

**Inland Revenue Amendment Act No. 9 of 2008****1. Exemption of profits and income of certain persons**

- a) With effect from 1<sup>st</sup> April 2008 the profits and income of any Co-operative Society (within the meaning of the Co-operative Societies Law No. 5 of 1972) is exempt for a period of 5 years. [Section 7(b)(xvii) will not apply during this period] *Section 7(h)*
- b) With effect from 1<sup>st</sup> April 2008, the profits and income of the Api Wenuwen Api Fund established under the Api Wenuwen Api Fund Act No. 6 of 2008 is exempt. *Section 7(i)*

**2. Exemption of profits and income of certain officers and employees**

- a) With effect from 1<sup>st</sup> April 2008 the exemption on one half of the official emoluments paid to public officers is withdrawn. *Section 8(1)(b)*
- b) With effect from 1<sup>st</sup> April 2008 the emoluments arising in Sri Lanka and any income arising outside Sri Lanka of any non citizen individual who is an expert and employed in Sri Lanka by any undertaking which has entered into an agreement with the government of Sri Lanka being an agreement which provides for the exemption from income tax of such emoluments or by any Strategic Development Project gazetted by the Board of Investments of Sri Lanka under Strategic Development Projects Act No. 14 of 2008, is exempt. *Section 8(1) (dd)*

**3. Exemption of Interest Income**

- a) With effect from 1<sup>st</sup> April 2008 the exemption of interest income not exceeding Rs. Two hundred thousand received by any resident Sri Lankan Citizen who is over 59 years in any year of assessment from any deposit made at any bank established under the Regional Development Banks Act No.6 of 1997 has been extended to such interest on deposits made at any registered Society under the Co-operative Societies Law No.5 of 1972. *Section 9(h)*
- b) With effect from 1<sup>st</sup> April 2008 interest or discount arising to any non-resident citizen of Sri Lanka on any investment made in foreign currency in Mother Land Development Bonds will be exempt. *Section 9(l)*
- c) With effect from 1<sup>st</sup> April 2008 the interest arising on any investment made outside Sri Lanka by any person resident in Sri Lanka, where such interest is remitted to Sri Lanka through a bank will be exempt. *Section 9(m)*

**4. Exemption of Dividend Income**

With effect from 1<sup>st</sup> April 2008 any dividend paid by any non-resident Company to any shareholder resident in Sri Lanka, where such dividend is remitted to Sri Lanka through a bank, is exempt. *Section 10(j)*

5. **Exemption on certain profits and income from Land & Improvements**

With effect from 1<sup>st</sup> April 2008 the exemption of income accruing to the owner of any house completed on or after 1<sup>st</sup> April 2008 is limited to houses with a floor area of 500 Sq.ft or less and used solely for residential purposes. Exemption will be for 5 years from the Year of Assessment in which the construction was completed.

*Section 11 2(b)*

6. **Miscellaneous Exemptions**

a) With effect from 1<sup>st</sup> April 2008 the exemption of the emoluments earned in any year of assessment in foreign currency by any individual, resident in Sri Lanka, in respect of services rendered by him in that year of assessment outside Sri Lanka in the course of any vocation carried on or exercised by him if such emoluments (less amount expended by such individual outside Sri Lanka) are remitted by him to Sri Lanka **is withdrawn.**

*Section 13(a)*

b) With effect from 1<sup>st</sup> April 2008 the exemption of the profits and income earned in foreign currency by any partnership in Sri Lanka or any individual from any services rendered in or outside Sri Lanka to any person or partnership outside Sri Lanka being services rendered in the course of any profession carried on or exercised by such individual or partnership, if such profit and income (less such reasonable expenses determined by CGIR) are remitted from outside Sri Lanka to such individual or partnership through a bank in Sri Lanka **is withdrawn.**

*Section 13(c)*

c) With effect from 1<sup>st</sup> April 2008 the exemption of the profit and income earned in foreign currency by any Company resident in Sri Lanka from services rendered outside Sri Lanka to any person or partnership outside Sri Lanka in the course of carrying on or exercising any profession if such profits and income are remitted to such Company through a bank in Sri Lanka **is withdrawn.**

