



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

VALUE ADDED TAX (AMENDMENT)

A

BILL

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

Presented by the Minister of Finance on 04th October, 2016

(Published in the Gazette on September 13, 2016)

Ordered by Parliament to be printed

[Bill No. 140]

PRINTED AT THE DEPARTMENT OF GOVERNMENT PRINTING, SRI LANKA
TO BE PURCHASED AT THE GOVERNMENT PUBLICATIONS BUREAU, COLOMBO 5

Price : Rs. 21.00

Postage : Rs. 15.00

STATEMENT OF LEGAL EFFECT

Clause 2 : This clause amends section 2 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 tax rate to fifteen *per centum* with effect from the date on which this Act comes into force.

Clause 3 : This clause amends section 3 of the principal enactment and the legal effect of that section as amended is to remove exclusion of VAT on wholesale and retail sale.

Clause 4 : This clause amends section 5 of the principal enactment and the legal effect of that section as amended is to provide for the value of supply for the period from January 1, 2016 to January 13, 2016 where supplies were made in which tax invoices were at different rates and not issued and to provide for the calculation of value of supply of health care services.

Clause 5 : This clause amends section 7 of the principal enactment and the legal effect of that section as amended is to exclude air ticketing fee of passengers from the supply of services of zero rating.

Clause 6 : This clause amends section 8 of the principal enactment and the legal effect of that section as amended is to remove liability to deemed tax.

Clause 7 : This clause amends section 10 of the principal enactment and the legal effect of that section as amended is to reduce the registration threshold for the VAT liability to Rs. 3 million for the quarter or Rs. 12 million per annum and the consequential changes relating to registration for wholesale and retail trade.

Clause 8 : This clause amends section 20 of the principal enactment and the legal effect of that section as amended is to provide for the submission of additional information required for the tax invoice.

Clause 9 : This clause amends section 21 of the principal enactment and the legal effect of that section as amended is to provide for the submission of additional information to treat a return a proper return.

Clause 10 : This clause amends section 22 of the principal enactment and the legal effect of that section as amended is to increase the amount of tax due on the supply of garment and fabric and to provide for the deemed input credit for wholesale and retail supply of goods.

Clause 11 : This clause amends section 25A of the principal enactment and the legal effect of that section as amended is to reduce the threshold for registration for financial services to Rs. 3 million for a period of 3 months.

Clause 12 : This clause amends section 25B of the principal enactment and the legal effect of that section as amended is to make a provision for period for the submission of Return as twelve months and consequential changes accordingly.

Clause 13 : This clause amends section 25C of the principal enactment and is consequential to the amendment made to section 25B of the principal enactment.

Clause 14 : This clause amends section 25F of the principal enactment and the legal effect of that section as amended is to expand the definition of “financial services”.

Clause 15 : This clause amends section 66 of the principal enactment and the legal effect of that section as amended is to extend the penal provisions for those who submit false documents for online registration and related activities with Revenue Administration Management Information System (RAMIS).

Clause 16 : This clause amends section 76 of the principal enactment and the legal effect of that section as amended is to remove transitional adjustments with effect from May 2, 2016.

Clause 17 : This clause amends Part II of the First Schedule to the principal enactment in order to remove certain exemptions in keeping with the budget proposals of 2016.

Value Added Tax (Amendment)

L.D.—O. 27/2016.

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 2016 and shall come into operation on the date on which this Act comes into force unless the dates on which certain provisions thereof shall come into operation are specified in such sections.

Short title
and the date
of operation.

2. Section 2 of the Value Added Tax Act, No.14 of 2002 (hereinafter referred to as the “principal enactment”) is hereby amended as follows:—

Amendment
of section 2
of Act,
No.14 of
2002.

(1) in item (iii) of sub-paragraph (v) of subsection (1) of that section by the substitution for the words and figures “at the rate of twelve *per centum* (of which the tax fraction is 3/28); and” of the words and figures “at the rate of twelve *per centum* (of which the tax fraction is 3/28);”;

(2) in item (iv) of sub-paragraph (v) of subsection (1) of that section by the substitution for the words and figures “for any taxable period commencing on or after January 1, 2015” of the words and figures “for any taxable period commencing on or after January 1, 2015 and ending on or before March 31, 2016 and for the period commencing on April 1, 2016 and ending on May 1, 2016 and for the period commencing on July 12, 2016 and ending prior to the date on which this Act comes into force; and

- (3) by the insertion immediately after item (iv) of subparagraph (v) of subsection (1) of that section of the following:—

5 “(v) for the period commencing on May 2, 2016 and ending on June 30, 2016, for the period commencing on July 1, 2016 and ending on July 11, 2016, and for any taxable period commencing on or after the date on which this Act comes into force at the rate of fifteen
10 *per centum* (of which the tax fraction is 3/23).”.

