

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

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**VALUE ADDED TAX (AMENDMENT)**

**A**

**BILL**

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

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*Presented by the Minister of Finance, Economic Stabilization and National Policies on 11th of January, 2024*

(Published in the Gazette on December 14, 2023)

*Ordered by Parliament to be printed*

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**[Bill No. 236]**

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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 from 15% to 18% *percentum* 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 rupees eighty (80) million to rupees sixty (60) million *per annum* with effect from January 1, 2024.

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

L.D.-O. 74/2023   
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 2024.

|  |  |  |  |
| --- | --- | --- | --- |
| 5 | **2.** Section 2 of the Value Added Tax Act, No. 14 of 2002 | | Amendment |
| of section 2 |
| (hereinafter in this Act referred to as the “principal | |
| of Act, |
| 10 | enactment”) is hereby amended, in sub-paragraph (v) of | | No.14 of |
| subsection (1) of that section as follows: - | | 2002 |
| (1) | by the substitution in item (vii), for the words and |
| figures “at the rate of twelve *per centum* (of which | |

the tax fraction is 3/28); and”, of the words and   
figures “at the rate of twelve *per centum* (of which   
the tax fraction is 3/28);”;

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| 15 | (2) | by the substitution in item (viii), for the words and |
| figures “for any taxable period commencing on or |

after October 1, 2022 at the rate of fifteen *per centum*  (of which the tax fraction is 3/23).”, of the words and figures “for any taxable period commencing on or after October 1, 2022 but ending on December 20 31, 2023 at the rate of fifteen *per centum* (of which the tax fraction is 3/23); and”; and   
(3)   
 by the addition immediately after the item (viii) of the following new item:-

|  |  |  |
| --- | --- | --- |
| 25 | “(ix) | for any taxable period commencing on |
| or after January 1, 2024 at the rate of |

eighteen *per centum* (of which the tax   
fraction is 9/59).”.

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| 2 | *Value Added Tax (Amendment)* | Amendment of section 10 of the  principal  enactment |
| **3.** Section 10 of the principal enactment is hereby amended in subsection (1) of that section as follows:- | |
| (1) | by the substitution paragraph in (vii), for the words |

and figures “(vii) on or after October 1, 2022,”, of 5 the words and figures “(vii) on or after October 1, 2022 but on or before December 31, 2023,”;

(2) by the addition immediately after paragraph (vii),   
of the following paragraph:-

“(viii) on or after January 1, 2024, carries on or 10 carries out any taxable activity in Sri Lanka shall be required to be registered under this Act, if–

(*a*) at the end of any taxable period, the total value of the taxable 15 supplies of goods or services or goods and services of such person, made in Sri Lanka in that taxable period has exceeded fifteen million rupees; or

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| 20 | (*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, made in Sri Lanka

|  |  |  |
| --- | --- | --- |
| 25 | (*c*) | has exceeded sixty million |
| rupees; or |
| at any time, there are reasonable |

grounds to believe that the total value of the taxable supplies of 30 goods or services or goods and services of such person, made in

*Value Added Tax (Amendment)*  3

Sri Lanka, in the succeeding

taxable period, is likely to exceed

|  |  |  |
| --- | --- | --- |
| 5 | fifteen million rupees or in the | Sinhala text |
| succeeding twelve months period |
| is likely to exceed sixty million |
| rupees.”. |
| **4.** In the event of any inconsistency between the Sinhala |
| and Tamil texts of this Act, the Sinhala text shall prevail. | to prevail in |
| case of |

inconsistency

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

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