*Section 13(d)*

d) With effect from 1<sup>st</sup> April 2008 the profits and income earned in foreign currency by any resident Company, resident individual or a partnership in Sri Lanka from services rendered in or outside Sri Lanka in the course of carrying on any profession or vocation specified by the Commissioner General of Inland Revenue by notice published in the gazette, if such profits and income are remitted (after deducting any reasonable expenses) to Sri Lanka through a bank **will be exempt.**

*Section 13((ddd))*

e) With effect from 1<sup>st</sup> April 2008 the profits and income within the meaning of Section 3(a), arising from cutting and polishing of gems which are brought to Sri Lanka and exported after such cutting and polishing will be exempt.

*Section 13((ii))*

f) Interest received by a bank in Sri Lanka on any loan granted, where it is invested in full in any new undertaking as referred to in Section 24C is exempt. (located in the Eastern Province and commences commercial operations on or after 7<sup>th</sup> November 2007)

*Section 13((xx))*

- g) With effect from 1<sup>st</sup> April 2008 the profits and income arising to any Company, Partnership or a body of persons outside Sri Lanka from any payment made in respect of the use of any plant, machinery or equipment supplied by such Company, Partnership or body of persons to the Government of Sri Lanka any public corporation, any Government Institution or to any other undertaking for the use in any project approved by the Minister as being essential for the economic development of Sri Lanka, will be exempt. *Section 13(yy)*
- h) With effect from 1<sup>st</sup> April 2008 the profits and income arising outside Sri Lanka to a non-citizen individual who is employed in any undertaking in Sri Lanka during the period of such employment will be exempt. *Section 13(zz)*
- i) With effect from 1<sup>st</sup> April 2008 the profits and income within the meaning of Section 3(a), of any undertaking for the construction and sale of houses for low income families under a scheme approved by the UDA or National Housing Authority being houses the floor area of which does not exceed 500 square feet, will be exempt, if the sale of such house takes place before 1<sup>st</sup> April 2013. *Section 13(zzz)*
- j) The exemption applicable to the profits and income of any Company from any specified undertaking referred to in Section 17 is limited to 3 years, if such exemption takes effect after 1<sup>st</sup> April 2008. *Section 17*
- k) The last date for commencement of operations for the six to twelve year period of exemption available to the profits and income of any undertaking for infrastructure development is restricted to **31<sup>st</sup> March 2009**. *Section 18*
- l) The exemption applicable to the profits and income of small scale undertakings for infrastructure development is limited to 3 years, if such exemption takes effect after 1<sup>st</sup> April 2008. *Section 19*
- m) The period within which the investments should be made to qualify for exemption available on the profits and income where any new industrial undertaking is located or any undertaking is relocated outside Colombo and Gampaha districts is extended to 31<sup>st</sup> March 2009. *Section 20(2)*  
*Section 21(2)*
- n) The profits and income of any Company, from any relocated undertaking referred to in the section is exempt from income tax for a period of 5 years commencing from 1<sup>st</sup> April 2009, provided that relocated undertaking is an undertaking: *Section 21A*
- which was being carried on by that Company prior to 01.11.2007 within Colombo or Gampaha Districts with not less than 100 employees;
  - is relocated outside Colombo and Gampaha districts and commencing from a date not later than 31<sup>st</sup> March 2009, continues to carry on commercial operations, employing not less than the number employed prior to 1<sup>st</sup> November 2007 throughout that year of assessment;
  - incurred not less than Rs. 100 million as relocation expenses;
  - of which profits and income are exempt beyond 1<sup>st</sup> April 2009 under any other provision of Inland Revenue Act or BOI agreement.

