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The Gazette of the Democratic Socialist Republic of Sri Lanka

EXTRAORDINARY

අංක 2064/53 - 2018 අප්‍රේල් මස 01 වැනි දින - 2018.04.01

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PART I : SECTION (I) — GENERAL

Government Notifications

INLAND REVENUE ACT, No. 24 OF 2017

Regulations under Section 194

REGULATIONS made under Section 194 of the Inland Revenue Act, No. 24 of 2017, for the purpose of that Act. These Regulations are effective from April 1, 2018.

MANGALA SAMARAWEEA,
Minister of Finance and Mass Media.

Ministry of Finance and Mass Media,
Colombo 01,
01st April 2018.

REGULATIONS

TRANSITIONAL PROVISIONS

- (1) The Inland Revenue Act, No. 10 of 2006 shall not apply to any income tax, for any year of assessment commencing on or after April 1, 2018, unless otherwise stated in the Inland Revenue Act, No. 24 of 2017 or as regulated in the succeeding provisions.
- (2) Where the whole or any part of the profits and income of a person is exempt from income tax under the provisions of sections 16C, 16D, 16E, 17, 17A, 18, 20, 24A, of the Inland Revenue Act, No. 10 of 2006, for a period as specified in those provisions and, if there is any unexpired part of that period as at March 31, 2018, such part shall continue to be exempt from income tax as if such provisions continued to have application.
- (3) If-
 - (a) an enterprise has entered into an agreement with the Board of Investment of Sri Lanka under section 17 of the Board of Investment of Sri Lanka Law No. 4 of 1978 prior to April 1, 2018 ; and
 - (b) the agreement provides for the profits and income of that enterprise to be fully or partly exempt from income tax or to be taxed at reduced rate of income tax, under the Inland Revenue Act, No. 28 of 1979 or



under the Inland Revenue Act, No. 38 of 2000 or under the Inland Revenue Act, No. 10 of 2006 as the case may be, or for the basis for the computation of income tax liability,

such profit and income of such enterprise shall continue to be exempt from income tax payable under the Inland Revenue Act, No. 24 of 2017 or liable for income tax calculated on the basis and at the rate provided under that agreement.

- (4) Where the whole or any part of the profits and income of a person is entitled to pay tax of concessionary rate under provisions 59D, 59I, 59J, 59K, 59L, 59M of the Inland Revenue Act, No. 10 of 2006, for a period as specified in those provisions and, if there is any unexpired part of that period as at March 31, 2018, such period shall continue.
- (5) Where any provision of the Inland Revenue Act, No. 10 of 2006 provides for the deduction of any loss in ascertaining the assessable income of any person for any year of assessment, and any balance of such loss as at March 31, 2018, shall be deemed to be the loss incurred for the year of assessment commencing on or after April 1, 2018 under the Inland Revenue Act, No. 24 of 2017 and be deductible in accordance with the Inland Revenue Act, No. 24 of 2017.
- (6) Where section 34 of the Inland Revenue Act, No. 10 of 2006 provides for the deduction of any allowances in ascertaining the taxable income of any person for any year of assessment, and any balance of such allowance as at March 31, 2018, shall be subject to any conditions specified in the provisions enabling such deductions, be deductible from the taxable income of that person in any year of assessment commencing on or after April 1, 2018, as if such provision continued to have application.
- (7) The allowance for depreciation in respect of any -
 - (a) capital asset acquired prior to April 1, 2006, any qualified building constructed or any building acquired prior to April 1, 2006 ; or
 - (b) capital asset acquired on or after April 1, 2006, but prior to April 1, 2018, any qualified building constructed or any building acquired on or after April 1, 2006, but prior to April 1, 2018.

Shall be computed in accordance with the respective provision of the Inland Revenue Act, No. 10 of 2006 and be deducted.
- (8) Any profit, loss, receipt or payment in respect of any finance lease agreement entered into, prior to April 1, 2018, shall be computed in accordance with the respective provisions of the Inland Revenue Act, No. 10 of 2006.
- (9) The following types of entities or activities approved by the Minister or the Commissioner-General under any provision of the Inland Revenue Act, No. 10 of 2006 shall be deemed to have been approved by the Minister or by the Commissioner-General, as the case may be, under the respective provisions of the Act :

<i>Type of Entity or Activities</i>	<i>Approved by</i>
Provident or saving society	Minister
Activity being of humanitarian in nature	
Charitable institution established for the provision of institutionalized care for the sick or the needy	

<i>Type of Entity or Activities</i>	<i>Approved by</i>
Provident fund	Minister or Commissioner-General
Pension or saving fund	
Gratuity fund	
any accountant or any individual (for the purpose of the definition of authorized representative)	Commissioner-General

- (10) The carried forward Notional Tax credit as per section 138(2) of Inland Revenue Act, No. 10 of 2006 may be carried forward to be set off against the income tax liability within three consecutive years of assessment commencing from the year of assessment 2018/2019.
- (11) In case of any dividend paid to be shareholder of any company prior to April 01, 2019, out of any such dividend received by that company from any other company on which tax had been deducted prior to April 01, 2018 in accordance with the provisions of the Inland Revenue Act, No. 10 of 2006, such dividend shall not be subject to tax under the provisions of the Inland Revenue Act, No. 24 of 2017.
- (12) In case of any non-resident person whose profit from any project in Sri Lanka has been ascertained by the Commissioner General of Inland Revenue, in accordance with the section 83 of the Inland Revenue Act, No. 10 of 2006, prior to April 01, 2018, as a percentage of the sum receivable from trade or business of such person, such percentage of the sum receivable from that project shall be continued for any year of assessment commencing from April 01, 2018.
- (13) Where a direction is issued by the Commissioner General of Inland Revenue under Section 28 of the Inland Revenue Act, No. 10 of 2006, such direction shall continue to be in force.

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