3. Section 3 of the principal enactment is hereby amended as follows:—

Amendment
of section 3
of the
principal
enactment.

- 15 (1) in subsection (1) of that section by the substitution for the words “the tax shall not be charged on the wholesale or retail supply of goods, other than” of the words and figures “the tax shall not be charged on the wholesale or retail supply of goods, for any period ending prior to May 2, 2016, for the period
20 commencing from July 11, 2016, but ending on or before the date on which this Act comes into force, other than”;

- (2) in paragraph (f) of subsection (1) as follows:—

25 (a) in subparagraph (ii) of that paragraph by the substitution for the words and figures “before December 31, 2014; and” of the words and figures “before December 31, 2014;”;

30 (b) in subparagraph (iii) of that paragraph by the substitution for the words and figures “January 1, 2015,” of the words and figures “January 1, 2015 but ending on or before

5 March 31, 2016, for the period commencing on April 1, 2016 but ending before May 2, 2016; and for the period commencing from July 11, 2016 but ending on or before the date on which this Act comes into force; and”;

(3) immediately after subparagraph (iii), by the insertion of the following:—

10 “(iv) twelve million and five hundred thousand, for any such period of three months falling within any period commencing on or after the date on which this Act comes in to force,”.

15 4. Section 5 of the principal enactment is hereby amended by the insertion immediately after subsection (13) of that section, of the following new subsections:—

Amendment of section 5 of the principal enactment.

20 “(14) where, for the period from January 1, 2016 to January 13, 2016 a registered person has issued an invoice other than a tax invoice, the value of supply shall be,—

(i) where tax has been collected at a rate other than the rate of eleven *per centum* —

25 (a) in the case of supply of any goods, the value shall be deemed to be equal to the amount derived by multiplying the total invoiced value by 200/297; and

30 (b) in the case of supply of any service, the value shall be deemed to be equal to the amount derived by multiplying the total invoiced value by 100/99.

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- (ii) where no tax has been collected, the value shall be deemed to be equal to tax inclusive consideration and excluding the tax at the rate of eleven *per centum*.

5 (15) The value of supply of healthcare services shall be the value of such supply less the cost of diagnostic tests, dialysis and, services provided by the Out Patient Department but excluding medical consultation services:

10 Provided that, the Minister may, from time to time, in consultation with the Minister in charge of the subject of Health, prescribe any value of supply which may be excluded for the purposes of this subsection. Any such regulation made by the Minister shall be
15 approved by the Cabinet of Ministers and published in the *Gazette*. Such regulations shall be placed before the Parliament for its approval and shall be effective only upon it being approved by the Parliament.

For the purpose of this subsection –

20 “medical consultation” includes a procedure whereby a medical practitioner registered under the Medical Ordinance reviews the medical history of a patient, examines a patient and makes recommendations as to
25 care and treatment of such patient.”.

5. Section 7 of the principal enactment is hereby amended in sub-paragraph (iv) of paragraph (b) of subsection (1) of that section by the substitution for the words “transportation (including trans-shipment) of goods” of the
30 words “transportation (including trans-shipment) of goods or passengers but excluding air ticketing fee of air passengers moving from any airport in Sri Lanka to any other airport outside Sri Lanka”.

Amendment
of section 7
of the
principal
enactment.

6. Section 8 of the principal enactment is hereby amended as follows:—

Amendment
of section 8
of the
principal
enactment.

- (1) in the first proviso to that section, by the substitution for the words “be treated as liable supplies of such registered person and chargeable” of the words and figures “be treated as liable supplies of such registered person, for any period prior to the date on which this Act comes into force and chargeable”.

- (2) in the second proviso to that section, by the substitution for the words “Provided further, in the case of” of the words and figures “Provided further, for any period prior to the date on which this Act comes into force, in the case of”.