- o) Exemption on profits and income of any company engaged in research and development, is limited to maximum period of 3 years, if the period of exemption takes effect after 1<sup>st</sup> April 2008. *Section 22*
- p) Exemption on profits and income of any venture capital Company from investment in project (a) (b) (c) referred to in the Section is limited to maximum period of 3 years, if the Company commences, commercial operation on or after 1<sup>st</sup> April 2008. *Section 23*
- q) Profits and income from trade or business of new undertakings located within the Eastern Province will be exempt from income tax for a period of 5 years provided that new undertakings is -
- not formed by splitting up, reconstruction or the acquisition of an undertaking that was in existence before 7<sup>th</sup> November 2007. *Section 24C*
  - commenced commercial operations on or after 7<sup>th</sup> November 2007 and
  - the sum invested there in (other than in land) before 1<sup>st</sup> April 2010 is not less than 30 million.
- r) Profits and income of any new undertaking located in a lagging region will be exempt from income tax for a period of 5 years, provided that the new undertaking is -
- engaged other than in the sale of any article not produced or manufactured by such undertaking. *Section 24D*
  - Commenced commercial operation on or after 1<sup>st</sup> April 2008.
  - The sum invested in the acquisition of capital assets (other than land) after 7<sup>th</sup> November 2007 but before 31<sup>st</sup> March 2010, is not less than 30 million.
7. **Exclusions from Assessable Income**
- a) With effect from 1<sup>st</sup> April 2008 income from interest arising or accruing to any individual, being interest from which income tax has been deducted under Section 134 **only** is excluded from the assessable income *Section 32(1)(c)*
- b) With effect from 1<sup>st</sup> April 2008 profit and income of any person from the sale of any Rupee Denominated Treasury Bond purchased out of funds drawn from any Treasury Bond Investment External Rupee Account, is excluded from assessable income. *Section 32(3)(e)*
- c) With effect from 1<sup>st</sup> April 2008 interest accruing to the Credit Guarantee Fund of the Central Bank of Sri Lanka from any Treasury Bonds or Treasury Bill is excluded from the assessable income. *Section 32(3)(f)*

- d) With effect from 1<sup>st</sup> April 2008 interest on which income tax has been deducted under Section 95 and accruing to any person or partnership outside Sri Lanka on any corporate debt security within the meaning of Section 135 issued by or on behalf of any Company in Sri Lanka and purchased by such person or partnership out of foreign currency brought into Sri Lanka and converted into Sri Lanka currency for such purchase, is excluded from the assessable income. *Section 32(3)(g)*
- e) With effect from 1<sup>st</sup> April 2008 the profits and income from the sale of any gem on which tax had been deducted by the National Gem and Jewellery Authority under Section 161A(1) of this Act is excluded from the assessable income. *Section 32(3)(h)*
- f) With effect from 1<sup>st</sup> April 2008 any loss incurred in any business of finance leasing can be setoff only against the profits from that business. Any balance loss can be carried forward to the next year to setoff against the same source. *Section 32(5)(d)*
- 8. Allowance in respect of qualifying payments**
- a) With effect from 1<sup>st</sup> April 2008 donation made in money or otherwise to the Api Wenuwen Api Fund could be claimed as a qualifying payment in ascertaining the taxable income. *Section 34(2)(b)(ix)*
- b) With effect from 1<sup>st</sup> April 2008, expenditure not exceeding Rs. 25 million incurred in the construction and equipping of a Cinema, being a Cinema – *Section 34(2)(h)*
- in which the exhibition of Cinematographic Films commences on or after 1<sup>st</sup> April 2008  
and
  - which is certified by the National Film Corporation of Sri Lanka as being equipped with Digital Technology, Digital Theatre system and Dolby sound system,
- could be claimed as qualifying payment.
- c) With effect from 1<sup>st</sup> April 2008 expenditure not exceeding Rs.10 million incurred in the upgrading of a Cinema, being a Cinema *Section 34(2)(o)*
- in which the exhibition of Cinematographic Films had commenced prior to 1<sup>st</sup> April 2008 and.
  - which was not equipped with digital technology, digital theatre systems and Dolby sound systems prior to 1<sup>st</sup> April 2008  
and
  - which is certified by the National Film Corporation of Sri Lanka.  
and
  - equipped with digital technology, digital theatre system and Dolby system
- could be claimed as qualifying payment

