principal enactment is hereby amended as follows: - | |
| (1) | in paragraph (*a*) of subsection (1) of that section, |

by the substitution for the words “the Capital 5 allowances” of the words and figures “subject to subsections (3) and (3A), the Capital allowances”; and

(2) by the insertion immediately after subsection (3) of   
 that section, of the following new subsection: -

10 “(3A) The total of the Capital allowances granted and calculated under the Fourth Schedule to this Act in respect of a depreciable asset shall not exceed the cost of such depreciable asset in any circumstances.”.

|  |  |  |  |
| --- | --- | --- | --- |
| 15 | **7.** Section 18 of the principal enactment is hereby | | Amendment |
| amended as follows: - | | of section 18 |
| of the |
| (1) | by the repeal of subsection (1) and subsection (2) | principal |
| enactment |

of that section, and the substitution therefor of the   
following subsections: -

|  |  |  |
| --- | --- | --- |
| 20 | “(1) | The amount of financial costs deducted in |

calculating-

(*a*) the income of an entity (other than a financial institution) from conducting a business or investment, for any year 25 of assessment commencing prior to April 1, 2021 shall not exceed the amount of financial costs attributable to financial instruments within the limit referred to in paragraph (a) of subsection 30 (2);

*Inland Revenue (Amendment)*  5

(*b*) the income of a company (other than a   
financial institution) which is   
incorporated in or outside Sri Lanka   
and having an issued share capital as at

|  |  |
| --- | --- |
| 5 | the date on which the year of assessment ends, from conducting a |

business or investment for any year of   
assessment commencing on or after

|  |  |
| --- | --- |
| 10 | April l, 2021, shall not exceed the limit referred to in paragraph (*b*) ofsubsection |

(2).

(2) The limit shall be computed according to the   
 following formula: -

(*a*) A x B

15 Where:

‘A’ is the total of the issued share   
capital and reserves of the entity;   
and

‘B’ is-

20 (i) in the case of a manufacturing entity, the number 3; and

(ii) in the case of an entity other   
than a manufacturing entity,   
the number 4;

25 A   
 (*b*) — X C   
 B

Where:

‘A’ = financial cost of the year;

6 *Inland Revenue (Amendment)*

‘B’ =value of financial instruments on   
which the financial cost incurred   
during the year; and

‘C’ = 4 x total of the issued share

|  |  |
| --- | --- |
| 5 | capital and reserves of the company as at the end of the year.”; |

and

(2) in subsection (3) of that section, by the substitution   
 for the words “for the year.” of the following: -

10 “for the year:

Provided that, in the case where there is no   
financial cost incurred during the year, in   
calculating the unused limitation for the above

|  |  |
| --- | --- |
| 15 | purpose, the limit referred to in subsection (2) shall be calculated by using the same amounts |

of the immediately preceding year and so on.”.

|  |  |  |  |
| --- | --- | --- | --- |
| 20 | **8.** Section 19 of the principal enactment is hereby | | Amendment |
| amended as follows: - | | of section 19 |
| of the |
| (1) | in subsection (3) of that section, by the substitution | principal |
| enactment |
| for the words “in calculating exempt amounts.”, of | |
| the words as follows: - | |

“in calculating exempt amounts:

Provided however, where a person had   
incurred a loss, in relation to a business which

|  |  |
| --- | --- |
| 25 | if it had been a profit would have been taxable at a rate specified under thisAct and |

such rate is subsequently increased, such loss   
shall not be considered as being taxable at a   
reduced rate.”;

|  |  |  |
| --- | --- | --- |
| 30 | (2) | in subsection (4) of that section- |

*Inland Revenue (Amendment)*  7

(*a*) in paragraph (*b*) of that subsection, by the   
substitution for the words “income from an   
investment.”, of the words “income from an   
investment; and”;

|  |  |
| --- | --- |
| 5 | (*b*) by the addition immediately after paragraph (*b*) of that subsection, of the following new |

paragraph: -

“(*c*) unrelieved losses from an investment   
shall be deducted only within the six

|  |  |
| --- | --- |
| 10 | years of assessment commencing on the first date of the year of assessment |

immediately succeeding the year of   
assessment in which such losses were   
incurred.”; and

|  |  |  |
| --- | --- | --- |
| 15 | (3) | in subsection (5) of that section, by the substitution |

for the words “by any loss on the disposal of another   
investment asset.”, of the words “by any loss.”.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| 20 | **9.** Section 46 of the principal enactment is hereby amended | | | Amendment |
| in subsection (5) of that section by the repeal of paragraph | | | of section 46 |
| of the |
| (*c*) of that subsection and the substitution therefor, of the | | |
| principal |
| following paragraph: - | | |
| enactment |
| “(*c*) | at the time of the transfer- | |
| (i) | | prior to April 1, 2021- |

(*ia*) the person and the associate were 25 residents; and

(*ib*) the associate or, in the case of an   
associate partnership, none of its   
partners is exempt from income tax; and

|  |  |  |
| --- | --- | --- |
| 30 | (ii) | on or after April 1, 2021- |
| (*iia*) the person and the associates are |

residents;

8 *Inland Revenue (Amendment)*

(*iib*) in the case of an associate partnership,   
any of its partners, or the associate, is   
not exempt from income tax; and

(*iic*) the tax rate appliable on the person’s

5 gain from the realisation of an asset referred to in subsection (4) is not less than the tax rate which is applicable on the gain of the associate from realisation of such asset; and”.

|  |  |  |
| --- | --- | --- |
| 10 | **10.** Section 54 of the principal enactment is hereby | Amendment |
| amended in subsection (1) of that section, by the substitution | of section 54 |
| of the |
| for the words and figures “its business or investment for that |
| principal |
| year of assessment (sections 6 and 7).” of the words “its | enactment |

business, investment or other income for that year of

|  |  |  |
| --- | --- | --- |
| 15 | assessment.”. | Amendment |
| **11.** Section 66 of the principal enactment is hereby |
| 20 | amended in paragraph (*c*) of subsection (4) of that section, | of section 66 |
| of the |
| by the substitution for the words and figures “issued to make |
| principal |
| specific provisions relating to bad and doubtful debts under | enactment |
| subsection (1) of section 76J”, of the words and figures |