7. Section 10 of the principal enactment is hereby amended as follows:—

Amendment
of section 10
of the
principal
enactment.

- (1) in subsection (1) of that section –

- (i) by the substitution in paragraph (iv), for the words and figures “on or after January 1, 2015 carries on” of the words and figures “on or after January 1, 2015, but prior to April 1, 2016 carries on”;

- (ii) by the insertion immediately after paragraph (iv) thereof, of the following new paragraph:—

“(v) on or after April 1, 2016, carries on or carries out any taxable activity in Sri Lanka shall be required to be registered under this Act if –

- (a) at the end of any taxable period of one month or three months, as

5 the case may be, the total value of
the taxable supplies of goods or
services or goods and services of
such person, made in Sri Lanka
in that taxable period of one
month or three months, as the case
may be, has three million rupees;
or

10 (b) in the twelve months period then
ending, the total value of the
taxable supplies of goods or
services or goods and services of
such person, made in Sri Lanka
has exceeded twelve million
15 rupees; or

(c) at any time, there are reasonable
grounds to believe that the total
value of the taxable supplies of
goods or services or goods and
services of such person in
20 Sri Lanka, in the succeeding one
month or three months taxable
period, as the case may be, is likely
to exceed three million rupees or
25 in the succeeding twelve months
period is likely to exceed twelve
million rupees.”;

(iii) by the addition immediately after the first
proviso to subsection (1) of that section of
30 the following proviso:—

“Provided further, for the purposes of
paragraph (v), the requirement for the
registration shall arise with effect from May
2, 2016.”.

(2) in subsection (2) of that section –

5 (i) by the substitution in sub-paragraph (c), for the words and figures “on or after January 1, 2015” of the words and figures “on or after January 1, 2015, but prior to April 1, 2016 and for the period from July 11, 2016 but ending on or before the date on which this Act comes into force; and”;

10 (ii) by the insertion immediately after sub-paragraph (c) of that section of the following new sub-paragraph:-

15 “(d) twelve million and five hundred thousand, for any such period of three months falling within any period commencing on or after the date on which this Act comes in to force,”.

20 **8.** Section 20 of the principal enactment is hereby amended in subsection (2) of that section by the repeal of items (b) and (c) and the substitution therefor of the following:-
Amendment of section 20 of the principal enactment.

“(b) the name, address and the registration number of the person to whom the supply was made;

25 (c) the date on which the tax invoice was issued and its serial number which does not exceed 40 characters without any space;”.

9. Section 21 of the principal enactment is hereby amended as follows:-
Amendment of section 21 of the principal enactment.

(1) in subsection (1) of that section –

30 (a) by the substitution for the words “every such return shall be in the specified form

and shall contain all such particulars as may be required to be set out in such form.” of the words “every such return shall be in the specified form containing all such particulars and relevant schedules as the Commissioner-General may specify by Order published in the *Gazette*.”;

- (b) by the insertion immediately after subsection (1) of that section, of the following new subsections:—

“(1A) Every registered person who furnishes a return of supplies which is not in such form and does not contain all such particulars with relevant schedules as are specified in subsection (1), shall be deemed for the purposes of this Act, not to have furnished a return on supplies.

(1B) Where any registered person furnishes a return on supplies on or before the date specified in subsection (1) for any taxable period, and deemed under the provisions of subsection (1A) not to have furnished a return, the Assistant Commissioner shall before the expiry of fourteen days from the last day of the month after the expiry of such taxable period issue a notice to such registered person and inform him that the return furnished by him is not a proper return as it does not contain all such particulars in such form and relevant schedules as specified in subsection (1).

(1C) Where any registered person receives a notice under subsection (1B), such person shall within fourteen days of receipt of such notice, furnish a proper return containing all such particulars in such form and relevant schedules required to make such return a

proper return, and then the provisions of subsection (1A) shall thereafter not apply in respect of such return.

5 (1D) The Assistant Commissioner shall acknowledge receipt of the return only upon receipt of a proper return which shall be considered a valid return for the purposes of subsection (1). ”;

10 (2) in subsection (2) of that section, by the substitution for the words, “in the specified form within the time” of the words “containing all such particulars in such form and relevant schedules within the time”.

10. section 22 of the principal enactment is hereby amended as follows:—

Amendment
of section 22
of the
principal
enactment.