- d) With effect from 1<sup>st</sup> April 2008 the expenditure incurred by any company in the relocation of any relocated under taking as referred to under Section 21A(2) could be claimed as qualifying payment. *Section 34(2)(p)*
- e) With effect from 1<sup>st</sup> April 2008 any sum invested by any person in an undertaking for the construction and sale of house as referred to under Section (13 zzz) could be claimed as qualifying payment. *Section 34(2)(q)*
- f) With effect from 1<sup>st</sup> April 2008 the maximum amount that could be claimed as qualifying payment in the production of any film by a Company has been increased from Rs.25 million to Rs.35 million. *Section 34(4)(a)(b)(iii)*
- g) With effect from 1<sup>st</sup> April 2008 the maximum amount that could be claimed by a Company as qualifying payment made as donation to approved charity, is Rs.500,000/- or 1/5<sup>th</sup> of assessable income whichever is lower. *Section 34(4)(b)(v)*

## 9. Concessional Tax Rates

- a) With effect from 1<sup>st</sup> April 2008 the maximum income tax rate applicable to employment income of any Pilot of any Airline, licenced under the Air Navigation Act and who is a citizen of Sri Lanka is 20%. *Section 40 A*
- b) With effect from 1<sup>st</sup> April 2008 the rates of income tax applicable to the taxable income of any person for any year of assessment immediately succeeding the expiry of the tax exemption period, whose profits and income from
- any specified undertakings as referred to in Section 17, 18 and 19
  - any new undertakings as referred to in Section 20, 22, 24C and 24D
  - any relocated undertakings as referred to in Section 21 and 21A
  - any venture capital company as referred to in Section 23
  - any business as referred to in Section 24
  - any new cinema or upgraded cinema as referred to in Section 24A
  - any re-opened abandoned factory as referred to in Section 24B

shall be taxed in the

- First year of assessment after the expiry of tax exemption period @ 5%
- Second year of assessment after the expiry of tax exemption period @ 10%
- Third year of assessment after the expiry of tax exemption period. @ 15%

*Section 48*

**10. Deemed Dividend Tax & Dividend Tax**

- a) Any Company resident in Sri Lanka is liable to a 15% Deemed Dividend Tax on the excess of 33-1/3% of the distributable profits of the preceding year of assessment, less the Gross dividend distributed out of such distributable profit within 18 months from the first day of such preceding year of assessment. *[Section 61(b)i]*
- b) The requirement on every resident company to deduct tax from the amount of dividend payable to any shareholder is not applicable to dividend distributed to the following – with effect from 1<sup>st</sup> April 2008. *[Section 65(1)]*
- the Api Wenuwen Api Fund established by the Api Wenuwen Api Fund Act No.6 of 2008.
  - any registered society within the meaning of Co-operative Societies Law No.5 of 1972.
  - any person who is exempt from income tax under Section 10 in respect of any dividend received by such person as referred to in that section.
- c) The Deemed Dividend Tax has to be remitted to the Commissioner General within a period of 30 days from the date on which the Gross Dividend is paid (Note: since the last date available to distribute a dividend is 30<sup>th</sup> September, it is assumed that the Deemed Dividend Tax is due within 30 days from 30<sup>th</sup> September of the year of assessment) *[Section 65(4)]*

**11. Taxation of Non Citizen Employees**

- a) With effect from 1<sup>st</sup> April 2008 differential treatment in the taxation of non citizen employees is terminated and accordingly they are – *[Section 79 (7)]*
- **not** treated as non residents for 3 years or 5 years
  - **not** taxed at concessionary rate of 15%
  - subsequent employment income **is not** taxed for 2 to 5 years at 20%

**12. Withholding Tax on Corporate Debt Security**

With effect from 1<sup>st</sup> April 2008 tax deduction from interest payment made to a person outside Sri Lanka on any corporate debt security referred to in Section 32(3)(g) is at the rate of 10%. *[Section 95 (1)(aa)]*

**13. Approved Accountants Report**

With effect from 1<sup>st</sup> April 2006 the statement of accounts required to be prepared on the basis of an audit by an approved accountant in support of a return of income furnished by any partner of any partnership or by any other person other than a company in respect of any trade; business profession or vocation carried on or exercised by such partnership or by such person is where the turnover from such trade, business, profession or vocation, for that year of assessment or for that other period is not less than Rs.50 million or the divisible profits of that partnership or the Statutory Income of such person, from that trade, business, profession or vocation for that year of assessment or for that other period as the case may be is not less than Rs. 25 million.

