PARLIAMENT OF THE DEMOCRATIC

SOCIALIST REPUBLIC OF

SRI LANKA

VALUE ADDED TAX (AMENDMENT)

ACT, No. 17 OF 2013

[Certified on 24th April, 2013]

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Value Added Tax (Amendment) 1

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L.D.—O. 2/2013.

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 Short Title

(Amendment) Act, No. 17 of 2013 and shall be deemed to and date of

have come into operation on January 1, 2013 unless different operation.

dates of operation are specified therefor, in the relevant

sections.

2. Section 2 of the Value Added Tax Act, No. 14 of 2002 Amendment

(hereinafter referred to as the “ principal enactment” ) as last of section 2

amended by the Value Added Tax (Amendment) Act, No.7 of of the Value

Added Tax

2012 is hereby further amended as follows:— Act, No. 14 of

2002.

(1) in paragraph (a) of the first proviso to subsection (1)

of that section, by the substitution for the words “any

garments” of the words “any garments or fabric”;

(2) in subsection (2) of that section:-

(a) by the substitution for the words “shall be

administrated by the Commissioner-General” in

the proviso to paragraph (c) thereof, of the words

“shall be administrated by the Commissioner-

General as stipulated in paragraph (e) of this

subsection;

(b) by the substitution for the words “shall be

administrated by the Commissioner-General” in

the proviso to paragraph (d) thereof, of the words

“shall be administrated by the Commissioner-

General as stipulated in paragraph (e) of this

subsection;

2—PL 007069—4,090 (03/2013)

2 Value Added Tax (Amendment)

Act, No. 17 of 2013

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

and the substitution therefor of the following :—

“(e) on the supply of goods or services by any

registered person, who is registered in the

Simplified Value Added Tax Scheme

administrated by the Commissioner-General

to -

(i) any exporter or provider of zero rated

services specified in terms of

section7;

(ii) any registered person who supplies

goods or services to any Strategic

Development Project in terms of

subsection (4) of section 3 of the

Strategic Development Projects Act,

No. 14 of 2008, as is referred to in

sub-paragraph (i) of paragraph (f) of

Part II of the First Schedule, during

the project implementation period so

far as such supplies are project related

supplies;

(iii) any registered person engaged in

any specific project referred to in sub-

paragraph (ii) of paragraph (f) of

PART II of the First Schedule

(effective from April 1, 2011);

(iv) any manufacturer who supplies

goods manufactured in Sri Lanka to

any exporter;

(v) any supplier who provides value

added services to an exporter which

results in the improvement of the

quality, character or value of any

goods manufactured for export;

(vi) any person registered under the

provisions of subsection (7) of

section 22 of the Act, during the

Value Added Tax (Amendment) 3

Act, No. 17 of 2013

project implementation period so far

as such supplies are project related

supplies;

(vii) any registered person who supplies

any goods or services, to any

registered person referred to in sub-

paragraph (i), (ii), (iii), (iv), (v) or (vi)

above, provided that, the

Commissioner-General is, on the

information available, is satisfied that

the value of such supplies exceeds

fifty per-centum of the total supplies

of such registered person who

supplies such goods or services,

until such time as the activities of such

registered person is carried out to the

satisfaction of the Commissioner-General

in the manner stipulated by the

Commissioner-General in the guidelines

issued for such purpose and which are

specified in the Order published in the

Gazette.

(3) in subsection (3) of that section:—

(a) the first proviso to that subsection is amended

as follows:-

(i) in paragraph (a), by the substitution for

the words “customs bonded area;” of the

words and figures “customs bonded area

or a free port referred to in PART IV of the

Finance Act, No. 12 of 2012;”;

(ii) in paragraph (f), by the substitution for the

words and figures “who has registered with

the Textile Quota Board established under

the Textile Quota Board Act, No.33 of 1996,

with the approval of the Textile Quota Board

4 Value Added Tax (Amendment)

Act, No. 17 of 2013

or the Board of Investment, as the case may

be.” of the words and figures “who has

registered with the Simplified Value Added

Scheme administrated by the

Commissioner-General with the approval of

the Commissioner -General.”;

(b) the second proviso to that subsection is amended

as follows:—

(i) by the repeal of item (vi) of paragraph (a)

and the substitution therefor of the

following:—

“(vi) any goods imported, including any

goods received from customs

bonded area by a person registered

with the Simplified Value Added

Scheme administrated by the

Commissioner-General who imports

or receives such goods for the

manufacture of goods or the

provision of services to a

manufacturer of goods for export

referred to in item (i) of paragraph (e)

of subsection (2) of section 2”;