15 (1) in paragraph (a) of the first proviso to subsection (1) of that section by the substitution for the words “shall be rupees twenty five for each such garment so supplied within Sri Lanka” of the following:—

20 “shall be rupees twenty five, in respect of any period commencing prior to the date on which this Act comes in to force, and rupees seventy five, for any period commencing on or after the date on which this Act comes into force for each such garment so supplied within Sri Lanka”;

25 (2) in paragraph (b) of the first proviso to subsection (1) of that section by the substitution for the words starting from “shall be at the following rate:—” up to the words “(v) any other fabric at rupees forty per kilogram” of the following:—

30 “shall be for any period commencing prior to the date on which this Act comes into force at the following rates:—

(i) linen or curtains at rupees forty per kilogram;

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- (ii) towels at rupees twenty five per item;
- (iii) bags made out of fabric at rupees forty per item;
- 5 (iv) excess fabric as cut pieces not more than two metres in length of each piece at rupees twenty five per kilogram;
- (v) any other fabric at rupees forty per kilogram; and

10 for any period commencing on or after the date on which this Act comes in to force at the rate of seventy five rupees for each unit specified in paragraphs (i) to (v).”;

15 (3) in paragraph (e) of the second proviso to subsection (5) of that section, by the substitution for the words “being a supplier of goods to exporters of goods” of the words “being a supplier of goods to any person referred to in items (i) to (vii) of paragraph (e) of subsection (2) of section 2”;

20 (4) in item (ii) of the second proviso to subsection (10) of that section, by the substitution for the words “made to exporters by a supplier” of the words “made to any person referred to in items (i) to (vii) of paragraph (e) of subsection (2) of section 2 by a supplier”;

25 (5) by the insertion, immediately after subsection (13) of that section the following new subsection:—

30 “(14) where any person referred to in paragraph (f) of subsection (1) of section 3 supplies goods in wholesale or retail trade is registered under this Act for any period

commencing on or after May 2, 2016, and supply of such goods is supported by an invoice other than a tax invoice on his purchases of goods from a person who is not registered for tax under this Act and such goods are not specified in the First Schedule to this Act, a deemed input tax may be allowed to such first mentioned person on account of such purchases at the rate of the tax fraction specified in section 2 of this Act, if an Assistant Commissioner is satisfied that the goods which have been sold are such purchased goods:

Provided that, a record shall be maintained for such purchases as the Commissioner General may specify by Order published in the *Gazette* and submitted such record along with the relevant return of such person.”.

11. Section 25A of the principal enactment is hereby amended as follows:—

Amendment
of section
25A of the
principal
enactment.

(1) in paragraph (c) of subsection (2) of that section, by the substitution for the words and figures “on or after January 1, 2015.” of the words and figures “on or after January 1, 2015 but prior to May 2, 2016; or”;

(2) by the insertion immediately after paragraph (c) of subsection (2) of that section of the following new paragraph:—

“(d) where the value of such supplies for a period of three months exceeds three million rupees or for a period of twelve months exceeds twelve million rupees, as the case may be, if such registration has taken place for any period on or after May 2, 2016.”.

12. Section 25B of the principal enactment is hereby amended as follows:—

Amendment
of section
25B of the
principal
enactment.

(1) In subsection (1) of that section—

5 (a) in paragraph (a) of that subsection by the substitution for the words and figures “period prior to January 1, 2011; and” of the words and figures “period prior to January 1, 2011;”;

10 (b) in paragraph (b) of that subsection by the substitution for the words and figures “commencing on or after January 1, 2011.” of the words and figures “commencing on or after January 1, 2011 but ending prior to April 1, 2016; and”;

15 (c) by the insertion immediately after the proviso to paragraph (b) of that subsection the following new paragraph:—

20 “(c) twelve months for any taxable period commencing on or after the date on which this Act comes into force;”.

(d) by the repeal of the proviso to that subsection and the substitution therefor of the following:—

25 “Provided that, in a case of a specified institution or any other person –

(i) for any taxable period ending prior to January 1, 2016 whose accounts are

5 made up for a twelve months period
 ending on the 31st day of March, the
 six months period may be commenced
 on the 1st day of April and the 1st day
 of October for that period of twelve
 months; and

10 (ii) for any taxable period commencing
 on or after January 1, 2016 whose
 accounts are made up for a twelve
 months period ending on the 31st day
 of March, the twelve months period
 may be commenced on the 1st day of
 April,

15 where accounts are made for the period
 ending on the 31st day of March, a separate
 return for the period commencing on the 1st
 day of January and ending on the 31st day of
 March shall be submitted at the time of such
20 change with the approval of the
 Commissioner- General.

