

## TAX TABLE NO: 04

### Rates for the deduction of Tax from any profits from Employment made to Non-resident Employees who are Non- citizens in Sri Lanka

The deduction of tax should be made from all non - resident and non - citizen employees.

#### **1. Tax Deduction on Regular Gains and Profits from Employment**

In the case of any non-resident employee who is not a citizen in Sri Lanka, on any regular gains and profits from employment (cash and non-cash benefits), Table 4.1 should be applied.

**Table 4.1: Tax to be deducted on Regular Gains and Profits from Employment of Non - resident, Non - citizen Employees**

Monthly regular profits from employment (Taxable)	Tax
1. Monthly regular profits from employment up to Rs. 83,333/-	6% of monthly regular profits from employment
2. Monthly regular profits from employment exceeding Rs. 83,333/- but not exceeding Rs. 125,000/-	18% of monthly regular profits from employment less Rs. 10,000/-
3. Monthly regular profits from employment exceeding Rs. 125,000/- but not exceeding Rs. 166,667/-	24% of monthly regular profits from employment less Rs. 17,500/-
4. Monthly regular profits from employment exceeding Rs. 166,667/- but not exceeding Rs. 208,333/-	30% of monthly regular profits from employment less Rs. 27,500/-
5. Monthly regular profits from employment exceeding Rs. 208,333/-	36% of monthly regular profits from employment less Rs. 40,000/-

#### **2. Tax Deduction on Lump-sum Payments from Employment (Period: Y/A 2025/2026 and onwards)**

In the case of any **non-resident employee who is not a citizen** in Sri Lanka, on lump-sum payments (bonus etc.) from employment, Table 4.2 should be applied.

Following steps should be adhered to in computing the tax liability on the lump-sum payments.

#### **Tax Computation**

The tax computation should be made as set out below;

Gross Monthly Income already paid in the Y/A x Number of months	(A)	xxxxxxxxxxxx
Gross Monthly Income payable in the Y/A x Number of months	(B)	xxxxxxxxxxxx
Lump-sum Payment paid/payable during the current month	(C)	xxxxxxxxxxxx
Cumulative Expected Income in the Y/A	(D)	<u>XXXXXXX</u>

Tax payable for the month on the lump-sum payments should be computed on the cumulative gains and profits in accordance with the Table 4.2.

**Table 4.2: Tax to be deducted on Lump-sum Payments from Employment of Non - resident, Non - citizen Employees**

Cumulative expected Income for the Y/A (Rs.)	Tax
1. $(D) \leq 1,000,000$	$[(D) \times 6\%] - [\text{Aggregated tax as per Table 4.1 for each month in (A) and (B)}]$
2. $1,000,000 < (D) \leq 1,500,000$	$[(D) \times 18\%] - [120,000 + \text{Aggregated tax as per Table 4.1 for each month in (A) and (B)}]$
3. $1,500,000 < (D) \leq 2,000,000$	$[(D) \times 24\%] - [210,000 + \text{Aggregated tax as per Table 4.1 for each month in (A) and (B)}]$
4. $2,000,000 < (D) \leq 2,500,000$	$[(D) \times 30\%] - [330,000 + \text{Aggregated tax as per Table 4.1 for each month in (A) and (B)}]$
5. $(D) > 2,500,000$	$[(D) \times 36\%] - [480,000 + \text{Aggregated tax as per Table 4.1 for each month in (A) and (B)}]$

### Example 01

*Mrs. David is a non-resident, non-citizen employee of a private company and her regular profits (remuneration) for each month is Rs 250,000 from employment (including non-Cash Benefits) and such remuneration for April, 2025 will be paid. She will receive a bonus payment of Rs. 1,000,000 also in April, 2025. Further, she expects to be Sri Lanka till end of July 2025 of the year of assessment 2025/2026. She will terminate the employment and expects to leave Sri Lanka at the end of July 2025 of the Year of Assessment 2025/2026*

*Tax liability on the bonus should be computed as follows:*

<u>Tax Computation</u>	<i>Rs.</i>
Gross Monthly Income already paid in the Y/A 2025/2026 ( $250,000 \times 1$ )	(A) 250,000
Gross Monthly Income payable in the Y/A 2025/2026 ( $250,000 \times 3$ )	(B) 750,000
Lump-sum Payment payable during April, 2025	(C) <u>1,000,000</u>
Cumulative Expected Income for the Y/A 2025/2026	(D) 2,000,000

As the (D) falls in the range  **$1,500,000 < (D) \leq 2,000,000$** , the following formula should be applied in computing the amount of tax deductible in April, 2025 on the bonus.

$$\begin{aligned}
 & [(D) \times 24\%] - [210,000 + \text{Aggregated tax as per Table 4.1 for each month in (A) and (B)}] \\
 & = [2,000,000 \times 24\%] - [210,000 + 50,000 + (50,000 \times 3)] \\
 & = 480,000 - 410,000 \\
 & = 70,000
 \end{aligned}$$

Tax payable on the bonus paid in the April, 2025 is Rs. 70,000.00