(ii) by the repeal of item (vii) of paragraph (a)

and the substitution therefor of the

following:-

“(vii) any plant or machinery imported,

including any plant or machinery

received from a customs bonded area

by a person registered with the

Simplified Value Added Tax Scheme

administrated by the Commissioner-

General who imports or receives such

plant or machinery for the usage by

such person for the manufacture of

goods or provision of services

referred to in item (i) of paragraph (e)

of subsection (2) of section 2, for the

manufacture of goods to be

exported”;

Value Added Tax (Amendment) 5

Act, No. 17 of 2013

(iii) by the repeal of subparagraph (viii) and (ix)

of paragraph (a);

(iv) in the end of that proviso, by the

substitution for the words commencing

from “The deferment of the payment of tax”

to the end of that paragraph of the

following:—

“The deferment of the payment of tax

shall be subject to a furnishing of :—

(a) a bank guarantee in a case where the

tax deferred is less than rupees ten

thousand; or

(b) a Treasury Bill as a guarantee in a

case where the tax deferred is not less

than rupees ten thousand ; or

(c) a corporate guarantee which covers

the amount of tax due subject to the

conditions specified in the agreement

in which the deferment is considered,

on the goods imported, received or

purchased:

Provided that, in the case of such

deferment under paragraph (b) no guarantee

shall be required where such goods have

been imported by a Government institution

to be re-exported within one month from

the date of importation.”.

3. Section 3 of the principal enactment as last amended by Amendment of

the Value Added Tax (Amendment) Act, No.8 of 2006 is hereby section 3 of the

principal

further amended as follows:-

enactment.

(1) in paragraph (e) of that section by the substitution for

the words “under any tender agreement,” of the

following:-

“under any tender agreement;

6 Value Added Tax (Amendment)

Act, No. 17 of 2013

(f) any person or a partnership having a total

supplies for any three months period in any

calendar year not less than rupees five hundred

million including the supplies under preceding

paragraphs of this section and any supplies

excluded under section 2 or exempted under PART

II of the First Schedule,”;

(2) by the repeal of the proviso to that section and the

substitution therefor of the following:-

“Provided that, such tax shall be charged on such

wholesale or retail supply of goods made prior to

January 1, 2013, if –

(i) any registered person makes an application to

that effect to the Commissioner-General;

(ii) any other person makes an appeal to that effect

to the Commissioner-General,

and obtains a registration as provided for in section10

or section 12.”;

(3) by the addition immediately at the end of that proviso

of the following new proviso:—

“Provided further, the chargeability to tax referred

to any registered person specified in paragraph (f)

shall be other than the supplies exempted from tax as

specified in PART II of the First Schedule to the Act.”.

Amendment of 4. Section 5 of the principal enactment as last amended by

section 5 of the the Value Added Tax (Amendment) Act, No.14 of 2007 is

principal hereby further amended in subparagraph (12) thereof by the

enactment. substitution for the words “a separate supply by such

Assessor:” of the following –

“a separate supply by such Assessor;

(13) Notwithstanding the provisions of Consumer

Affairs Authority Act, No.9 of 2003, the maximum

retail price quoted for the goods to be sold in a

wholesale or retail business may be adjusted

where necessary for the chargeability to tax where

liability to tax is specified in paragraph (f) of

section 3 of this Act:”.

Value Added Tax (Amendment) 7

Act, No. 17 of 2013

5. Section 10 of the principal enactment as last amended Amendment of

by the Value Added Tax (Amendment) Act, No.15 of 2009 is section 10 of the

principal

hereby further amended as follows:—

enactment.

(1) in item (ii) of subsection (1) of that section, by the

substitution for the words and figures “on or after

January 1, 2009 carries on or carries out” of the words

and figures “on or after January 1, 2009, but prior to

January 1, 2013 carries on or carries out”;

(2) immediately after paragraph (c) of item (ii) of subsection

(1) of that section , by the insertion of the following

new item :—

“(iii) on or after January 1,2013 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 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

(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 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 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 in

the succeeding twelve months period is

likely to exceed twelve million rupees: ”.

