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The Gazette of the Democratic Socialist Republic of Sri Lanka
EXTRAORDINARY

අංක 2042/21 - 2017 ඔක්තෝබර් මස 26 වැනි බ්‍රහස්පතින්දා - 2017.10.26
No. 2042/21 - THURSDAY, OCTOBER 26, 2017

(Published by Authority)

PART I : SECTION (I) - GENERAL

Government Notifications

Record Keeping Regulations

THE VALUE ADDED TAX ACT, No. 14 OF 2002

REGULATIONS made by the Minister of Finance under section 75 read with section 64 of the Value Added Tax Act, No. 14 of 2002. These regulations operate effective for the requirement of the sections, and the Regulations published in the *Gazette Extraordinary* No. 1024/8 of April 21, 1998 are hereby rescinded.

MANGALA SAMARAWERA,
Minister of Finance and Mass Media.

Colombo,
25th October, 2017.

Regulations

1. These Regulations may be cited as the "Record Keeping Regulations" No. 01 of 2017.
2. Every registered person shall keep and maintain records in respect of goods and services made as any taxable supply, deemed taxable supply, excluded supply or exempt supply as defined in the Value Added Tax Act (hereinafter referred to as VAT Act), and suspended supply or deemed suspended supply as defined in the *Gazette Notification* published for the purpose of Simplified Value Added Tax Scheme (hereinafter referred to as SVAT Scheme) based on the tax invoice or suspended invoice or commercial invoice issued to another person or partnership in a serial order.
3. (i) All records shall be kept and maintained by every registered person-
 - (a) up to date;
 - (b) with adequate information as regards the input and output tax in order to ascertain the liability of the tax payable;



- (c) to enable the Assistant Commissioner to check;
 - (i) the imports made as deferred, at upfront, exempted, excluded or on NFE basis;
 - (ii) the suspended supplies, deemed suspended supplies where payment of VAT is deferred or suspended purchases;
 - (iii) deemed taxable supplies mentioned in section 22 (10) of the VAT Act;
 - (iv) credits on deemed taxable supplies made to special projects and strategic development projects, deemed credit on suspended supplies;
 - (v) deemed input credits claimable after 01.11.2016 by persons who have obtained the VAT registration in respect of wholesale and retail activity;
 - (vi) the records with the returns furnished under section 21 of the Act.
4. Where a registered person who has more than one place of business, the name and address of such places of business shall be kept at the principal place where the taxable activity is carried on.
5. Every registered person shall keep and maintain records of all transactions connected with the taxable supplies which will be enable to determine the quantum of tax to be paid or claimed by such person and shall include -
 - (i) every supply of goods and service on which tax has been charged;
 - (ii) every importation and removal of such imported goods if such goods were in a bonded area;
 - (iii) all supplies made by registered person including supplies made under zero rate supplies;
 - (iv) all supplies made under suspended scheme;
 - (v) all supplies considered as deemed taxable supplies;
 - (vi) all supplies considered under deemed suspended supplies;
 - (vii) any gift or loan of goods;
 - (viii) any damaged or destroyed goods;
 - (ix) any goods acquired or produced in the course of making taxable supplies which are put to private or non-taxable use;
 - (x) any adjustments made to records including issuing/receiving credit notes and/or debit notes, writing of bad debts and recoveries from bad debts which have been written off previously.
6. Such other documents as are necessary to verify the entries in any such books of accounts referred to in section 64 of the VAT Act Shall include work sheets.
7.
 - (i) Records shall be maintained in respect of every taxable period setting out details of output and input tax. In the case of quarterly returns, the records shall be maintained on a monthly basis.
 - (ii) The format of the account to be maintained or kept in respect of the tax payable under the VAT Act shall be as specified in the Annexure.
 - (iii) The input tax allowable under the VAT Act shall be set out separately. This shall include -
 - (a) input tax either charged or paid on goods and services received.
 - (b) input tax on imported goods including goods removed from bonded areas;
 - (c) any relief due on bad debts or other adjustments;
 - (d) excessive calculations from previous taxable periods except where an assessment has been made by an Assistant Commissioner;
 - (e) the amount of a unabsorbed input tax as at 31.12.2010 or any input tax brought from any previous taxable period, if applicable, which is to be claimed;
 - (f) deemed input credit, in respect of goods which are to be sold in wholesale or retail trade by a registered person,
 - if such registration is obtained during the period from 02.05.2016 to 31.12.2016, and if so, on stock of liable goods as at the date of registration which are not mentioned in PART II of the First Schedule of the VAT Act,;
 - if the registration is obtained on or after 02.05.2016 on goods which are not mentioned in PART II of the First Schedule of the VAT Act and purchased from non-registered suppliers.
 - (iv) Suspended purchase made under the SVAT scheme and whether such purchase is used for specified purpose or deemed specified purpose.