[Section  
107(2)(c)]

**14. Taxation of Government Employees**

With effect from 1<sup>st</sup> April 2008 income tax payable by any employee of any Government Institution is computed on the total statutory income including official emoluments, under normal rules and granting credit for the tax applicable on the proportion of official emoluments (other than any pension, bonus, incentive payments, rewards, share of fines or other similar payment) of such employee for the year of assessment bears to the total statutory income of that employee for that year of assessment.

Section 132A

**15. Withholding Tax**

a) With effect from 1<sup>st</sup> April 2008 the deduction of withholding tax, on interest paid by Banks and Financial Institutions, is not applicable if the recipient is -

- any registered society within the meaning of Co-operative Societies Law No. 5 of 1972 during the period of exemption from income tax.
- the Api Wenuwen Api Fund established by the Api Wenuwen Api Fund Act No. 6 of 2008.

Section 133(3)(a)

b) With effect from 1<sup>st</sup> April 2008, withholding tax on

- Specified Fees
- Rent, Lease Rent, or other payment
- Annuity, Royalty or Management Fee

Section 153(1)  
Section 155  
Section 160

will not be applicable to any person or partnership who is registered with the Department of Inland Revenue for Economic Service Charge and has obtained direction from the Commissioner General of Inland Revenue.

Section 156(3)

- c) With effect from 1<sup>st</sup> April 2008 any person or partnership who or which is liable to deduct income tax from any rent, lease rent or other payments made by such person or a partnership should obtain a registration number from Commissioner General of Inland Revenue within 30 days prior to the commencement of such deduction and shall furnish the return on a monthly basis. Any person or partnership who or which does not register or does not furnish any returns shall be liable to pay penalty not exceeding 50,000/-.
- d) With effect from 1<sup>st</sup> April 2008 the National Gem and Jewellery Authority is required to deduct from the sale price of any Gem sold at any auction conducted by it, income tax at 2.5% of such sale price of such gem from the sum payable to the seller at the time of payment. *Section 161A*
- e) With effect from 1<sup>st</sup> April 2008 retention of the moneys lying in any provident fund to the credit of a contributor to such fund to meet any tax payable has been reduced from 15% to 10%. *Section 162*

**Economic Service Charge (Amendment) Act No. 11 of 2008**

1. With effect from 1<sup>st</sup> April 2008 the rate of the ESC chargeable in respect of the turnover arising from the export of any articles or goods shall not exceed 0.25%. *Section 2*
  
2. With effect from 1<sup>st</sup> April 2008, where there remains as at 31<sup>st</sup> March 2006 any amount of the Economic Service Charge paid:
  - for the year of assessment 2004/05 - such amount is deductible from the income tax payable within a further period of 3 years – i.e. upto Year of Assessment 2008/2009. *Section 3(3)*
  - for the year of assessment 2005/06 - such amount is deductible from the income tax payable within the further period of 4 years – i.e. upto Year of Assessment 2009/2010.
  
3. Changes in ESC Rates effective from 1<sup>st</sup> April 2008

<b>Part of the Liable Turnover</b>	<b>Rate of the service charge applicable to that Part</b>
<ol style="list-style-type: none"><li>1. Such part of the relevant turnover as consists, of turnover from any trade, business, profession or vocation:<ol style="list-style-type: none"><li>i) the profits and income from which are chargeable with income tax at any rate specified in the fifth schedule to the Inland Revenue Act, other than in item 24 and item 28 of that schedule.</li><li>ii) carried on by any enterprise which has entered into an agreement under the Board of Investment of Sri Lanka Law No. 4 of 1978, being the relevant turnover during the period for which the profits and income of such enterprise are taxable at the rate equal to a rate specified in the fifth schedule to the Inland Revenue Act No. 10 of 2006.</li></ol></li></ol>	} 0.5 per centum
<ol style="list-style-type: none"><li>2. Such part of the relevant turnover as consists of the turnover from any trade or business which deals in the wholesale or retail (other than as a distributor) of motor vehicles or liquor not manufactured by the dealer.</li></ol>	1.0 per centum

3. Such part of the relevant turnover as consists of -

i) the turnover from -

- a) the export of apparels;
- b) the supply of locally manufactured apparels to any exporter of apparels for export.
- c) supply of locally manufactured textiles to any exporter of apparels to be used in the manufacture of apparels for export by such exporter.
- d) the turnover of a trading house approved by the Board of Investment in so far as such trading house engages in the business of the export of apparels.