“issued for classification, recognition and measurement of credit facilities under the powers conferred by, subsection (1) of section 46, section 46A and subsection (1) of section 76J”.

|  |  |  |
| --- | --- | --- |
| 25 | **12.** Section 69 of the principal enactment is hereby | Amendment |
| amended in paragraph (*b*) of subsection (4) of that section, | of section 69 |
| of the |
| by the substitution for the words “in Sri Lanka; or” of the |
| principal |
| 30 | words “in Sri Lanka; or”. | enactment |
| **13.** Section 72 of the principal enactment is hereby | Amendment |
| amended in paragraph (*a*) of subsection (1) of that section, | of section 72 |
| of the |
| by the substitution for the word and figure “subsection (3)” |
| principal |
| of the word and figure “subsection (2)”. | enactment |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| 5 | *Inland Revenue (Amendment)* | | 9 | Amendment |
| **14.** Section 73 of the principal enactment is hereby | | |
| amended in paragraph (*c*) of subsection (1) of that section as | | | of section 73 |
| follows**: -** | | | of the |
| principal |
| (1) | in sub-paragraph (i) of that paragraph, by the | | enactment |
| substitution for the words “Sri Lanka; or”, of the | | |
| words “Sri Lanka;”; | | |
| (2) | in sub-paragraph (ii) of that paragraph, by the | |

substitution for the words “permanent

|  |  |  |
| --- | --- | --- |
| 10 | (3) | establishment;” of the words “permanent |
| establishment; or”; and |
| by the addition immediately after sub-paragraph |

(ii) of that paragraph, of the following new sub-  
paragraph: -

“(iii) paid by the Government of Sri Lanka,

|  |  |
| --- | --- |
| 15 | including such payments made by any institution on behalf of the Government of |

Sri Lanka;”.

|  |  |  |  |
| --- | --- | --- | --- |
| 20 | **15.** Section 83A of the principal enactment is hereby | | Amendment |
| amended as follows: - | | of section |
| 83A of the |
| (1) | in subsection (1) of that section, by the substitution | principal |
| enactment |
| for the words and figures “from April 1, 2020 on” of | |

the words and figures “from April 1, 2020, but prior   
to the date of commencement of this (Amendment)   
Act on”;

|  |  |  |
| --- | --- | --- |
| 25 | (2) | by the insertion immediately after subsection (1) of |

that section, of the following new subsection: -

“(1A) An employer shall deduct the Advance   
Personal Income Tax with effect from the date of   
commencement of this (Amendment) Act on any

|  |  |
| --- | --- |
| 30 | payment which falls under section 5 made to his employee, as specified by the Commissioner- |

General.”; and

|  |  |  |
| --- | --- | --- |
| 10 | (3) | *Inland Revenue (Amendment)* |
| in subsection (2) of that section, by the substitution |

for the word and figure “subsection (1)”, of the   
words and figures “subsection (1) or subsection   
(1A)”.

|  |  |  |
| --- | --- | --- |
| 5 | **16.** Section 84A of the principal enactment is hereby | Amendment |
| amended as follows: - | of section |
| 84A of the |
| (1) in subsection (1) of that section, by the substitution | principal |
| enactment |

for the words and figures “with effect from April 1, 2020, the taxpayer”, of the words and figures “with 10 effect from April 1, 2020 but prior to the date of commencement of this (Amendment) Act, the taxpayer”; and

(2) by the insertion immediately after subsection (1) of   
 that section, of the following new subsection: -

15 “(1A) Subject to section 83A and subsection (3) of section 84, with effect from the date of commencement of this (Amendment) Act, a person shall deduct Advance Income Tax from

|  |  |
| --- | --- |
| 20 | the payment of dividend, interest, discount, charge, natural resource payment, rent, royalty |

or premium which has a source in Sri Lanka, at   
the rate provided in paragraph 10 of the First   
Schedule to this Act.”.

|  |  |  |  |
| --- | --- | --- | --- |
| 25 | **17.** Section 85 of the principal enactment is hereby | | Amendment |
| amended as follows: - | | of section 85 |
| of the |
| (1) | in subsection (1A) of that section, by the | principal |
| enactment |
| substitution for the words “a person shall.”, of the | |

words “a person shall, prior to the date of   
commencement of this (Amendment) Act”;

|  |  |  |
| --- | --- | --- |
| 30 | (2) | by the insertion immediately after subsection (1A) |

of that section, of the following new subsections: -

*Inland Revenue (Amendment)*  11

“(1B) Subject to subsections (2) and (3), with   
effect from the date of commencement of this   
(Amendment) Act, a person shall withhold tax   
at the rate of 14% of the payment, where such

|  |  |
| --- | --- |
| 5 | person pays a service fee or an insurance premium with a source in Sri Lanka to a non- |

resident person.

(1C) Subject to subsection (3), with effect   
from the date of commencement of this

|  |  |
| --- | --- |
| 10 | (Amendment) Act, a person shall withhold tax at the rate of5% of the payment, where such |

person pays a service fee with a source in Sri   
Lanka to a resident individual who is not an   
employee of the payer –

|  |  |  |
| --- | --- | --- |
| 15 | (*a*) | for teaching, lecturing, examining, |

invigilating or supervising an   
examination;

(*b*) as a commission or brokerage to a   
 resident insurance, sales or canvassing

|  |  |  |
| --- | --- | --- |
| 20 | (*c*) | agent; or |
| for services provided by such |

individual in the capacity of   
independent service provider such as

|  |  |
| --- | --- |
| 25 | doctor, engineer, accountant, lawyer, software developer, researcher, |

academic or any individual service   
provider as may be prescribed by   
regulation:

Provided however, this subsection 30 shall not apply to a service payment which does not exceed Rs.100,000 per month.”; and

|  |  |  |
| --- | --- | --- |
| 12 | (3) | *Inland Revenue (Amendment)* |
| in paragraph (*a*) of subsection (3) of that section, |

by the substitution for the word and figures “section   
83;”, of the words and figures “section 83, section   
83A or section 84A;”.

