TAX TABLE NO: 02
Rates for the Deduction of Tax from Lump-sum Payments

This table applies to:
- All resident employees, and
- All non-resident employees who are citizens of Sri Lanka,

provided they have submitted their primary declarations to their employers or have only one employment.

This table should be applied for deducting tax on lump-sum payments to above mentioned employees. The amount of tax deductible should be computed on the lump-sum payments at the time of making each lump-sum payment to employees during a year of assessment.

Payments such as bonus, leave encashment, medical expenses reimbursements, salary arrears (due on service reinstatement or other reason), the market value of shares at the time of allotment under an employee share scheme (including shares allotted as a result of the exercise of an option or right to acquire the shares, reduced by the employee's contribution for the shares), etc. are considered as lump-sum payments.

If the total regular employment income for the year of assessment does not exceed Rs. 1,800,000, but the inclusion of lump-sum payments increases the total to exceed Rs. 1,800,000 for the year of assessment, this table shall be used to deduct APIT on such lump-sum payments (Not Table 5).

Following steps should be followed in computing the amount of tax deductible on each of the Lump-sum payments:

First, compute the Estimated Gross Aggregate Remunerations (EGAR) from employment during the year of assessment including the Lump-sum payments.

(A)   Ascertain the **aggregate gross monthly remunerations already paid** to the employee during the year of assessment up to and including the month the lump-sum payment is made (excluding any Lump-sum payment/s paid);

(B)   Ascertain the **aggregate gross monthly remunerations payable** to the employee during the year of assessment from the succeeding month the Lump-sum payments is made (excluding any Lump-sum payment/s payable);

(C)   Ascertain the **aggregate gross lump-sum payments already made up to now including the lump-sum payment being made** now, and such Lump-sum amounts payable during the year of assessment (excluding monthly remunerations already counted under above (A) and (B); and

(D)   Compute the Estimated Gross Aggregate Remunerations (EGAR) including the Lump-sum payments during the year of assessment by aggregating the amounts computed under above (A), (B) and (C).

Computation of Estimated Gross Aggregate Remunerations including the Lump-sum Payments – EGAR

Gross aggregate monthly remunerations already paid during the Y/A	= (**A**):	XXX
Gross aggregate monthly remunerations payable during the Y/A	=(**B**):	XXX
Gross aggregate Lump-sum payments already made, being made now, & payable during the Y/A	=(**C**):	XXX
Estimated Gross Aggregate Remunerations EGAR (paid and payable) during the Y/A	=(**D**):	XXX

Then, the appropriate tax rate applicable for lump-sum payment being made now should be selected from the tax table 02 given below, based on above Estimated Gross Aggregate Remunerations (EGAR), i.e. **D.** Thereafter, the amount of tax deductible on lump-sum payment being paid now should be computed giving credit for any amount of tax previously deducted, if any, on Lump-sum payments previously made during the year of assessment. However, all these components are included in the formula given in the Table No. 02.

Tax Table No. 02 - Tax Deductions on Lump-sum Payments

Estimated Gross Aggregate Remunerations (EGAR) during Y/A (Rs.)	Amount of Tax Deductible (Rs.)
If **D** is equal or less than 1,800,000	Nil
If **D** is in between 1,800,001 and 2,800,000	(**D** x 6%) – [(108,000 + Aggregate of monthly tax deducted on **A** + Aggregate of monthly tax deductible on **B**, as per Table 01) + Tax deducted previously on Lump-sum payments, if any]
If **D** is in between 2,800,001 and 3,300,000	(**D** x 18%) – [(444,000 + Aggregate of monthly tax deducted on **A** + Aggregate of monthly tax deductible on **B**, as per Table 01) + Tax deducted previously on Lump-sum payments, if any]
If **D** is in between 3,300,001 and 3,800,000	(**D** x 24%) – [(642,000 + Aggregate of monthly tax deducted on **A** + Aggregate of monthly tax deductible on **B**, as per Table 01) + Tax deducted previously on Lump-sum payments, if any]
If **D** is in between 3,800,001 and 4,300,000	(**D** x 30%) – [(870,000 + Aggregate of monthly tax deducted on **A** + Aggregate of monthly tax deductible on **B**, as per Table 01) + Tax deducted previously on Lump-sum payments, if any]
If **D** is more than 4,300,000	(**D** x 36%) – [(1,128,000 + Aggregate of monthly tax deducted on **A** + Aggregate of monthly tax deductible on **B**, as per Table 01) + Tax deducted previously on Lump-sum payments, if any]

Example 01

Mr. Ranaweera who is a resident employee of a government institution, will receive an incentive of Rs. 600,000.00 in April, 2025. His monthly regular profits and gains from employment (including non-cash benefits) is Rs. 170,000.00.