0.1 per centum

**Value Added Tax (Amendment) Act No. 15 of 2008**

1. With effect from 17<sup>th</sup> July 2007, no VAT is chargeable on any goods temporarily imported into Sri Lanka -
  - being plant, machinery, or equipment of high value to be used for any project, or
  - being goods to be used as exhibition material or as materials in any technical demonstration *Section 2(3)(b)*and which are re-exported after the completion of such project, exhibition or demonstration, as the case may be, with the approval of the Minister upto the date of such completion, exhibition or demonstration.
2. With effect from 1<sup>st</sup> January 2008, input credits supported by any tax invoices (including cusdec) is allowable only in respect of such tax invoice received within 12 months from the date of such invoice and claimed within such 12 month period in a return for any taxable period ending within that period. *Section 22 (6)(iv)*
3. With effect from 1<sup>st</sup> January 2008 for the purpose of ascertainment of the input tax allowable on the supply of goods or services of any person supplying goods or services to any strategic development project or any other special project, specified in item (f) (i) and (f) (ii) of part II of the 1<sup>st</sup> schedule to this Act, the value of the supply of the suppliers for the relevant period of such project shall be deemed to be a taxable supply on which the output tax is computed. *Section 22 (10)*
4. With effect from 1<sup>st</sup> January 2008, the financial services provided by a Co-operative Society registered under the Co-operative Societies Law No. 5 of 1972 will be exempt. *Section 25A(1)iii*
5. With effect from 1<sup>st</sup> January 2008, every person or partnership registered for VAT for the supply of financial services should furnish a return not later than the 20<sup>th</sup> day of the month immediately following the expiry of the relevant quarter. *Section 25H*
6. With effect from 1<sup>st</sup> January 2008, the amount withheld being one-third of the tax included in the payments by Government Agencies will be termed “VAT Advance Payment”. *Section 26A*
7. The Commissioner General shall not commence any action for recovery of tax in default where a period of five years has lapsed from the completion of three months from the end of any taxable period, in which the assessment by which such tax was charged or levied becomes final and conclusive under Section 37. *Section 48A*

**8. Changes to the 1<sup>st</sup> Schedule (Exemptions)****a) Effective from 01.01.2008****i) Import of:**

any plant or machinery by an undertaking qualified for a tax holiday under Section 24C of the Inland Revenue Act, for the manufacture or for provision of services. (Under the “Nagenahira Udanaya” Programme)

**ii) Import or supply of:**

Yarn used for the textile industry and dyes used for the handloom industry identified under specific HS Code Nos. for customs purposes.

**iii) Supply of locally manufactured:**

- dairy products made out of milk produced in Sri Lanka.
- rice products made out of rice produced in Sri Lanka

**iv) Supply of Sugar, Potatoes, Onions****v) Import of goods for any strategic development project or specified project with the approval of the Minister of Finance.****vi) With regard to the supply of un-processed prawns produced in Sri Lanka including local supply of prawns where VAT has not been collected or paid to the Inland Revenue on or after 01.01.2004.****vii) Supply of goods or services by any Co-operative Society registered under Co-operative Societies Law No. 5 of 1972****viii) Supply of financial services by Co-operative Rural Banks****ix) Supply of goods or services to:**

- any project identified as a strategic development project in terms of Section 3(4) of the Strategic Development Project Act,
- any specified project identified by the Minister in charge of the subject of Finance, taking into consideration the economic benefit to the Government.