|  |  |  |  |
| --- | --- | --- | --- |
| 5 | **18.** Section 87 of the principal enactment is hereby | | Amendment |
| amended in subsection (4) of that section, by the substitution | | of section 87 |
| of the |
| for the word and figures “section 83,”, of the words and | |
| principal |
| 10 | figures “section 83 or section 83A,”. | | enactment |
| **19.** Section 88 of the principal enactment is hereby | | Amendment |
| amended in subsection (1A) of that section, by the insertion | | of section 88 |
| of the |
| immediately after paragraph (*a*) of that subsection of the | |
| principal |
| following new paragraph: - | | enactment |
| “(*aa*) | on or after the date of commencement of this |

(Amendment) Act, dividends paid by a resident

|  |  |  |
| --- | --- | --- |
| 15 | company;”. | Amendment |
| **20.** Section 90 of the principal enactment is hereby |
| 20 | amended in paragraph (*b*) of subsection (1) of that section, | of section 90 |
| of the |
| by the substitution for the word and figures “section 83.”, of |
| principal |
| the following: - | enactment |
| “section 83 or section 83A: |

Provided however, gains derived or expected to   
be derived from the realization of an investment   
asset, during a year of assessment shall not be   
considered for the purpose of quarterly

|  |  |  |
| --- | --- | --- |
| 25 | installments.”. | Insertion of |
| **21.** The following new section is hereby inserted |
| newsection |
| immediately after section 92 of the principal enactment, |
| 92A in the |
| and shall have effect as section 92A of that enactment:- |
| principal |

enactment

|  |  |  |  |
| --- | --- | --- | --- |
| 5 | “Assistant | *Inland Revenue (Amendment)* | 13 |
| 92A.(1) Where a person has failed to file an | |
| Commissioner | estimate of tax as required under section 91, an | |
| to estimate |
| Assistant Commissioner may serve a notice in | |
| the tax |
| writing to such person to furnish such estimate | |
| payable |
| and any other information as such Assistant | |

Commissioner may consider necessary to   
enable such estimate.

(2) Where-

|  |  |
| --- | --- |
| 10 | (*a*) a person has failed to file an estimate of tax as required by notice served |

under subsection (1); or

(*b*) a person has filed an estimate of tax   
stating an amount which is less than

|  |  |
| --- | --- |
| 15 | the aggregate of tax payable by instalments and assessment in the |

immediately preceding year of   
assessment, as the estimated income   
tax payable and failed to prove such   
estimate,

20 the Assistant Commissioner may serve an estimate of tax to such person, stating the estimated tax payable by such person for the year of assessment based on such evidence as

|  |  |
| --- | --- |
| 25 | may be available and according to the best of his judgement. |

(3) The Assistant Commissioner shall serve his estimate referred to in subsection (2) prior to the date of payment of the fourth tax instalment, but after the date of payment of the 30 first tax instalment.

(4) Where the Assistant Commissioner has   
served an estimate under subsection (2), such   
estimate shall remain in force as the estimate   
or a revised estimate.”.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| 5 | 14 | *Inland Revenue (Amendment)* | | Amendment |
| **22.** Section 94 of the principal enactment is hereby | | |
| amended as follows: - | | | of section 94 |
| of the |
| (1) | in subsection (1) of that section- | | principal |
| enactment |
| (*a*) | | in paragraph (*b*) of that subsection, by the |
| substitution for the word and figure “section | | |
| 2.”, of the words and figure “section 2; or”; | | |

and

(*b*) by the addition immediately after paragraph (*b*) of that subsection, of the following new 10 paragraph: -

“(*c*) an individual whose tax payable for the   
year of assessment under paragraph (*a*)   
of subsection (1) of section 2 relates

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| 15 | exclusively | to | income | from |
| employment where the employer has deducted Advance Personal Income | | | |

Tax under section 83A and no tax shall   
be payable under paragraph (*b*) or (*c*) of   
subsection (2) of section 82.”; and

|  |  |  |
| --- | --- | --- |
| 20 | (2) | in subsection (3) of that section, by the substitution |

for the words “during the year.”, of the words and   
figures “during the year or where such person’s   
employer has deducted Advance Personal Income   
Tax on his employment income, under section

|  |  |  |
| --- | --- | --- |
| 25 | 83A.”. | Amendment |
| **23.** Section 120 of the principal enactment is hereby |
| 30 | amended in subsection (1A) of that section by the | of section |
| 120 of the |
| substitution for the words “exempted gains and profits.”, of |
| principal |
| the following: - |
| enactment |
| “exempted gains and profits: |

Provided however, in the case where such person   
has commonly incurred expenses or commonly used

*Inland Revenue (Amendment)*  15

any assets, on all business or investment activities   
and any expense or deduction cannot be separately   
identified for the purpose of this subsection, it shall

|  |  |
| --- | --- |
| 5 | be lawful to divide such expenses or deductions on a proportionate basis (according to the proportion |

of turnover or proportion of asset usage) in preparing   
such financial statements.”.

|  |  |  |  |
| --- | --- | --- | --- |
| 10 | **24.** Section 123 of the principal enactment is hereby | | Amendment |
| amended as follows: - | | of section |
| 123 of the |
| (1) | in subsection (1) of that section, by the substitution | principal |
| enactment |
| for the words “notice in writing-”, of the words | |

“notice in writing or by electronic means-”; and

(2) by the addition immediately after subsection (5) of   
 that section of the following new subsections: -

15 “(6) Notwithstanding anything to the contrary in any other written law, the Commissioner-General may, by notice, require the Commissioner-General of Elections to provide the names, addresses or National identity

|  |  |
| --- | --- |
| 20 | Card numbers of such persons as may be specified in such notice, and it shall be the duty of the |

Commissioner-General of Elections to provide   
such particulars to the Commissioner-General

|  |  |
| --- | --- |
| 25 | or provide access to the records under his custody, to a tax official authorized by the |

Commissioner-General.

