

TAX TABLE NO: 07

Rates for the deduction of Tax from the Secondary Employment

Rates for the deduction of tax from the gains and profits from employment of any employee who has not furnished the primary employment declaration, or in respect of gains and profits from employment of any employee employed under more than one employer.

01. Resident Employee

If the employee is a resident in terms of the provisions of the Inland Revenue Act, the tax should be deducted **at appropriate rate given in Table 7.1** which depends on the income from primary employment. Please apply the rate to corresponding income of primary employment as the employee stated in his primary declaration.

Table 7.1 - Rates for Deduction of Tax from Secondary Employment - Residents

Category 1	Tax Rate on Remunerations from Secondary Employment	
1. If the aggregate of monthly gains and profits from Primary Employment and monthly gains and profits from Secondary Employment is less than Rs. 150,000.00,	0%	
Category 2		
2. If the aggregate of monthly gains and profits from Primary Employment and monthly gains and profits from Secondary Employment is higher than Rs. 150,000.00, applicable tax rates are determined as below;		
Monthly gains and profits from Primary Employment (Rs.)	Amount on which Monthly Tax is deductible	Tax Rate on Remunerations from Secondary Employment
0 – 150,000	On the total Remunerations from Secondary Employment	6%
150,001 - 233,333	On the total Remunerations from Secondary Employment	18%
233,334 - 275,000	On the total Remunerations from Secondary Employment	24%
275,001 – 358,333	On the total Remunerations from Secondary Employment	30%
358,334 and above	On the total Remunerations from Secondary Employment	36%

Example 01:

Mrs. Jayanatha is a resident employee of a private company A, and her regular monthly profits (remuneration) from employment (including non-cash benefits) is Rs 250,000/- Further, She gets a monthly fixed payment of Rs. 100,000 from company B, as her second employment.

Tax liability on the secondary employment should be computed as follows:

As her Income from Primary employment Rs. 250,000/- falls under income range of Rs. 233,334 – 275,000, the applicable tax rate on second employment is 24%.

Then, the tax deductible is, Rs. 100,000 X 24% = 24,000

02. Non-Resident Employee

If the employee is a non-resident in terms of the provisions of the Inland Revenue Act (whether he is a citizen in Sri Lanka or not), **the tax should be deducted**, by the employer at the rate given in Table 7.2, unless otherwise a direction has been issued by the Commissioner General or any officer authorized by him (The Secretariat).

Table 7.2 - Rate for Deduction of Tax from Secondary Employment – Non-residents

Monthly Remunerations from Secondary Employment (Rs.)	Tax Rate
On the total remunerations from secondary employment	36%