8 Value Added Tax (Amendment)

Act, No. 17 of 2013

(3) In subsection (2) of that section, by the substitution

for the words and figures “shall not include the

supplies of any wholesale or retail trading activity

excluded from the payment of tax under section 3.” of

the words and figures “shall not include the value of

supply of goods purchased locally without any

process in a wholesale or retail trading activity unless

the value of total supplies for a period of three months

in one calendar year including the supplies excluded

under section 2 or exempted under PART II of the

First Schedule to the Act, is not less than rupees five

hundred million.”.

Amendment of 6. Section 11 of the principal enactment as last amended

section 11 of the by the Value Added Tax (Amendment) Act, No.7 of 2003 is

principal

enactment. hereby further amended in the proviso to subsection (1)

thereof, by the substitution for the words “shall not be liable

to notify the Commissioner-General.” of the following:-

“shall not be liable to notify the Commissioner-General:

Provided further, with effect from January 1, 2013, any

person registered under section 12, subsection (2) of section

80 or subsection (1) of section 75, as the case may be, of the

Goods and Services Tax Act, No. 34 of 1996 shall be deemed

to have obtained an identification number for the clearing of

goods where such registered person fulfils the criteria

specified in item (iii) of subsection (1) of section 10 or a

registered person during the project implementation period

as specified in subsection (7) of section 22 of this Act.”.

Amendment of 7. Section 12 of the principal enactment is hereby amended

section 12 of the by the substitution for the words “may make an application in

principal

enactment. the specified form to the Commissioner-General for registration

under this Act:” of the words and figures “may make an

application for any taxable period prior to January 1, 2013, in

the specified form to the Commissioner-General for registration

under this Act:”.

Value Added Tax (Amendment) 9

Act, No. 17 of 2013

8. Section 14 of the principal enactment as last amended Amendment of

by the Value Added Tax (Amendment) Act, No.7 of 2003 is section 14 of the

principal

hereby further amended by the repeal of subsection (2) thereof

enactment.

and the substitution therefor of the following:-

“(2) Any person –

(a) registered under subsection (1) of this section;or

(b) deemed to be registered under section 75 or

subsection (2) of section 80 of the Goods and

Services Tax Act, No.34 of 1996 on August 1, 2002

and carrying on or carrying out a taxable activity

subject to the conditions specified in section 3

for the registration of wholesale and retail trade

or fulfilling the requirements specified in item (iii)

of subsection (1) of section 10 of this Act,

shall be a registered person for the purposes of this

Act.”.

9. Section 16 of the principal enactment as last amended Amendment of

by the Value Added Tax (Amendment) Act, No.9 of 2011 is section 16

of the

hereby further amended as follows:-

principal

enactment.

(1) in subsection (1) of that section, by the substitution

for the words and figures “does not exceed the value

set out in section 10.” of the following:-

“does not exceed the value set out in section 10:

Provided that, any registered person who had

had a total value of taxable supplies not exceeding

rupees three million for a period of three months

and rupees twelve million for a period of twelve

months in the year ending as at December 31,

2012, shall request for the cancellation of his

registration with effect from January 1, 2013, unless

such registered person has reasons to believe

that the taxable supplies of such registered person

is likely to exceed the value of supplies specified

in sub-paragraph (iii) of paragraph (c) of

subsection (1) of section 10.”;

10 Value Added Tax (Amendment)

Act, No. 17 of 2013

(2) in subsection (5) of that section, by the substitution

for the words and figures, “by another person who is

a registered person.” of the following:-

“by another person who is a registered person:

Provided that, in the case of a registered person

whose registration is cancelled as specified in the

proviso to subsection (1) -

(a) where the assets (other than stock in trade)

are not transferred to another registered

person at the time immediately prior to the

date of cancellation, the Commissioner-

General shall taking into consideration the

value of the acquisition of the assets and

the period of use of such assets based on

the rates of depreciation applied for income

tax purposes on such assets and other

matters as may be relevant, determine the

value of assets which are not so transferred.

(b) the liability to stock in trade shall not exceed

the unabsorbed input tax as at December

31, 2012.”.

Amendment of 10. Section 21 of the principal enactment as last amended

section 21 of the by the Value Added Tax (Amendment) Act, No.14 of 2007 is

principal

hereby amended in subsection (1) thereof, by the substitution

enactment.

for all the words commencing from “(1) Every registered person

shall” to the words “to be set out in such form:” of the

following:—

“(1) Every registered person shall furnish to the

Commissioner-General –

(a) for any taxable period ending prior to January 1,

2013, not later than the twentieth day of the month

after the expiry of each taxable period ;

(b) for any taxable period commencing on or after

January 1, 2013 not later than the last day of the

month after the expiry of each taxable period

Value Added Tax (Amendment) 11

Act, No. 17 of 2013

a return either in writing or by electronic means of his

supplies during that taxable period. 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.”.