(7)Notwithstanding anything to the contrary   
in any other written law, the Registrar-General

|  |  |
| --- | --- |
| 30 | of Companies shall provide information to the Commissioner-General on any changes or new |

appointments in relation to the directors of   
companies registered with the Registrar-General   
of Companies, including the names and

|  |  |
| --- | --- |
| 35 | addresses of such directors, once in every six months.”. |

|  |  |  |  |
| --- | --- | --- | --- |
| 5 | 16 | *Inland Revenue (Amendment)* | Amendment |
| **25.** Section 133 of the principal enactment is hereby | |
| amended in subsection (2) of that section, by the substitution | | of section |
| 133 of the |
| for the words “with notice, in writing,” of the words “with | |
| principal |
| notice, in writing or by electronic means,”. | |
| enactment |
| **26**. Section 134 of the principal enactment is hereby | |
| Amendment |
| of section |
| amended in subsection (4) of that section, by the substitution | |
| 134 of the |
| for the words “with notice, in writing,” of the words “with | |
| principal |
| notice, in writing or by electronic means,”. | |
| enactment |
| 10 | **27.** Section 135 of the principal enactment is hereby | |
| Amendment |
| amended in subsection (5) of that section, by the substitution | | of section |
| 135 of the |
| for the words “with notice, in writing,” of the words “with | |
| principal |
| notice, in writing or by electronic means,”. | |
| enactment |
| 15 | **28.** Section 136 of the principal enactment is hereby | | Amendment |
| amended in paragraph (*b*) of subsection (2) of that section, | | of section |
| 136 of the |
| by the substitution for the word and figures “section 135.”, | |
| principal |
| of the words and figures “section 135, for any year of | |
| enactment |
| assessment ending prior to April 1, 2022 and within a period | |

of twelve months from the date on which the self-assessment

|  |  |  |  |
| --- | --- | --- | --- |
| 20 | return was filed, for any year of assessment commencing on | | Amendment |
| or after April 1, 2022.”. | |
| **29.** Section 139 of the principal enactment is hereby | |
| 25 | amended as follows: - | | of section |
| 139 of the |
| (1) | in subsection (2) of that section, by the substitution | principal |
| enactment |
| for the words “thirty days”, of the words and figures | |
| “thirty days or where such request is made on or | |

after April 1, 2023, not later than fourteen working   
days”;

(2) in subsection (4) of that section, by the substitution   
 for the words “thirty days”, of the words “thirty days

|  |  |  |
| --- | --- | --- |
| 30 | (3) | or where such request is made on or after April 1, |
| 2023, not later than fourteen working days”; and |
| in paragraph (*a*) of subsection (5) of that section, |

by the substitution for the words “in writing”, of   
the words “in writing or by electronic means”.

|  |  |  |  |
| --- | --- | --- | --- |
| 5 | *Inland Revenue (Amendment)* | 17 | Amendment |
| **30.** Section 151 of the principal enactment is hereby | |
| amended in subsection (3) of that section, by the substitution | | of section |
| 151 of the |
| for the words “in writing”, of the words “in writing or by | |
| principal |
| electronic means”. | | enactment |
| **31.** Section 163 of the principal enactment is hereby | | Amendment |
| amended by the addition immediately after subsection (4) | | of section |
| 163 of the |
| of that section, of the following new subsections:- | |
| principal |
| enactment |
| 10 | “(5) The amount of tax, any penalty and interest | |
| due as at the date of the certificate referred to in | |
| subsection (3) and any legal interest due on the | |

amount stated in the certificate from the date of   
such certificate up to the date of the judgement   
shall be the tax that is due and payable to the   
Commissioner -General.

15 (6) The proceedings instituted on or after the commencement of this (Amendment) Act, under this section shall be completed within thirty months from the date of production of the certificate referred to in subsection (3).”.

|  |  |  |  |
| --- | --- | --- | --- |
| 20 | **32.** Section 176 of the principal enactment is hereby | | Amendment |
| amended as follows: - | | of section |
| 176 of the |
| (1) | by the repeal of subsection (2) of that section, and | principal |
| enactment |
| the substitution therefor of the following | |

subsection: -

25 “(2) Procedures for the assessment, payment, collection, and dispute of a tax shall apply equally to penalties relating to a tax.”; and

(2) by the insertion immediately after subsection (6) of   
 that section, of the following new subsection: -

30 “(6A) For the purposes of subsection (6), it shall be lawful to issue a single notice of

18 *Inland Revenue (Amendment)*

assessment stating the penalty charged under   
this Chapter together with the tax and interest   
payable in complying with the other provisions   
of this Act.”.

|  |  |  |  |
| --- | --- | --- | --- |
| 5 | **33.** Section 179 of the principal enactment is hereby | | Amendment |
| amended as follows: - | | of section |
| 179 of the |
| (1) | in subsection (1) of that section, by the substitution |
| principal |
| 10 | enactment |
| for the words “the due date, or by the due date | |
| specified in the notice of assessment, if later, shall”, | |
| of the words “the due date, shall”; and | |
| (2) | by the insertion immediately after subsection (3) of |

that section, of the following new subsection: -

“(4) Notwithstanding anything to the

|  |  |
| --- | --- |
| 15 | contrary in subsection (3), a person shall be liable for late payment penalty payable on any |

amended or additional assessment, despite the   
time of payment extension granted under section   
151, in relation to such amended or additional   
assessment, pending resolution of an appeal.”.

|  |  |  |  |
| --- | --- | --- | --- |
| 20 | **34.** Section 182 of the principal enactment is hereby | | Amendment |
| 25 | amended as follows: - | | of section |
| 182 of the |
| (1) | in subsection (1) of that section, by the substitution |
| principal |
| enactment |
| for the words “A person”, of the words and figures | |
| “For any year of assessment ending prior to April 1, | |
| 2023, a person”; and | |
| (2) | by the insertion immediately after subsection (1) of |
| that section, of the following new subsection: - | |
| 30 |
| “(1A) For any year of assessment | |
| commencing on or after April 1, 2023, a person | |
| who fails to maintain proper accounts, records | |
| or documents as required by this Act shall be | |
| liable for a penalty calculated as provided for in | |

subsection (2).”.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| 5 | *Inland Revenue (Amendment)* | | 19 | Amendment |
| **35.** Section 195 of the principal enactment is hereby | | |
| amended as follows: - | | | of section |
| 195 of the |
| (1) | in the definition of the expression “export” of that | | principal |
| enactment |
| section, by the substitution for the word | | |
| “undertaking;”, of the words and figures | | |

“undertaking, prior to April 1, 2022;”;

