

PARLIAMENT OF THE DEMOCRATIC

SOCIALIST REPUBLIC OF

SRI LANKA

VALUE ADDED TAX (AMENDMENT)

ACT, NO. 15 OF 2009

[Certified on 31st March, 2009]

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Value Added Tax (Amendment) 1

Act, No. 15 of 2009

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L.D.—O. 52/2008.

ANACT 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 Short title.

(Amendment) Act, No. 15 of 2009.

2. (1) Section 2 of the Value Added Tax Act, No. 14 of Amendment of

2002, (hereinafter referred to as “the principal enactment”) section 2 of Act,

No. 14 of 2002.

is hereby amended as follows:—

(a) in sub-paragraph (iii) of subsection (1) of that

section, by the substitution for the words and figures

“any taxable period commencing on or after January

1, 2005” of the words and figures, “any taxable

period commencing on or after January 1, 2005,

but prior to January 1, 2009”;

(b) in subparagraph (v) of subsection (1) of that section

by the repeal of all the words and figures from “(v)

for any taxable period” upto the words “the Fourth

Schedule of this Act” and the substitution therefor

of the following:—

“(v) (i) for any taxable period commencing on

or after January 1, 2005 but prior to

January 1, 2009, at the rate of fifteen per

centum (Standard rate) (of which the Tax

Fraction is 3/23) on the value of such

goods or services supplied or goods

imported other than in respect of the

following:—

(a) goods or services chargeable with

tax at zero per centum; and

2—PL 003784— 4,250 (03/2009)

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(b) goods or services specified in the

Fourth Schedule of this Act;

(ii) for any taxable period commencing

on or after January 1, 2009, at the rate

of twelve per centum, (Standard rate)

(of which the Tax Fraction is 3/28) on

the value of such goods or services

supplied or goods imported other than

in respect of —

(a) goods or services chargeable with

tax at zero per centum; and

(b) goods or services specified in the

Fourth Schedule of this Act;”.

(c) by the repeal of paragraph (d) of subsection (2) of

that section and the substitution therefor of the

following:—

“(d) on the supply with the approval of Export

Development Board established by the Sri

Lanka Export Development Board Act, No.

40 of 1979 with the concurrence of the

Minister of the Ministry in charge of the

subject of finance—

(i) of any goods manufactured in Sri Lanka

by such suppliers and supply by such

supplier to any manufacturer to be

utilized for the purpose of manufacture

of goods other than the goods referred to

in paragraph (c) of this subsection by

such manufacturers who are registered

with the Export Development Board as

exporters; or

(ii) of any service by such suppliers provided

to any manufacturer which results in the

improvement of the quality, character or

value of any goods manufactured by such

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manufacturer of goods for export who is

registered with Export Development

Board as an exporter, being a service

provided by such suppliers approved by

the Export Development Board

established under the Sri Lanka Export

Development Board Act, No. of 40 of

1979 as a supply of services identified

for this purposes,

Until such time as the activities of such

manufacturers or service providers are

monitored by the Export Development Board

with the approval of the Ministry of the

Minister in charge of the subject of Finance

and the Export Development Board, furnishes

the reconciliation on the disposal of such

goods on a quarterly basis as stipulated by

the Commissioner-General to the satisfaction

of the Commissioner-General, that such

finished products are in fact exported by the

recipient of the supplies.”.

3. Section 10 of the principal enactment is hereby Amendment of

amended as follows:— section 10 of the

principal

enactment.

(1) in subsection (1) of that section, by the repeal of all

the words and figure from “(10) (1) every person

who”, upto the words “to exceed one million and

eight hundred thousand rupees” and the substitution

therefor of the following:—

“10. (1) Every person who—

(i) on or after August 1, 2002, but prior to January

1, 2009, 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 the case may

be, the total value of his taxable

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supplies of goods or services or goods

and services made in Sri Lanka in that

taxable period of one month or three

months, as the case may be, has

exceeded five hundred thousand

rupees; or

(b) in the twelve months period then

ending, the total value of his taxable

supplies of goods or services or goods

and services made in Sri Lanka has

exceeded one million and eight

hundred thousand rupees; or

(c) at any time, there are reasonable

grounds to believe that the total value

of his taxable supplies in Sri Lanka of

goods or services or goods and services

in the succeeding one month or three

months taxable period, as the case may

be, is likely to exceed five hundred

thousand rupees or in the succeeding

twelve months period is likely to

exceed one million and eight hundred

thousand rupees.”.