(2) by the repeal of subsection (2) of that section and
the substitution therefor of the following new
subsections:-

25 “(2) Every registered specified institution or
 other person shall in respect of each taxable period
 furnish a return in the specified form –

(a) before the end of the following month
of the taxable period, if such taxable
period is a taxable period ending prior

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to the date on which this Act comes in
to force; and

5 (b) within six months immediately
succeeding the end of that taxable
period, if such taxable period is a
taxable period commencing on or after
the date on which this Act comes in to
force.

10 (2A) (a) Every registered person who
furnishes a return which is not in such form or
fails to furnish an interim estimate on every
six months referred to in subsection (1) of
section 25C or fails to furnish the contents of
15 such return or the interim estimate as specified
by the Commissioner-General, shall be deemed
for the purposes of this Act, not to have
furnished a return of Value Added Tax on
financial services.

20 (b) Where any registered person furnishes
a return of Value Added Tax on financial
services or an interim estimate on or before the
date specified in this section and subsection
(1) of section 25C for any taxable period or
any six months period, as the case may be, and
25 is deemed under the provisions of paragraph
(a) of subsection (2A) of section 25B not to
have furnished a return of Value Added Tax on
financial services, the Assessor or Assistant
Commissioner shall, before the expiry of thirty
30 days from the due date for the submission of

the return, inform such person in writing, that the return or the interim estimate furnished by him does not contain all such particulars in such form and relevant schedules as specified by the Commissioner-General.

(c) Where any registered person receives information under paragraph (b), such person may within thirty days of receipt of such information, furnish to the Commissioner-General all such particulars in such form and relevant schedules required to make the return submitted a proper return, and then the provisions of paragraph (a) shall thereafter not apply in respect of such return.”

- (3) in paragraph (a) of subsection (3) of that section, by the substitution for the words “in this section.” of the following:-

“in this section:

Provided that, for any taxable period commencing on or after the date on which this Act comes into force, the tax payable by every registered specified institution or other person on monthly basis shall be adjusted with the total liability for every six months period on the interim estimate referred to in the proviso to paragraph (b) of section 25C and payable with the submission of the interim estimate if the monthly payments made are less than the tax calculated based on the interim estimate subject to final tax with the submission of the return.”.

13. Section 25C of the principal enactment is hereby amended as follows:-

Amendment
of section
25C of the
principal
enactment.

(1) in subsection (1) of that section,

5 (a) by the substitution for the words “interest of economy by Order” of the words “interest of economy and maintaining the uniformity of allowable depreciation by Order”;

10 (b) by the repeal of the proviso to subsection (1) and the substitution therefor of the following new proviso:-

“Provided however,

15 (a) for any taxable period ending prior to the date on which this Act comes in to force, where the amount of profits for each taxable period cannot be accurately ascertained, such amount may be estimated on the basis of available information. The estimated amounts shall be adjusted to reflect the actual amounts with the audited statement of accounts on yearly basis and such adjustment shall be submitted within six months after the closing date of the relevant accounting period; and

25 (b) for any taxable period commencing on or after the date on which this Act comes into force, where the amount of monthly profits cannot be accurately ascertained for monthly payments, such amount may be estimated on the basis of available information, and every registered specified institution or any other person shall furnish an interim

30

5 estimate of the profits in the specified form in respect of each six months period of the taxable period before the end of the succeeding month of the each such six months period.

- (2) in subsection (3) of that section by the repeal of paragraphs (d) and (e) of that subsection and the substitution therefor of the following:-

10 “(d) commencing from January 1, 2011, but prior to January 1, 2015 shall be twelve *per centum*;

(e) commencing from January 1, 2015, but prior to May 2, 2016 shall be eleven *per centum*; and

15 (f) commencing from May 2, 2016, shall be fifteen *per centum*.”.