(2) in the definition of the expression “Small and   
 Medium Enterprise” of that section, by the   
 substitution in paragraph (*d*) of that definition for

|  |  |  |
| --- | --- | --- |
| 10 | (3) | the words “the person’s or his” of the words “the |
| person’s and his”; and |
| in the definition of the expression “specified |

undertaking” of that section, by the substitution in

|  |  |
| --- | --- |
| 15 | paragraph (*h*) of that definition, for the words “in Sri Lanka in foreign currency;”, of the following: - |

“in Sri Lanka in foreign currency:

Provided however, where the exporter was   
prevented from making payments in foreign

|  |  |
| --- | --- |
| 20 | currency for services referred to in this paragraph, due to any directive of the Central Bank, the |

exporter shall issue a confirmation of his foreign   
currency receipts;”.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| 25 | **36.** The First Schedule to the principal enactment is | | | Amendment |
| hereby amended as follows: - | | | of the First |
| Schedule to |
| (1) | in paragraph 1 of that Schedule – | | the principal |
| enactment |
| (*a*) | | in subparagraph (1A) of that paragraph, by |

the substitution for the word and figures  
“January 1, 2020”, of the words and figures  
“January 1, 2020, but prior to April 1, 2022”;

|  |  |  |
| --- | --- | --- |
| 30 | (*b*) | by the insertion immediately after |
| subparagraph (1A) of that paragraph, of the |

following new subparagraphs: -

20 *Inland Revenue (Amendment)*

“(1B) Subject to the provisions of subparagraph (2), the taxable income of a resident or non- resident individual for the year of assessment commencing from April 1, 2022 shall be taxed at 5 the following rates: -

(*a*) Taxable income for the first six months   
period of the year of assessment commencing   
from April 1, 2022: -

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 10  15  20 | |  |  | | --- | --- | | *Taxable Income* | *Tax payable* | | Not exceeding Rs. 1,500,000 | 6% of the amount in excess of Rs. 0 | | Exceeding  Rs. 1,500,000  but not  exceeding Rs.  3,000,000 | Rs. 90,000 plus 12% of the amount in excess of Rs. 1,500,000 | | Exceeding  Rs. 3,000,000 | Rs. 270,000 plus 18% of the amount in excess of Rs. 3,000,000; |   (*b*) Taxable income for the second six months |

period of the year of assessment commencing   
from April 1, 2022: -

|  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 25  30  35 | |  |  | | --- | --- | | *Taxable Income* | *Tax payable* | | Not exceeding Rs. 250,000 | 6% of the amount in excess of Rs.0 | | Exceeding  Rs. 250,000 but not exceeding  Rs. 500,000 | Rs. 15,000 plus 12% of the amount in excess of Rs. 250,000 | | Exceeding  Rs. 500,000 but not exceeding  Rs. 750,000 | Rs. 45,000 plus 18% of the amount in excess of Rs. 500,000 | | Exceeding  Rs. 750,000 but not exceeding Rs.  1,000,000 | Rs. 90,000 plus 24% of the amount in excess of Rs. 750,000 | |

|  |  |  |
| --- | --- | --- |
| 5  10 | *Inland Revenue (Amendment)* | 21 |
| |  |  | | --- | --- | | *Taxable Income* | *Tax payable* | | Exceeding  Rs. 1,000,000 but not exceeding  Rs. 1,250,000 | Rs. 150,000 plus 30% of the amount in excess of Rs.1,000,000 | | Exceeding  Rs. 1,250,000 | Rs. 225,000 plus 36% of the amount in   |  |  |  | | --- | --- | --- | | excess | of | Rs. |   1,250,000; |   (1C) Subject to the provisions of subparagraph | |

(2), the taxable income of a resident or non-resident   
individual for a year of assessment commencing   
from April 1, 2023 shall be taxed at the following   
rates: -

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 15  20  25  30  35 | |  |  | | --- | --- | | *Taxable Income* | *Tax payable* | | Not exceeding Rs. 500,000 | 6% of the amount in excess of Rs.0 | | Exceeding Rs. 500,000 but not exceeding Rs.  1,000,000 | Rs. 30,000 plus 12% of the amount in excess of Rs. 500,000 | | Exceeding Rs. 1,000,000 but not exceeding Rs. 1,500,000 | Rs. 90,000 plus 18% of the amount in excess of Rs. 1,000,000 | | Exceeding Rs.  1,500,000 but not exceeding Rs.  2,000,000 | Rs. 180,000 plus 24% of the amount in  excess of Rs.  1,500,000 | | Exceeding Rs. 2,000,000 but not exceeding Rs. 2,500,000 | Rs. 300,000 plus 30% of the amount in excess of Rs. 2,000,000 | | Exceeding  Rs. 2,500,000 | Rs. 450,000 plus 36% of the amount in excess  of Rs. 2,500,000"; | |

22 *Inland Revenue (Amendment)*

(*c*) in subparagraph (5) of that paragraph, by the   
substitution for the word and figures “April   
1, 2021: -”, of the words and figures “April 1,   
2021, but prior to October 1, 2022: -”;

|  |  |  |
| --- | --- | --- |
| 5 | (2) | in paragraph 3 of that Schedule, by the repeal of |

subparagraph (1) of that paragraph and the   
substitution therefor, of the following   
subparagraph: -

“(1) Subject to the provisions of 10 subparagraph (2), the taxable income of a trust for a year of assessment to which subsection (1) of section 57 applies shall be taxed at the rate of –

(*a*) 24% prior to January 1, 2020;

15 (*b*) 18% with effect from January 1, 2020, but prior to April 1, 2022;

(*c*) 18% for first six months of the year of assessment commencing on April 1, 2022 and for second six months of 20 the same year of assessment at the rate of 30%; and

(*d*) 30% with effect from April 1, 2023.”;

(3) in paragraph 4 of that Schedule-

(*a*) in subparagraph (1) of that paragraph-

25 (i) by the repeal of item (*b*) of that subparagraph, and the substitution therefor of the following item: -

*Inland Revenue (Amendment)*  23

“(*b*) with effect from January 1, 2020, but   
prior to April 1, 2022, shall be taxed at   
the rate of 24%.”;

(ii) by the addition immediately after item (*b*)

|  |  |
| --- | --- |
| 5 | of that subparagraph, of the following new items: - |

