

## TAX TABLE NO: 03

### Rates for the Deduction of Tax from Once-and-for-all Payments (Terminal Benefits - All Employees)

01. The amounts of the once-and-for-all payments (Terminal Benefits) to which this table is applied are:
- a. any sum payable in commutation of pension;
  - b. any sum payable as retiring gratuity;
  - c. any sum payable as compensation for loss of office or employment
  - d. any sum payable from the Employees Trust Fund (ETF) (excluding the share of investment income of the fund, after 31.03.1987);
  - e. any sum payable from any Provident Fund, which has not been approved by the Commissioner General of Inland Revenue (CGIR);
  - f. any other payments or benefits made in respect of retirement.

#### **Exemptions –**

- i. Any amount paid from a Provident Fund approved by the CGIR or Regulated Provident Funds;
  - ii. Capital sums paid to a person as compensation or a gratuity in relation to –
    - a. personal injuries suffered by the person; or
    - b. the death of another person;
  - iii. Pension or any retiring benefit paid by the Government or a Department of the Government of Sri Lanka
02. If the total amount of the following payments to be made by the Employees' Trust Fund (ETF) or the employer exceeds Rs. 5,000,000, the employer and ETF shall each retain 12% of the excess amount, respectively;
- (a) Amount payable in **commutation of a pension**;
  - (b) Amount payable as a retiring **gratuity**;
  - (c) Amount received as **compensation** for loss of office or employment under a scheme which is uniformly applicable to all employees **as approved** by the Commissioner General of Inland Revenue\*\*;
  - (d) Any sum payable from the Employees' Trust Fund (ETF) (excluding the share of investment income of the fund, earned after 31.03.1987).

\*\* To obtain approval from the Commissioner General for the scheme, employers are advised to contact the Tax Policy and Legislation Unit of the Inland Revenue Department, before the scheme's commencement.

03. Any provident fund mentioned in item (b) and all employers shall retain 36% on the following payments or benefits;
- (a) **Compensation** for loss of office or employment under a scheme, which is **not approved** by the Commissioner General of Inland Revenue;
  - (b) **Payments other than** from a **provident fund approved** by the Commissioner- General or a **regulated provident fund**;
  - (c) Any other Payment;
  - (d) Retirement non-cash benefits (to be valued at the market price)

If the total taxable remuneration paid or payable to employees from the commencement of the Year of Assessment up to the date of termination, along with the total of the payments listed above (a) to (d), does not exceed Rs. 1,800,000, there is no requirement to withhold any amount from the above payments.

04. Please retain the total amount mentioned in paragraph 2 or 3 as the case may be; and instruct the retiring employee to obtain a direction within 90 days of the retention, from the Clearance and Directions Unit at Head Office, 2<sup>nd</sup> Floor, Sir Chittampalam A. Gardiner Mawatha, Colombo 02. On receipt of the direction, please comply with it.

If you have not received a direction or an advice before the expiry of 90 days from the date of deduction, please remit the deductions to the Commissioner-General to the credit of Account No. 2, People's Bank, Union Place branch.

**Please do not write your** Taxpayer Identification Number (TIN) in the space provided for it on the Paying-in-Slip, please leave that space blank. You should write "Tax on Once-and-for-all Payment" in the space provided for "Type of Tax".