- (3) in subsection (5) of that section –

20 (a) by the substitution in paragraph (gg) thereof for the words “the profits or income arising to” of the words “the profits or income, not being profit from a business, arising to”;

(b) by the insertion of the following at the end of that subsection:-

25 “For the purposes of this subsection, the expression “A person who is not registered with the Central Bank of Sri Lanka, but providing services similar to the services provided by a finance company includes, any person or body of persons, corporate or
30 unincorporated, whose business or part of whose business consists in the acceptance of

5 money by way of deposit, debenture or bond or in any other form, and on the payment of interest, profit or discount thereon, or provision of loans for the receipt of interest, whether such acceptance is on its own behalf or on behalf of any other person.”.

14. Section 25F of the principal enactment is hereby amended by the repeal of sub-paragraph (c) of paragraph (h) of that section and the substitution therefor of the following:-

Amendment of section 25F of the principal enactment.

10 “(c) of leasing facilities under any;

- finance lease agreement; or
- operating lease agreement in respect of any installment for any period prior to the date on which this Act comes into force,

15 on any asset, if such agreement is entered into on or after October 25, 2014 and not being an agreement entered into prior to October 25, 2014.”.

15. Section 66 of the principal enactment is hereby amended by the insertion immediately after paragraph (c) of that section, of the following new paragraph:-

Amendment of section 66 of the principal enactment.

20 “(d) submit false documents for online registration, uploading incorrect information for registration or submitting false documents under electronic filing system permitted under the Revenue Administration, Management Information System .”

16. Section 76 of the principal enactment is hereby amended as follows:-

Amendment of section 76 of the principal enactment.

30 (1) in subsection (1) of that section by the substitution for the words “such supply subsequently becomes

a taxable supply” of the words and figures “such supply subsequently becomes a taxable supply for any period prior to May 2, 2016 “;

- 5 (2) by the insertion immediately after subsection (2) of that section of the following new subsection:—

10 “(3) Where any person supplying goods in wholesale or retail trade is registered under this Act for any period commencing on or after May 2, 2016 and ending on December 31, 2016, and if there remains any unsold stocks of goods of such person as at the date of registration which are not specified in the First Schedule to this Act, a deemed input tax may be allowed to such person for such taxable period where the registration became effective on account of such stocks at the rate specified in section 2:

20 Provided that, a similar record shall be maintained as specified in the proviso to subsection (14) of section 22 for such stocks and submitted such record along with the relevant return of such person.”

17. 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.

- (1) in paragraph (a) of that PART —
- 25 (a) by the repeal of item (i) and the substitution therefor of the following:—

“(i) Wheat, wheat flour or powdered milk not containing added sugar or other sweetening matter;”

- (b) by the repeal of sub-item (e) of item (xix) and the substitution therefor of the following:—

5 “(e) telecommunication equipment with effect from January 1, 2011 but prior to May 2, 2016;”;

- (c) by the repeal of item (xx) and the substitution therefor of the following:—

10 “(xx) any machinery or high-tech equipment for the telecom industry, having identified that such machinery or equipment is imported or purchased exclusively for the use in the telecom industry and imported or purchased by any operator of telecommunication services, with effect from January 1, 15 2011 but prior to May 2, 2016;”;

- (d) by the repeal of item (xxv) and the substitution therefor of the following:—

“(xxv) copper cables for telecom industry,
20 - imported prior to May 2, 2016 where such copper cables are not available in Sri Lanka; or
- purchased from a local manufacturer prior to May 2, 25 2016.”.

- (2) in paragraph (b) of that PART –

- (a) by the repeal of sub-item (c) of sub-paragraph (h) of item (x) and the substitution therefor of the following:—

30 “(c) of leasing facilities under any;
- finance lease agreement; or

- operating lease agreement in respect of any installment for any period prior to the date on which this Act comes into force,
- 5 on any asset, if such agreement is entered into on or after October 25, 2014 and not being an agreement entered into prior to October 25, 2014”;
- 10 (b) by the repeal of item (xi) and the substitution therefor of the following:-
- “(xi) services being the supply, lease or rent of residential accommodation:
- 15 (a) if such supply has taken place prior to the date on which this Act comes in to force, other than the supply, lease or rent of residential accommodation by a person, being an enterprise which has entered into an agreement
- 20 with the Board of Investment of Sri Lanka, under section 17 of the Board of Investment of Sri Lanka Law, No. 4 of 1978, on or after April 1, 2001 and the total cost of the projects which such agreement relates is not less than
- 25 ten million United States dollars or its equivalent in any other currency and the project relates exclusively to the aforesaid
- 30 supply, lease or rental;
- (b) if such supply has taken place on or after the date on which this Act comes into force –
- 35 (i) by an enterprise where the total cost of the project relates

to such supply is not exceeding five million United States dollars or its equivalent in any other currency; or

