

**THE GAZETTE OF THE DEMOCRATIC  
SOCIALIST REPUBLIC OF  
SRI LANKA**

**Part II of January 07, 2022**

**SUPPLEMENT**

*(Issued on 07.01.2022)*



**VALUE ADDED TAX (AMENDMENT)**

**A**

**BILL**

**to amend the Value Added Tax Act, No. 14 of 2002**

*Ordered to be published by the Minister of Finance*

PRINTED AT THE DEPARTMENT OF GOVERNMENT PRINTING, SRI LANKA

TO BE PURCHASED AT THE GOVERNMENT PUBLICATIONS BUREAU, COLOMBO 5

**Price : Rs. 12.00**

**Postage : Rs. 15.00**

*This Gazette Supplement can be downloaded from [www.documents.gov.lk](http://www.documents.gov.lk)*



*STATEMENT OF LEGAL EFFECT*

*Clause 2* : This clause amends section 25c of the Value Added Tax Act, No. 14 of 2002 (hereinafter referred to as the “principal enactment”) and the legal effect of that section as amended is to increase the VAT rate from 15% to 18% *per centum* on supply of financial services on financial institutions with effect from January 1, 2022.

*Clause 3* : This clause amends Part II of the First Schedule to the principal enactment to exempt certain goods and services from VAT in order to give effect to budget proposals of 2022.

*Value Added Tax (Amendment)*

L.D.-O. 51/2021

AN ACT TO AMEND THE VALUE ADDED TAX ACT, NO. 14 OF 2002

BE it enacted by the Parliament of the Democratic Socialist Republic of Sri Lanka as follows:-

1. This Act may be cited as the Value Added Tax (Amendment) Act, No.      of 2022. Short title

5      2. Section 25c of the Value Added Tax Act, No. 14 of 2002 (hereinafter referred to as the “principal enactment”) is hereby amended in subsection (3) thereof as follows:- Amendment of section 25c of Act, No. 14 of 2002

10                      (1) by the substitution in paragraph (f) of that subsection, for the words and figures, “commencing from November 1, 2016, shall be fifteen *per centum*.” of the words and figures “commencing from November 1, 2016 but ending on or before December 31, 2021, shall be fifteen *per centum*;”;

15                      (2) by the addition immediately after paragraph (f) of that subsection of the following:-

                                 “(g) commencing on or after January 1, 2022, shall be eighteen *per centum*.”.

3. The First Schedule to the principal enactment is hereby amended in PART II thereof as follows:- Amendment of the First Schedule to the principal enactment

20                      (1) in paragraph (a) of that PART-

25                                      (a) by the substitution in item (xxxi) of that paragraph, for the words and figures, “with effect from May 20, 2020.” of the words and figures “with effect from May 20, 2020, and ending on December 31, 2021;”;

- (b) by the addition immediately after item (xxxi) of the following new item:—

5 “(xxxii) on or after January 1, 2022, medical  
equipment, machinery, apparatus,  
accessories and parts thereof,  
hospital furniture, drugs and  
chemicals donated to a government  
10 hospital or the Ministry of Health  
for the provision of health services  
to address any pandemic or public  
health emergency, approved by the  
Minister assigned the subject of  
Finance on the recommendation of  
the Secretary to the Ministry of the  
15 Minister assigned the subject of  
Health.”;

- (2) by the repeal of paragraph (l) and the substitution therefor of the following:—

“(l) the import or supply of—

- 20 (a) any motor vehicle identified under the  
Harmonized Commodity Description  
and Coding Numbers for custom  
purposes and liable to—
- 25 (i) the Excise Duty imposed under  
the Excise (Special Provisions)  
Act, No. 13 of 1989, on or after  
October 25, 2014; or
- 30 (ii) the Special Goods and Services  
Tax imposed under the Special  
Goods and Services Tax Act,  
No. of 2022,
- 35 on the importation of such vehicle or  
any motor vehicle liable to the same  
duty or tax on the manufacture of any  
such vehicle;

5 (b) any motor vehicle remains unsold as at  
October 25, 2014, which would  
otherwise have been liable to pay the  
same duty referred to in item (i) of sub-  
paragraph (a) on the importation or  
manufacture of the same, if imported or  
manufactured after October 25, 2014,

10 other than any vehicle supplied under a  
financial leasing agreement entered into  
prior to October 25, 2014, which are  
disposed after the repossession of the same  
by the lessor on which input tax had been  
claimed;

15 (c) cigarettes identified under the  
Harmonized Commodity Description  
and Coding System Numbers for  
custom purposes and liable to-

20 (i) the Excise Duty imposed under the  
Excise (Special Provisions) Act,  
No. 13 of 1989 and cess imposed  
under Sri Lanka Export  
Development Act, No. 40 of 1979,  
on or after October 25, 2014 but  
25 prior to November 1, 2016, on the  
importation or manufacture of the  
same including cigarettes in the  
stocks remain unsold as at October  
25, 2014, which would have been  
liable to the same duty on the  
30 importation or manufacture of the  
same, if imported or manufactured  
after October 25, 2014; or

35 (ii) the Special Goods and Services Tax  
imposed under the Special Goods  
and Services Tax Act, No. of  
2022, on the importation or  
manufacture of the same;

(d) liquor identified under the Harmonized Commodity Description and Coding System Numbers for custom purposes and subject to-

- 5 (i) the Customs Duty imposed under  
the Customs Ordinance  
(Chapter 235), Excise duty  
imposed under the Excise  
10 Ordinance (Chapter 52) and cess  
imposed under Sri Lanka Export  
Development Act, No. 40 of 1979,  
on or after October 25, 2014 but  
prior to November 1, 2016, on the  
importation or Excise Duty on  
15 manufacture of the same including  
liquor imported or manufactured  
prior to October 25, 2014 remains  
unsold as at October 25, 2014,  
which would have been liable to  
20 the same duty and cess on  
importation or Excise Duty on  
manufacture of the same, if  
imported or manufactured after  
October 25, 2014; or
- 25 (ii) the Special Goods and Services Tax  
imposed under the Special Goods  
and Services Tax Act, No. of 2022,  
on the importation or manufacture  
of the same.”.

30 **4.** In the event of any inconsistency between the Sinhala and Tamil texts of this Act, the Sinhala text shall prevail.

Sinhala text  
to prevail in  
case of  
inconsistency