*(Hint: The **amount of monthly earnings** of Mr. Ranaweera remains unchanged for the Y/A 2025/2026)*

*Tax deductible on the **incentive** payable in April, 2025 should be computed as follows;*

Please note that the tax deductible on monthly remunerations should be computed using Tax Table 01, separately.

__Computation of tax deductible on the incentive to be paid in April, 2025__

__Step 01 –Computation of Estimated Gross Aggregate Remunerations during the Y/A 2025/2026__

		Rs.
Gross aggregate monthly remunerations already paid during the Y/A 2025/2026	= (**A**):	170,000
(Monthly remuneration of April 2025, i.e. Rs.170,000 x 1)		
Gross aggregate monthly remunerations payable during the Y/A 2025/2026	= (**B**):	1,870,000
(Monthly remuneration payable for May, 2025 – March, 2026, i.e. Rs. 170,000 x 11)		
Gross aggregate lump-sum payments already made, being made now, & payable during the Y/A 2025/2026 (Amount of incentive to be received in April, 2025, i.e. Rs. 600,000)	= (**C**):	600,000
Estimated Gross Aggregate Remunerations EGAR (paid and payable) during the Y/A 2025/2026	= (**D**):	2,640,000

Step 02 – Computation of tax deductible on Lump-sum payment in April, 2025

*As the EGAR or **D** falls in between Rs. 1,800,001 and Rs. 2,800,000, the following formula should be applied in computing the amount of tax deductible in April, 2025 on the incentive;*

(***D*** x 6%) - [(108,000 + Aggregate of monthly tax deducted on ***A*** + Aggregate of monthly tax deductible on ***B***, as per Table 01) + Tax deducted previously on Lump-sum payments, if any]

$$= (2,640,000 \times 6\%) - [(108,000 + (1,200 \times 1) + (1,200 \times 11) + 0]$$
$$= 158,400 – [108,000 + 1,200 + 13,200]$$
$$= 158,400 – 122,400$$
$$= 36,000/-$$

*Therefore, tax deductible on the incentive in April, 2025 is Rs. **36,000***

Example 02

*Assuming that Mr. Ranaweera in the **Example 01** will receive **another incentive** of Rs. 800,000.00 in December, 2025, tax deductible on this incentive should be computed as follows;*

Please note that the tax deductible on monthly remunerations should be computed using Tax Table 01, separately.

Computation of tax deductible on the incentive payable in December, 2025

Step 01–Computation of Estimated Gross Aggregate Remunerations during the Y/A 2025/2026

	Rs.
Gross aggregate monthly remunerations already paid during the Y/A 2025/2026 = (**A**):	1,530,000
(Monthly remuneration for the months for April –December 2025, i.e. 170,000 x 9)	
Gross aggregate monthly remunerations payable during the Y/A 2025/2026 = (**B**):	510,000
(Monthly remuneration payable for January - March, 2026, i.e. 170,000 x 3)	
Gross aggregate lump-sum payments already made, being made now, & payable during the Y/A 2025/2026 (Amount of incentive received in April, 2025 and to be received in December, 2025, i.e. 600,000+ 800,000) = (**C**):	1,400,000
Estimated Gross Aggregate Remunerations EGAR (paid and payable) during the Y/A 2025/2026 = (**D**):	3,440,000

Step 02 – Computation of tax deductible on Lump-sum payment in December, 2025

*As the EGAR or **D** falls in between Rs. 3,300,001 and 3,800,000, the following formula should be applied in computing the amount of tax deductible in December, 2025 on the incentive.*

(***D*** x 24%) - [(642,000 + Aggregate of monthly tax deducted on ***A*** + Aggregate of monthly tax deductible on ***B***, as per Table 01) + Tax deducted previously on Lump-sum payments, if any]

$$= (3,440,000 \times 24\%) - [642,000 + (1,200 \times 9) + (1,200 \times 3) + 36,000]$$
$$= 825,600 – [642,000 + 10,800 + 3,600 + 36,000]$$
$$= 825,600 – 692,400 = 133,200/-$$

*Therefore, tax deductible on the incentive in December, 2025 is Rs. **133,200***

Example 03

Mrs. Kumuduni who is a non-resident but citizen in Sri Lanka, works in a Private Institution. She will get a bonus valued Rs. 600,000.00 in May, 2025. Her monthly gross earnings from employment (inclusive non-cash benefits) is Rs. 300,000.00.