(2) immediately after paragraph (c) of subsection (1)

of that section, by the insertion of the following:—

“(ii) on or after January 1, 2009 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 the case may

be, the total value of his taxable

supplies of goods or services or goods

and services made in Sri Lanka in that

taxable period of one month or three

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months, as the case may be, has

exceeded six hundred and fifty

thousand rupees; or

(b) in the twelve months period then

ending, the total value of his taxable

supplies of goods or services or goods

and services made in Sri Lanka has

exceeded two million and five hundred

thousand rupees; or

(c) at any time, there are reasonable

grounds to believe that the total value

of his taxable supplies in Sri Lanka of

goods or services or goods and services

in the succeeding one month or three

months taxable period, as the case may

be, is likely to exceed six hundred and

fifty thousand rupees or in the

succeeding twelve months period is

likely to exceed two million and five

hundred thousand rupees,”.

4. Section 22 of the principal enactment is hereby Amendment of

amended as follows:— section 22 of the

principal

enactment.

(1) in the fourth proviso to subsection (3) of that

section, by the substitution for the words “this Act

shall be restricted to fifteen per centum other than”

of the words “this Act shall be restricted to twelve

per centum other than”;

(2) in subparagraph (i) of paragraph (b) of the second

proviso to subsection 5 by the substitution for the

words “an insurance bond by a registered person”

of the words “an insurance bond by a registered

person to the value as determined by the

Commissioner-General”;

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(3) in subparagraph (iv) of subsection (6) of that

section by the substitution for all the words and

figures “(iv) if the input tax on any invoice” upto

the words “the return for that taxable period” of the

following:—

“(iv) if the input tax on—

(a) any invoice referred to in paragraph (iii)

has not been deducted as provided for in

this Act, from the output tax for any

taxable period ending on or before the

expiry of twelve months from the date of

such tax invoice, by furnishing within

the said period of twelve months the

return for that taxable period; or

(b) any customs declaration referred to in

paragraph (iii), has not been deducted as

provided for in this Act, from the output

tax for any taxable period ending on or

before the expiry of twenty four months

from the date of such customs

declaration, by furnishing within the said

period of twenty four months the return

for that taxable period;”

Amendment of 5. Section 25A of the principal enactment is hereby

section 25A of amended as follows:—

the principal

enactment.

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

by the substitution for the words and figures “prior

to December 31, 2007; and” of the words and figures

“prior to December 31, 2007;”;

(2) in paragraph (iii) of that subsection, by the

substitution for the words and figures “the

Co-operative Societies Law, No. 5 of 1972 , on or

after January 1, 2008 but prior to January 1, 2009;

and

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(3) by the addition immediately after paragraph

(iii) of that subsection, of the following new

paragraph :—

“(iv) by any person other than a Co-operative

Society registered under the Co-operative

Society Law, No. 5 of 1972, or Lady Lochore

Loan Fund established under the Act, No. 38

of 1951, commencing on or after January 1,

2009”.

6. Section 25I of the principal enactment is hereby Amendment of

amended as follows:— section 25I of

the principal

(1) paragraph (b) of subsection (1) of that section , by enactment.

the substitution for the words “such person or

partnership exceeds rupees two million five hundred

thousand per year, which ever occurs first.” of the

following:—

“(i) such person or partnership—

(a) exceeds rupees two million five hundred

thousand per year for any period prior to

January 1, 2009;

(b) exceeds rupees three million per year for

any period commencing on or after

January 1, 2009, whichever occurs first.”;

(2) in paragraph (a) of subsection (2) of that section,

by the repeal of subparagraph (i) thereof, and the

substitution therefor of the following:—

“ (i) whose aggregate turnover from every taxable

activity carried on or carried out does not

exceed—

(a) rupees two million and five hundred

thousand per year or six hundred and

twenty five thousand per quarter for any

period prior to January 1, 2009; and

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(b) rupees three million per year or seven

hundred and fifty thousand per quarter

for any period commencing on or after

January 1, 2009; and”.

Amendment of 7. Section 35 of the principal enactment is hereby

section 35 of the amended by the addition immediately after subsection (1)

principal

of that section of the following new subsection:—

enactment.

“(1A) Notwithstanding the provisions of section 34 ,

the Commissioner-General may refer any valid appeal

made to him, to the Board of Review and the Board of

Review, shall hear and determine such appeal. The

provisions of section 169 of the Inland Revenue Act,

No. 10 of 2006 shall apply to the hearing and

determination of any appeal so referred.”.

Amendment of 8. The First Schedule to the principal enactment is

the First hereby amended in PART II thereof as follows:—

Schedule to the

principal

enactment. (1) in paragraph (a) of that Part—

(a) in item (xii), by the substitution for the words

and figures “December 31, 2008,” of the

words and figures “December 31, 2010”.