- b) **Effective from 01.07.2007**
- i) Supply of locally manufactured / produced:
    - clay roof tiles,
    - unprocessed agricultural, horticultural or fishing products where value added tax has not been collected or paid,
  - ii) Import of rattans (H.S. Code No. 1401.20)
  - iii) Supply of imported rattans
  - iv) The existing exemption applicable to supply of health care services by medical institutions has been extended to large scale BOI Companies providing such health care services as well.
- c) **Effective from 17.07.2007**
- i) Supply of locally manufactured chemical naphtha
  - ii) Import of aircraft engines or aircraft spareparts

9. **Changes to the Third Schedule (Basic Rate)**

The VAT rate is reduced from 15% to 5% on the following:

- a) **Effective from 01.01.2008**
- Import of undermentioned equipment with the approval of State Film Corporation for the production of films-
- | <b>HS Code No.</b> | <b>Description</b>                   |
|--------------------|--------------------------------------|
| 8539.29            | Electric Filament or Discharge Lamps |
| 8545.19.01         | Arc Lamp Carbon                      |
- b) **Effective from 05.06.2007**
- Import of Canned Fish, Chick Peas, Green Gram

**Finance (Amendment) Act No.8 of 2008**

1. With effect from 1<sup>st</sup> January 2008, the Social Responsibility Levy (SRL) payable at the time of payment of taxes or levies under –
  - the excise ordinance (Chapter 52)
  - the customs ordinance (Chapter 235)
  - the excise (Special Provisions) Act no.13 of 1989is increased from 1% to 1.5%
  
2. With effect from 1<sup>st</sup> April 2008, the Social Responsibility Levy (SRL) payable at the time of payment of taxes or levies under -
  - the Inland Revenue Act No.10 of 2006 (Other than the provision of Chapters xvi, xvii and xxi and Section 36 and 65) **in so far as such Act applies to any company**is increased from 1% to 1.5%

## **Stamp Duty (Special Provisions) (Amendment) Act No. 10 of 2008**

### **1. Persons Liable to Stamp Duty**

Persons liable to pay Stamp Duty is extended to –

- a) In the case of a warrant to act as Notary Public, the person applying for the office of Notary. *Section 6(dd)*
- b) In the case of a licence, the person applying for same. *Section 6 (ddd)*

### **2. Manner of Payment of Stamp Duty**

Stamp duty on any specified instrument relating to mortgage or lease of any immovable property -

- May be paid to a prescribed Bank and the certified receipt (of such payment) affixed to the instrument *Section 8(2)*
- Payments should be made on or before the date of execution or within 7 days (for reasons beyond the control of the liable person).

### **3. Rate Changes**

With effect from 1<sup>st</sup> January 2008

- a) Any licence issued authorising the holder to carry on any trade, business, profession or vocation other than any trade or business for the sale of liquor for any period specified in such licence. *Rs. 1,000/- or 10% of licence fee whichever is less.*
- b) Any licence issued authorising the holder to carry on any trade or business for sale of liquor for any period specified in such licence. *Rs. 10,000/-*
- c) Any receipt or discharge given for any money or property.
- i) Upto and including Rs. 25,000/- *Exempt*
- ii) Above Rs. 25,000/- *Rs. 25/-*

**Recent Amendment in Western Province Provincial Council****Turnover Tax**

Rates of Turnover Tax which come into effect from 1<sup>st</sup> July 2008 are as follows.

- |    |   |    |
|----|---|----|
| 1. | In respect of the Turnover of the Business of Selling Gems  | 5% |
| 2. | In respect of the Turnover of the Business of Selling Timber, whether sawn or in the form of Logs   | 5% |
| 3. | In respect of the Turnover of the Business of Selling precious or semi precious stones  | 5% |
| 4. | In respect of the Turnover of the Business of Selling furniture made out of wood  | 5% |
| 5. | In respect of the Turnover of the Business of Selling Jewellery and Costume Jewellery   | 5% |
| 6. | In respect of the Turnover of the Business of Selling or Buying & Selling Arrack (including processed Arrack and Blends of Arrack) Beer, Wine, Toddy and other varieties whether imported or locally manufactured | 5% |
| 7. | In respect of the Turnover of the Business of Selling Cigarettes or from the importer of such Cigarettes  | 5% |
| 8. | In respect of the Turnover of the Business of Selling or Buying and Selling any article or commodity other than any business referred to under items (1), (2), (3), (4), (5), (6) and (7) above                   | 1% |