- 5 (ii) by an enterprise where the total cost of the project relates to such supply:--
- 10 - is not less than five million United states dollars or its equivalent in any other currency and the project relates partially to the aforesaid supply, lease or rental; or
- 15 - is not exceeding ten million United states dollars or its equivalent in any other currency and the project relates exclusively to the aforesaid supply, lease or rental and the agreement relating to the such supply is entered into with the respective buyer prior to the date on which this Act comes into force;
- 20
- 25
- 30 (iii) by any project started on or before October 30, 2015 and approved as a Strategic Development Project under the Strategic Development Project Act No. 14 of 2008: and

5 (iv) of housing units of any specified project referred to in sub-paragraph (ii) of paragraph (f) of PART II of the First Schedule.”.

(c) by the repeal of item (xii) and the substitution therefor of the following:—

10 “(xii) all healthcare services provided by medical institutions or professionally qualified persons providing such care, prior to May 2, 2016 and for the period commencing from July 11, 2016, but ending on or before the date on which this Act comes into force;”;

15 (d) by the repeal of item (xxvi) and the substitution therefor of the following:—

20 “(xxvi) locally produced dairy products other than powdered milk containing added sugar or other sweetening matter, out of locally produced fresh milk in so far as such milk is produced in Sri Lanka and locally produced rice products containing rice produced in Sri Lanka.”.

25 (e) by the repeal of item (xxxi) and the substitution therefor of the following:—

30 “(xxxi) telecommunication services subject to the telecommunication levy under the Telecommunication Levy Act, No. 21 of 2011, and the services specifically excluded from such liability in the definition of the expression “telecommunication services” in that Act, prior to May 2, 2016 and for the period

commencing from July 11, 2016, but ending on or before the date on which this Act comes into force;”;

- 5 (f) by the repeal of item (xxxv) and the substitution therefor of the following:—

10 “(xxxv) services being the issue of licenses to local telecom operators by Telecommunication Regulatory Commission, established by the Sri Lanka Telecommunications Act, No. 25 of 1991, prior to May 2, 2016 and for the period commencing from July 11, 2016, but ending on or before the date on which this Act comes into force”.

- 15 (g) In item (xL) of that paragraph , by the substitution for the words “provided to exporters or to providers of services which are zero rated” of the words “provided to any person referred to in item (i) to (vii) of paragraph (e) of subsection (2) of section 2 or to providers of
- 20 services which are zero rated”;

- (3) in paragraph (f) of that PART, by the repeal of item (iii) of that paragraph and the substitution therefor of the following:—

25 “(iii) any goods or services provided prior to May 2, 2016, by any society registered under the Co-operative Societies Law, No. 5 of 1972 or under any respective Statute enacted by any Provincial Council providing for such registration, or Lak Sathosa registered under

30 the Companies Act, No. 7 of 2007.”.

(4) in paragraph (l) of that PART –

5 “(b) in sub-paragraph (b) of that paragraph, by the
substitution for the words and figures “after
October 25, 2014” of the words and figures
“after October 25, 2014 but prior to the date
on which this Act comes into force.”.

10 **18.** Any person who is authorized to collect the Value Added Tax as provided for in this Act during the period
commencing from January 1, 2016 and ending on the date
on which this Act comes into force, shall be deemed to have
acted with due authority and such collection shall be deemed
to have been, and to be, validly made and such person is
hereby indemnified against all actions civil or criminal, in
respect of such collection: Validation.

15 **18.** Provided that, the aforesaid provisions shall not affect
any decision or Order made by any Court or any proceedings
pending in any Court in respect of any tax collected as
provided for in this Act during the said period.

20 **19.** In the event of any inconsistency between the Sinhala text
Sinhala and Tamil texts of this Act, the Sinhala text shall
prevail. Sinhala text
to prevail in
case of
inconsistency.

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