- (v) The output tax payable under the VAT Act shall be set out separately-
- (a) output tax payable on goods or services including deemed taxable supplies;
 - (b) tax due on self-supplies and other adjustments;
 - (c) reduced calculations of tax from previous taxable periods except where an assessment has been made by an Assistant Commissioner;
 - (d) All credit vouchers received on suspended supplies.
8. Every registered person is required to maintain records and prepare the below mentioned schedules and required to submit to the Commissioner General with the return of the VAT.
- (a) Schedule 01 (Output Schedule) as per the details given below;
 - (i) Each entry for each tax invoice,
 - (ii) One entry for all inclusive invoices giving the dummy Taxpayer Identification Number mentioned in the Quick guide uploaded to the web portal.
 - (iii) Each entry for supplies made to government institutions which are not registered for VAT, giving the dummy Taxpayer Identification Number assigned for this purpose to all such entries as mentioned in the Quick guide uploaded to the Web Portal,
 - (b) Schedule 02 (Input Schedule for Local Purchases);
 - (c) Schedule 03 (Input Schedule for imports);
 - (d) Schedule 04 (Schedule for tax credit notes and tax debit notes);
 - (e) Schedules on deemed input tax.
 - (i) Schedules 05 is prepared only for deemed input credit claimable on goods purchased from non-registered persons for VAT, and it is the format which is to be used for the purpose of furnishing to the Commissioner General with the VAT return for any respective taxable period.
 - (ii) Schedules for deemed input VAT, on opening stock as at the date of registration is prepared only for deemed input credit claimable on opening stocks, and it is required to be uploaded only once to the Web Portal of IRD.
 - (iii) Schedules for deemed input VAT, on purchases made from non VAT registered persons during the taxable period is prepared and maintained only for deemed input credit claimable on goods purchased from non-registered persons. However, this schedule is not required to be furnished to the Commissioner General along with the VAT return for any taxable period.
 - (iv) The above schedules mentioned in sub items (i), (ii), and (iii) are applicable only for persons who have obtained the VAT registration on or after 02.05.2016 for whole sale and retail activity.
 - (v) When submitting Schedules, the rules specified by the Commissioner General for e - Service is applicable as it is. Templates of the above schedules are available in the web portal of the Commissioner General, and those schedules are required to be prepared by using the latest appropriate schedule template.
9. Every Registered Identified Purchaser (RIP) and Registered Identified Supplier (RIS) is required to maintain records and prepare the below mentioned schedules.
- (a) SVAT 05 Schedule;
 - (b) SVAT 05a Schedule;
 - (c) SVAT 05b Schedule;
 - (d) SVAT 06 Schedule;
 - (e) SVAT 07 Schedule;
- Templates of the above schedules are available in the web portal of the Commissioner General, and those schedules are required to be prepared by using the latest appropriate schedule template.
10. Every RIP is required to maintain records on any purchase made under SVAT Scheme and purchase which is to be disallowed as per the Gazette Notification issued by the Commissioner General, and records relating to issued credit vouchers on suspended purchase.