“(*c*) shall be taxed at the rate of 24% for   
first six months of the year of   
assessment commencing on April 1,

|  |  |
| --- | --- |
| 10 | 2022 and for second six months of the same year of assessment at the |

rate of 30%; and

(*d*) with effect from April 1, 2023 shall   
 be taxed at the rate of 30%.”;

|  |  |
| --- | --- |
| 15 | (*b*) in subparagraph (2A) of that paragraph, by the substitution for the word and figures |

“January 1, 2020: -”, of the words and figures  
“January 1, 2020 but prior to April 1, 2022   
and for the first six months of the year of

|  |  |
| --- | --- |
| 20 | assessment commencing on April 1, 2022: -”; |

(*c*) by the addition immediately after   
subparagraph (2A) of that paragraph, of the   
following new subparagraph: -

25 “(2B) Such part of the following gains and profits of a company which includes in its taxable income for the six months period commencing on October 1, 2022 in the year of assessment commencing on

|  |  |
| --- | --- |
| 30 | April 1, 2022 and for any year of assessment commencing on or after April 1, 2023, the |

gains and profits of a company shall be   
taxed at the following rates: -

24 *Inland Revenue (Amendment)*

(*a*) gains and profits from conducting   
 betting and gaming-40%; and

(*b*) gains and profits from the   
manufacture and sale or import and

|  |  |
| --- | --- |
| 5 | sale of any liquor or tobacco product-40%.”; |

(*d*) in item (*a*) of subparagraph (4) of that paragraph, by the substitution for the words and figures “rate of 10%; and” of the words 10 and figures “rate of 10% prior to October 1, 2022 and 30% with effect from October 1, 2022; and”;

(*e*) in subparagraph (5) of that paragraph, -

(i) by the substitution for the word and figures

|  |  |
| --- | --- |
| 15 | “subparagraphs (1), (2A),” of the word and figures “subparagraphs (1), (2A), (2B),”; |

(ii) in item (*b*) of that subparagraph, by the   
substitution for the words “for the two   
years of assessment immediately

|  |  |
| --- | --- |
| 20 | succeeding that year of assessment,”, of the words and figures “for the first six |

months of the year of assessment   
commencing from April 1, 2022”; and

(iii) by the repeal of item (ii) of sub-paragraph

|  |  |
| --- | --- |
| 25 | (*b*) of that subparagraph and the substitution therefore of the following: - |

“(ii) an increase in exports (other than   
specified undertakings) by fifty *per*   
*centum* in the first six months of the

|  |  |
| --- | --- |
| 30 | year of assessment commencing from April 1, 2022, compared to the first |

six months of the first year.”;

*Inland Revenue (Amendment)*  25

(4) in subparagraph (1) of paragraph 5 of that Schedule, by the substitution for the words and figures “shall be taxed at the rate of 28% prior to January 1, 2020 and 24% with effect from January 1, 2020.”, of the 5 following: -

“shall be taxed at the rate of –

(*a*) 28% prior to January 1, 2020;

(*b*) 24% with effect from January 1, 2020,   
 but prior to April 1, 2022;

10 (*c*) 24% for the first six months of the year of assessment commencing on April 1, 2022 and for the second six months of the same year of assessment at the rate of 30%; and

|  |  |  |
| --- | --- | --- |
| 15 | (5) | (*d*) 30% with effect from April 1, 2023.”; |
| in paragraph 7 of that Schedule- |

(*a*) by the repeal of subparagraph (1) of that   
paragraph and the substitution therefor, of   
the following subparagraph: -

20 “(1) Subject to subparagraph (2), the taxable income of a non-governmental organization for a year of assessment shall be taxed at the rate of –

(*a*) 28% prior to January 1, 2020;

|  |  |
| --- | --- |
| 25 | (*b*) 24% with effect from January 1, 2020, but prior to April 1, 2022; |

26 *Inland Revenue (Amendment)*

(*c*) 24% for the first six months of

|  |  |  |  |
| --- | --- | --- | --- |
| the | year | of | assessment |

commencing on April 1, 2022 and   
for the second six months of the

|  |  |
| --- | --- |
| 5 | same year of assessment at the rate of 30%; and |

(*d*) 30% with effect from April 1,   
 2023.”;

(*b*) by the repeal of subparagraph (3) of that

|  |  |
| --- | --- |
| 10 | paragraph and the substitution therefor, of the following subparagraph: - |

“(3) The rate of tax payable by a non-  
governmental organization on amounts

|  |  |
| --- | --- |
| 15 | received in a year of assessment by way of grant, donation or contribution or in |

any other manner under section 68 shall-

(*a*) prior to January 1, 2020, be 28%;

(*b*) be 24% with effect from January   
1, 2020, but prior to April 1, 2022;

20 (*c*) be 24% for first six months of the year of assessment commencing on April 1, 2022 and for second six months of the same year of assessment, be 30%; and

25 (*d*) be 30% with effect from April 1, 2023.”; and

(6) in subparagraph (1) of paragraph 10 of that Schedule -

(*a*) in item (*a*) of that subparagraph, by the   
substitution for the words and figures

|  |  |
| --- | --- |
| 30 | “section 83 applies-”, of the words and figures “section 83 or section 83A |

applies-”;

*Inland Revenue (Amendment)*  27

(*b*) in item (*b*) of that subparagraph, by the   
substitution for the words and figures  
“section 84(1)(*a*)(i) applies-”, of the words   
and figures “section 84(1)(*a*) applies-”; and

|  |  |
| --- | --- |
| 5 | (*c*) by the addition immediately after item (*c*) of that subparagraph, of the following new item:- |

“(*d*) for payments to which section   
 84A (1A) applies –

|  |  |
| --- | --- |
| 10  15  20 | (i) rent payments made to a resident person where the aggregate payment does not exceed Rs. 100,000 per month – 0%;  (ii) interest or discount paid – 5%;  (iii) rent payments made to a resident person where the aggregate payment exceeds or is equal to Rs. 100,000 per month – 10% on full amount; |