*(Hint: The **amount of monthly earnings** of Mrs. Kumuduni remains unchanged for the Y/A)*

*Tax deductible on the **bonus** payable in May, 2025 should be computed as follows;*

Please note that the tax deductible on monthly remunerations should be computed using Tax Table 01, separately.

Computation of tax deductible on bonus to be paid in May, 2025

Step 01–Computation of Estimated Gross Aggregate Remunerations during the Y/A 2025/2026

			Rs.
Gross aggregate monthly remunerations already paid during the Y/A 2025/2026		= (**A**):	600,000
(Monthly remuneration for the months April and May, 2025, i.e. 300,000 x 2)			
Gross aggregate monthly remunerations payable during the Y/A 2025/2026		= (**B**):	3,000,000
(Monthly remuneration payable for June, 2025 - March, 2026, i.e. 300,000 x 10)			
Gross aggregate Lump-sum payments already made, being made now, & payable during the Y/A 2025/2026 (Amount of Bonus to be received in May, 2025 i.e. 600,000)		= (**C**):	600,000
Estimated Gross Aggregate Remunerations EGAR (paid and payable) during the Y/A 2025/2026		= (**D**):	4,200,000

Step 02 – Computation of tax deductible on Lump-sum payment in May, 2025

*As the EGAR or **D** is between 3,800,001 and 4,300,000, the following formula should be applied in computing the amount of tax deductible in May, 2025 on the bonus.*

(**D** x 30%) - [(870,000 + Aggregate of monthly tax deducted on **A** + Aggregate of monthly tax deductible on **B**, as per Table 01) + Tax deducted previously on Lump-sum payments, if any]

= (**4,200,000 x 30%**) - [(870,000 + (**18,500 x 2**) + (**18,500 x 10**) + **0**]

= 1,260,000 – [870,000 + 37,000 + 185,000 +0]

= 168,000

Therefore, tax deductible on bonus in May 2025 is Rs. **168,000**

Example 04

*Assuming that Mrs. Kumudini in the **Example 03** will receive **another bonus** of Rs. 700,000.00 in January, 2026, tax deductible on this bonus should be computed as follows;*

Please note that the tax deductible on monthly remunerations should be computed using Tax Table 01, separately.

Computation of tax deductible on bonus payable in January, 2026

Step 01–Computation of Estimated Gross Aggregate Remunerations during the Y/A 2025/2026

		Rs.
Gross aggregate monthly remunerations already paid during the Y/A 2025/2026	= (**A**):	3,000,000
(Monthly remuneration for the months of April, 2025 – January, 2026, i.e. 300,000 x 10)		
Gross aggregate monthly remunerations payable during the Y/A 2025/2026	= (**B**):	600,000
(Monthly remuneration payable for February - March, 2026, i.e. 300,000 x 2)		
Gross aggregate Lump-sum payments already made, being made now, & payable during the Y/A 2025/2026 (Amount of Bonus received in May, 2025 and to be received in January, 2026, i.e. 600,000+ 700,000)	= (**C**):	1,300,000
Estimated Gross Aggregate Remunerations EGAR (paid and payable) during Y/A 2025/2026	= (**D**):	4,900,000

Step 02 – Computation of tax deductible on Lump-sum payment in January, 2026

*As the EGAR or **D** falls more than 4,300,000, the following formula should be applied in computing the amount of tax deductible in January, 2026 on the bonus.*

(**D** x 36%) - [(1,128,,000 + Aggregate of monthly tax deducted on **A** + Aggregate of monthly tax deductible on **B**, as per Table 01) + Tax deducted previously on Lump-sum payments, if any]

*= (**4,900,000** x 36%) - [(**1,128,000** + (**18,500 x 10**) + (**18,500 x 2**) + **168,000**]*

= 1,764,000 – [1,128,000 + 222,000 + 168,000]

= 1,764,000 – 1,518,000

= 246,000

*Therefore, tax deductible on Bonus in January, 2026 is Rs. **246,000***