

TAX TABLE NO: 05
Deduction of Tax on Cumulative Gains and Profits from Employment

01. In deducting tax from monthly regular taxable gains and profits from employment, Tax Table 1, 4, 6, or 7 should be applied, appropriately. This table should be applied in respect of employees (residents or citizens) whose monthly regular gains and profits from employment is less than Rs. 150,000/-, but **cumulative gains and profits from employment** up to any month of the year of assessment exceeds Rs. 1,800,000/- due to payment of higher regular gains and profits from employment in certain months. In such instances, Table No. 05 should be applied.
02. Also, in the case where an employee commences employment or retires within the year of assessment, Tax Table No. 05 should be applied for deducting tax on employee's gains and profits from employment.
03. If an employee has terminated their primary employment during a year of assessment and subsequently takes up another employment, the employee must provide a tax deduction certificate (T-10) issued by the first employer to the second employer (as gazette by the Commissioner General). Based on the cumulative employment income for the year of assessment (including the employment income from the T-10 of the first employer), the second employer must deduct tax using this tax table.
04. Due to an increase in taxable remuneration during the year of assessment of an employee and the use of remuneration payable for future months in the calculations of Table 2, there is a possibility of either under-deduction or over-deduction of tax for the year of assessment. If an employer identifies such a situation during the last month (March) of the year of assessment, adjustments can be made by applying this table to compute the tax liability for the year.
05. Tax deduction should start from the month in which the cumulative gains and profits up to that month exceeds Rs. 1,800,000/. Thereafter, tax deduction should be made monthly until end of the year of assessment, applying this table.

Summarized Tax Table - Cumulative Gains and Profits from Employment

Cumulative Gains and Profits from Employment (Taxable)	Tax
1. Cumulative gains and profits from employment up to Rs. 1,800,000/-	- Relief from Tax
2. Cumulative gains and profits from employment exceeding Rs. 1,800,000/- but not exceeding Rs. 2,800,000/-	- 6% of cumulative gains and profits from employment less Rs. 108,000/-
3. Cumulative gains and profits from employment exceeding Rs. 2,800,000/- but not exceeding Rs. 3,300,000/-	- 18% of cumulative gains and profits from employment less Rs. 444,000/-
4. Cumulative gains and profits from employment exceeding Rs. 3,300,000/-but not exceeding Rs. 3,800,000/-	- 24% of cumulative gains and profits from employment less Rs. 642,000/-
5. Cumulative gains and profits from employment exceeding Rs. 3,800,000/- but not exceeding Rs. 4,300,000/-	- 30% of cumulative gains and profits from employment less Rs. 870,000/-
6. Cumulative gains and profits from employment exceeding Rs. 4,300,000/-	- 36% of cumulative gains and profits from employment less Rs. 1,128,000/-

Example 01:

Mr. Jayantha is an employee of a private company and his monthly regular gains and profits from employment is less than Rs. 150,000. His cumulative gross regular profits from employment for the period from April 2025 to February 2026 (with bonus payment) is Rs. 1,900,000. His new monthly regular gains and profits from employment is Rs. 200,000 from March 2026, onwards.

Tax deductions should be made as follows:

<u>February 2026</u>	<u>Rs</u>
Cumulative gross employment income from April 2025 to February 2026	1,900,000
Tax to be paid in February, 2026 (as per Tax Table No. 05)	<u>6,000</u>
<u>March 2026</u>	
Cumulative gross employment income from April 2025 to March 2026 (1,900,000+200,000)	2,100,000
Tax on Rs. 2,100,000 (as per Tax Table No. 05)	18,000
Less: Tax Charged in February 2026	(6,000)
Tax to be paid in March 2026	<u>12,000</u>