(iv) all other payments except   
 dividend – 14%; and

(v) dividend paid-15%.”; and

|  |  |  |  |
| --- | --- | --- | --- |
| 25 | (7) | in paragraph 11 of that Schedule, by the substitution for the words “five years”, of the words“two years”. | Amendment |
| 30 | **37.** The Second Schedule to the principal enactment is hereby amended in paragraph 1 of that Schedule, by the insertion immediately after subparagraph (6) of that paragraph, of the following new subparagraph: - | |
| of the |
| Second |
| Schedule to |
| 35 | the principal |
| “(6A) Commencing from the first date of investment on a depreciable asset, three years of project implementation period shall be provided to a person who has not made his intended total | |
| enactment |
| investment under a subparagraph of this paragraph. | |

28 *Inland Revenue (Amendment)*

Notwithstandingthe provisionsofsubparagraph (6), capital allowance arising under a subparagraph of this paragraph shall be deducted in that year of assessment in which he has completed the total 5 intended investment, but before the expiration of such project implementation period.”.

|  |  |  |  |
| --- | --- | --- | --- |
| 10 | **38.** The Third Schedule to the principal enactment is | | Amendment |
| hereby amended as follows: - | | of the Third |
| Schedule to |
| (1) | by the insertion immediately after paragraph (*g*) of | the principal |
| enactment |
| that Schedule, of the following new paragraph: - | |

“(*gg*)a gain made by an entity fully owned by the Government of Sri Lanka as a gain from the realisation of a capital asset or liability of the business or realisation of an investment asset, 15 if such gain was made due to any decision by the Government of Sri Lanka as being essential for the economic development of Sri Lanka and subject to the prior written approval of the Minister;”;

|  |  |  |
| --- | --- | --- |
| 20 | (2) | in paragraph (*hh*) of that Schedule, by the |
| substitution for the word and figures “April 1, |

2021”, of the words and figures “April 1, 2021 but   
prior to October 1, 2022”;

|  |  |  |
| --- | --- | --- |
| 25 | (3) | in paragraph (*oo*) of that Schedule, by the |
| substitution for the words and figures “on or after |

January1, 2020”, of the words and figures “on or   
after January 1, 2020 but prior to October1, 2022”;

(4) by the insertion immediately after paragraph (*oo*)   
 of that Schedule, of the following new paragraph: -

30 “(*ooo*) on or after October 1, 2022, a dividend paid by a resident company-

(i) which is engaged in any one or more of the   
following businesses in accordance with   
the provisions of Part IV of the Finance

*Inland Revenue (Amendment)*  29

Act, No. 12 of 2012 and which has entered   
into an agreement with the Board of Investment   
of Sri Lanka established under the Board of   
Investment of Sri Lanka Law, No. 4 of 1978: -

5 (*ia*) entrepot trade involving import, minor processing and re-export;

(*ib*) offshore business where goods can be procured from one country or manufactured in one country and 10 shipped to another country without bringing the same into Sri Lanka;

(*ic*) providing front-end services to clients   
 abroad;

(*id*) headquarters operations of leading

|  |  |
| --- | --- |
| 15 | buyers for management of financial supply chain and billing operations; |

(*ie*) logistics services including bonded

|  |  |  |
| --- | --- | --- |
| warehouse | or | multi-country |

consolidation in Sri Lanka;

20 (ii) to a member to the extent that such dividend payment is attributable to, or derived from, another dividend received by that resident company or another resident company which is subject to Advance Income Tax under

|  |  |  |
| --- | --- | --- |
| 25 | (5) | subsection (1A) of section 84A;”; |
| in paragraph (*rr*) of that Schedule, by the |

substitution for the words “dividends and gains”,   
of the words and figures “dividends and gains prior   
to October 1, 2022,”;

30 (6) in paragraph (*u*) of that Schedule-

|  |  |  |
| --- | --- | --- |
| 30 | (*a*) | *Inland Revenue (Amendment)* |
| in subparagraph (ii) of that paragraph, by the |

substitution for the word and figures “January   
1, 2020,”, of the words and figures “January 1,   
2020, but prior to April 1, 2023,”;

|  |  |  |  |
| --- | --- | --- | --- |
| 5 | (*b*) | in subparagraph (v) of that paragraph- | |
| (i) | in that subparagraph, by the substitution |

for the words “any vocational”, of the   
words and figures “prior to April 1, 2023,   
any vocational”;

|  |  |  |
| --- | --- | --- |
| 10 | (ii) | in item (*b*) of that subparagraph, by the |

substitution for the words “five years”, of   
the words “two years”;

(iii) in the proviso to that subparagraph, by   
 the substitution for the words “next four

|  |  |  |
| --- | --- | --- |
| 15 | (*c*) | years”, of the words “next year”; and |
| in subparagraph (vi) of that paragraph, by the |

substitution for the words “any business”, of   
the words and figures “prior to April 1, 2023,   
any business”; and

|  |  |  |
| --- | --- | --- |
| 20 | (7) | in paragraph (*w*) of that Schedule, by the |

substitution for the words and figures “on or after   
April 1, 2021,”, of the words and figures “on or   
after April 1, 2021 but prior to April 1, 2023,”.

|  |  |  |  |
| --- | --- | --- | --- |
| 25 | **39.** The Fifth Schedule to the principal enactment is | | Amendment |
| hereby amended as follows: - | | of the Fifth |
| Schedule to |
| 30 | (1) | in subparagraph (*e*) of paragraph 1 of that Schedule, | the principal |
| enactment |
| by the substitution for the words “acquisition or | |
| merger of any other financial institution where”, of | |
| the words and figures “acquisition, partial | |
| acquisition, absorption ofbusiness or merger of, | |
| any other bank licensed under the Banking | |

|  |  |  |
| --- | --- | --- |
| 5 | *Inland Revenue (Amendment)* | 31 |
| Act, No. 30 of 1988, finance company licensed under the Finance Business Act, No. 42 of 2011 or finance leasing company registered in terms of paragraph (*c*) of section 3 of the Finance Leasing Act, No. 56 of 2000 where”; and | |

(2) in paragraph 2 of that Schedule-

(*a*) by the repeal of subparagraph (*a*) of that   
paragraph and the substitution therefor, of the   
following subparagraph: -

|  |  |
| --- | --- |
| 10  15 | “(*a*) (i) Rs. 500,000, for each year of assessment prior to January 1, 2020;  (ii) Rs. 3,000,000, for each year of assessment commencing on or after January 1, 2020, but prior to April 1, 2022; |