(b) by the addition immediately after item (xv)

of the following new item:—

“(xvi) solar panel modules, accessories or

solar home system for the generation

of solar power energy identified under

the specified Harmonized Commodity

Description Nos. for custom purposes

(effective from 01. 01. 2009);

(xvii) high tech medical equipment or any

machinery used for the manufacture of

ticket issuing machinery identified

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under the specified Harmonized of

Commodity Description Numbers for

customs purposes.”.

(2) in paragraph (b) of that Part—

(a) in item (xxvi) by the substitution for the

words and figures “(effective from 01. 01.

2008); and” of the words and figures

“(effective from 01. 01. 2008);”

(b) in item (xxvii), by the substitution for the

words and figures “(effective from 01. 01.

2008).” of the words and figures “(effective

from 01. 10. 2008);”;

(c) by the addition immediately after item (xxvii)

of the following new items:—

“(xxviii) locally manufactured machinery used

for tea industry and identified by Sri

Lanka Tea Board established by the

Sri Lanka Tea Board Law No. 14 of

1975 as a tea machinery (effective from

01. 10. 2008);

(xxix) locally manufactured surgical gauze

used for surgery (effective from 01. 01.

2009);

(xxx) locally manufactured Jewellery.”.

(3) in paragraph (c) of that PART—

(a) in item (xxiii), by the substitution for the

words “or specified project” of the words “or

specified project”;

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(b) by the addition immediately after item (xxiii)

of the following items:—

“(xxiv) any bus with the approval of National

Transport Commission or any

Provincial Road Passenger Transport

Authority by the owner of such bus to

replace any bus destroyed due to

terrorist activities (effective from 9. 7.

2008);

(xxv) brass sheets, brass ingots, thread, dyes,

paraffin wax or shellac for manufacture

of brassware by the National Craft

Council with the approval of Ministry

of Rural Industries and Self

Employment Promotion (effective from

01. 01. 2009);

(xxvi) chemical naptha by the Ceylon

Petroleum Corporation to be supplied

to Ceylon Electricity Board for the

generation of electricity (effective from

01. 01. 2009);

(xxvii) packing materials exclusively for the

use of packing pharmaceuticals

manufactured in Sri Lanka and which

are imported by the manufacturer of

such pharmaceuticals so far as such

packing materials are not manufactured

in Sri Lanka and approved by the

Minister in charge of the subject of

Finance on the recommendation of the

secretary to the Ministry of Healthcare

and Nutrition;

(xxviii) Cine Films, cinematographic films

exposed or developed, magnetic cine

sound recorders, cinematographic

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cameras and projector parts and

accessories, apparatus and equipment

for cinematographic labratories,

electric filament or discharge lamps and

arc lamp carbon, identified under the

Harmonized Commodity Description

and Coding System Numbers, for

customs purposes with the approval

of the Chairman, National Film

Corporation.”.

(4) by the insertion immediately after paragraph (f) of

that PART, the following new paragraph:—

“(g) the supply of services, being construction

services for Gama Naguma, Maga Naguma,

Samurdhi Projects or for community irrigation

projects, carried out through the participation

of the community and approved by Secretary

to the Ministry of the Minister in charge of

the subject of Nation Building and State

Infrastructure Development (effective from

01. 01. 2009);”.

9. The Third Schedule to the principal enactment is Amendment of

hereby amended by the addition immediately after the the Third

Schedule to the

heading “third schedule”, of the following:— Principal

enactment.

“For any taxable period ending prior to January 1, 2009”.

10. (a) The amendments made to paragraph (d) of Retrospective

subsection (2) of section 2 of the principal enactment by effect.

section 2 of this Act shall for the purposes be deemed to

have come into force on June 1, 2008.

(b) The amendments made of section 22 of the principal

enactment, by section 4 (1), (2) and (3) of this Act shall

for the purposes be deemed to have come into force on

January 1, 2009.

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(c) The amendment made to section 35 of the principal

enactment by section 7 of this Act shall for all purposes be

deemed to have come into force on January 1, 2009.

Indemnity. 11. Any person who collects the value added tax as

provided for in this Act during the period commencing from

January 1, 2009 and ending on the date of the coming into

operation of this Act, shall be deemed to have acted with

due authority and such collection shall be deemed for all

purposes 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.

Sinhala text to 12. In the event of any inconsistency between the

prevail in case Sinhala and Tamil texts of this Act, the Sinhala text shall

of inconsistency

prevail.

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