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11. Every RIP or RIS is required to maintain records relating to received credit vouchers on suspended supply.
12. Every registered person who keeps or maintains the books of accounts shall balance such Accounts to ascertain the amount of the tax payable or refund to be made for the relevant period.
13. Worksheets which are necessary to arrive at the tax deductible or tax payable shall by be maintained separately in relation to each record. This shall include the -
 - i. amount of tax chargeable on the supplies;
 - ii. tax exclusive value of supplies;
 - iii. value of any exempt/non-taxable wholesale or retail supplies made;
 - iv. amount of tax suspended on the supplies;
 - v. details of all adjustments;
 - vi. record of all taxable supplies received;
 - vii. Simplified VAT Credit vouchers (SVCV) obtained from the Commissioner General and issuance of such SVCV on suspended purchase;
 - viii. Amount to be claimed as deemed input credit.
14. Records shall be kept and maintained in such a manner that the details of each transaction and the amount of tax or suspended tax are entered in full or can easily be ascertained by referring to the supplier's tax invoice or suspended tax invoice or evidence of tax on imported goods.
15. **Cash basis accounting** - Registered persons who are permitted by the Commissioner General of Inland Revenue to adopt cash basis accounting shall maintain a separate column in their records to indicate cash received or paid in respect of every transaction.
16. **VAT Control Account** - VAT Control Account shall contain all VAT received or receivable and VAT paid or payable by the registered person. The following (minimum) details should be recorded in this account.

VAT Control Account -

Date	Description	Folio No.	Amount	Date	Description	Folio No.	Amount

17. Except the maintenance of above mentioned records, any registered person who is required to maintain documents under,
 - (i) Regulation issued under Gazette Notification in respect of transfer pricing regulations,
 - (ii) Regulation issued under Gazette Notification in respect of Sri Lanka Financial Reporting Standards,
 - (iii) Guideline issued under Gazette Notification in respect of Value Added Tax on financial services,
 - (iv) Guideline issued under Gazette Notification in respect of Simplified VAT Scheme,
 - (v) Regulation issued under Gazette Notification in respect of deemed input credit claimable by persons who have obtained the VAT registration on or after May 02nd of 2016 on wholesale and retail activity,
 - (vi) Regulations issued under section 25K of Value Added Tax Act,
 - (vii) Reconciliation of the value of turnover/ supply for VAT purposes with the turnover for Nation Building Tax, Income tax or any other type of taxes,
 is required to keep records under this Gazette Notification.
18. All records either in hardcopies or softcopies shall be preserved for a period of five years from the end of the taxable period to which such records relate. Provided however, on an application made by a registered person, the Commissioner General may permit, such person to destroy such records before the said period of five years for reasons stated.

19. In these regulations unless the context otherwise requires-
 "Act" means the Value Added Tax Act, No. 14 of 2002;
 "Tax" means the Value Added Tax Payable under the Act;
 "Assistant Commissioner" includes Deputy Commissioner and Senior Deputy Commissioner.

Annexure: FORMAT OF THE RECORD IN RESPECT OF TAX PAYABLE

Period from..... to

	Month 1	Month 2	Month 3
Output Tax			
Value of supply			
Less: Bad debt written off			
Add: Bad debt recovered on previously written off			
Adjusted value of supply			
Tax payable - Output tax			
Add: Tax on debit notes issued			
Less: Tax on credit notes issued			
Net Tax Payable			
Input tax			
Deductible Input tax on local invoices			
Deductible Input tax on imports			
Credit voucher receivable on deferred imports			
Add: Tax on debit notes received			
Less: Tax on credit notes received			
Total input tax claimable			
On Imports made under deferment			
On Imports made under upfront payment			
On local purchase			
Net Tax payable			
Less - credits			
Unabsorbed input tax brought forward from previous returns and reduced calculation of Tax on Excessive claims of input tax from previous returns			
Credit on deemed taxable supplies made to Strategic Development Projects			
Credit on deemed taxable supplies made to Specified Projects			
Credit on suspended supplies			
Credit claimed from unabsorbed input tax as at 31.12.2010			
Against VAT payable for the taxable period			
Against taxes administered by the Commissioner General			
Against the taxes payable to the Director General of Customs			
Against the taxes payable to telecommunication Regulation Authority			
Deemed input credit on opening stocks and goods purchased from non- registered person who has obtained VAT Registration after 02nd May 2016 and who sells goods in wholesale or retail trade			