(iii) Rs. 1,500,000, for first six months and   
Rs. 600,000 for second six months of   
the year of assessment commencing on   
April 1, 2022; and

|  |  |  |
| --- | --- | --- |
| 20 | (*b*) | (iv) Rs. 1,200,000, for each year of |
| 25 | assessment commencing on or after |
| April 1, 2023, |
| except that an individual who is a trustee, receiver, |
| executor or liquidator shall not be entitled to |
| deduct this personal relief as such trustee, receiver, |
| executor or liquidator, and the relief shall not be |
| 30 | deducted against gains from the realisation of |
| investment assets;”; and |
| in subparagraph (*f*) of that paragraph, by the |
| substitution for the words and figures “on or after |
| January 1, 2020: -”, of the words and figures “on |
| or after January 1, 2020, but prior to April 1, 2022 |
| 35 | and sum of Rs. 600,000, incurred for the first six |
| months of the year of assessment commencing |
| on April 1, 2022: -”. |

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| 5 | 32 | *Inland Revenue (Amendment)* | Amendment |
| **40.** The Sixth Schedule to the principal enactment is | |
| hereby amended as follows: - | | of the Sixth |
| Schedule to |
| (1) | in item (*b*) of subparagraph (4) of paragraph 1 of | the principal |
| enactment |
| that Schedule, by the substitution for the words | |
| “that are used to improve business processes or | |

productivity and fixed”, of the words “that are   
fixed”;

|  |  |  |
| --- | --- | --- |
| 10 | (2) | by the re-numbering of paragraphs 3, 4, 5, 6, 7, 8, 9 |
| (3) | and 11 of that Schedule as paragraphs 2, 3, 4, 5, 6, |
| 7, 8 and 9 of that Schedule, respectively; |
| in the re-numbered paragraph 8 of that Schedule, |

by the substitution for the words “zero percent.”, of   
the words and figures “zero percent, if such payment   
has been made to the Commissioner-General prior

|  |  |  |
| --- | --- | --- |
| 15 | (4) | to October 1, 2022.”; and |
| in subparagraph (1) of paragraph 10 of that |

Schedule, by the substitution for the words “three   
years”, of the words “two years”.

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| --- | --- | --- |
| 20 | **41.** (1) The income tax payable by a person for the year | Calculation |
| of assessment commencing on April 1, 2022, shall be | of income |
| tax payable |
| calculated separately for two periods of the year of assessment |
| for the year |
| as first six months and second six months. For the purpose of |
| of assessment |
| 25 | such calculation, the person may use pro-rata basis (as 50% | commencing |
| for first six months and balance 50% for second six months | on April 1, |
| 2022 |
| of the year of assessment) to arrive the taxable income for |
| such two periods. |

(2) Subject to the provisions of this Act, a person may submit a revised estimate for the purpose of tax payable by instalments.

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| --- | --- | --- |
| 30 | **42.** In the event of any inconsistency between the Sinhala | Sinhala text |
| and Tamil texts of this Act, the Sinhala text shall prevail. | to prevail in |
| case of |

inconsistency

*Inland Revenue (Amendment)*  33

*Table ‘A’* (section 1)

|  |  |
| --- | --- |
| *Column I* | *Column II* |
| *section of this Act* | *section of the principal enactment* |
| 2 | 5 |
| 4 | 12 |
| 5 | 14 |
| 6 | 16 |
| 11 | 66 |
| 18 | 87 |
| 21 | 92A |
| 22 | 94 |
| 23 | 120 |
| 25 | 133 |
| 26 | 134 |
| 27 | 135 |
| 28 | 136 |
| 35(1) and (3) | 195 |
| 36(1), (2), (3), (4) and (5) | subparagraphs (1A) and (1B) of paragraph 1, paragraph 3, 4, 5 and 7 of the First Schedule |
| 37 | subparagraph (6A) of paragraph 1 of the Second Schedule |
| 38(1) | paragraph (gg) of the Third Schedule |
| 40(1) and (2) | item (*b*) of subparagraph (4) of paragraph 1 and paragraphs 2,3,4,5,6,7,8 and 9 of the Sixth  Schedule |
| 41 | new section |

|  |  |  |
| --- | --- | --- |
| 34 | *Inland Revenue (Amendment)* | (section 1) |
| *Table ‘B’* |

|  |  |
| --- | --- |
| *Column I* | *Column II* |
| *section*  *of this Act* | *section of the principal enactment* |
| 36(1) | subparagraph (5) of paragraph (1) of the First Schedule |
| 38 (2), (3), (4) and (5) | paragraphs (*hh*), (*oo*), (*ooo*) and (*rr*) of the Third Schedule |
| 39(2) | paragraph (2) of the Fifth Schedule |
| 40 (3) and (4) | paragraphs (8) and (10) of the Sixth Schedule |

*Inland Revenue (Amendment)*  35

*Table ‘C’* (section 1)

|  |  |  |
| --- | --- | --- |
| *Column I* | *Column II* | *Column III* |
| *section*  *of this Act* | *section of the principal enactment* | *Date of*  *operation* |
| 3 | 10 | 01.04.2021 |
| 7 | 18 | 01.04.2021 |
| 8 | 19 | 01.04.2018 |
| 9 | 46 | 01.04.2021 |
| 10 | 54 | 01.04.2018 |
| 12 | 69 | 01.04.2018 |
| 13 | 72 | 01.04.2018 |
| 14 | 73 | 01.04.2018 |
| 20 | 90 | 01.04.2021 |
| 29 | 139 | 01.04.2023 |
| 35(2) | 195 | 01.04.2020 |
| 36(1**)** and (7) | subparagraph (1C) of  paragraph 1 and paragraph 11 of the First Schedule | 01.04.2023 |
| 38(6) and (7) | paragraph (*u*) and (*w*) of the Third Schedule | 31.03.2023 |
| 39(1) | subparagraph (e) of paragraph (1) of the Fifth Schedule | 01.04.2021 |

|  |  |
| --- | --- |
| 36 | *Inland Revenue (Amendment)* |

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