11. Section 22 of the principal enactment as last amended Amendment of

section 22 of the

by the Value Added Tax (Amendment) Act, No.7 of 2012 is principal

hereby further amended as follows:- enactment.

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

first proviso to that subsection and the substitution

therefor of the following :-

“Provided that, the amount of tax due on the supply

of –

(a) garments within such percentage as is

permitted to sell locally by the Board of

Investment of Sri Lanka, established by the

Board of Investments of Sri Lanka Law, No.

4 of 1978 under any agreement entered into

by the manufacturer of garments for export

under section 17 of the aforesaid law as

approved by the Board of Investment of

SriLankaortheDirector-Generalof

Customs , shall be rupees twenty five for each

such garment so supplied within Sri Lanka;

(b) fabric including any product as specified in

the following sub-paragraphs made out of

fabric within such percentage as is

permitted to sell locally by the Board of

Investment of Sri Lanka, established by the

Board of Investment of Sri Lanka Law, No.

4 of 1978, under any agreement entered into

by the manufacturer of fabric for export

under section 17 of the aforesaid law, as

approved by the Board of Investment of

Sri Lanka or the Director-General of

Customs shall be at the following rates:—

12 Value Added Tax (Amendment)

Act, No. 17 of 2013

“(i) linen or curtains at rupees forty per

kilogram;

(ii) towels at rupees twenty five per item;

(iii) bags made out of fabric at rupees

forty per item ;

(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.”.

(2) in subsection (5) of that section –

(a) in paragraph (e) of the second proviso, by the

repeal of all the words commencing from “(e) there

is an excess of input tax” to the words “more than

fifty per centum”and the substitution therefor of

the following:-

“(e) there is an excess of input tax including tax

deferred under section 2, of any registered

person who is registered with the Simplified

Value Added Tax Scheme administrated by

the Commissioner -General referred to in

paragraph (e) of subsection (2) of section 2

with effect from April 1, 2011, being a

supplier of goods to exporters of goods,

referred to in that paragraph for the taxable

period was more than fifty per centum.”;

(b) in the third proviso, by the substitution for the

words and figures, “in items (i), (ii), (iii) or (iv) of

paragraph (e) of subsection (2)”, of the words

and figures “in items (i), (ii), (iii), (iv), (v) or (vi ) of

paragraph (e) of subsection (2)”;

Value Added Tax (Amendment) 13

Act, No. 17 of 2013

(3) in subsection (6) of that section, by the addition

immediately after sub-paragraph (iv) of that subsection,

the following new sub- paragraph:-

“(v) on any tax invoice issued prior to the

commencement of the liability to tax unless such

tax invoice is connected to any business

approved under subsection (7) of this section”;

(4) by the repeal of paragraph (ii) of the second proviso

to subsection (10), and the substitution therefor of

the following new paragraph:-

“(ii) supplies on which the tax is differed under this

Act, being supplies made to exporters by a supplier

so far as both are registered persons with the

Simplified Value Added Tax Scheme administrated

by the Commissioner-General referred to in

paragraph (e) of subsection (2) of section 2 subject

to the conditions specified in the guidelines

specified by the Commissioner-General; and

(5) by the insertion immediately after subsection (10), the

following new subsection:-

“(11) Subject to the provisions of subsection (5) of

section 16, any unabsorbed balance of the

allowable input tax, calculated in terms of the

provisions of this section, as at December 31,

2012, not claimable after January 1, 2013, due to

the cancelation of the registration of any

registered person whose total supplies does

not exceed rupees three million for a period of

three months and rupees twelve million per year

in the year commencing from January 1, 2012

and ending on December 31, 2012, may be set

off against the taxes administrated by the

Commissioner-General on a request made in

writing to the Commissioner-General for such

purpose:

14 Value Added Tax (Amendment)

Act, No. 17 of 2013

Provided that, the tax under this subsection

shall be set off after the finalization of the liability

on the cancellation of the registration with the

approval of the Commissioner-General.”.

Amendment of 12. Section 25A of the principal enactment as last amended

section 25A of

by the Value Added Tax (Amendment) Act, No.7 of 2012 is

the

principal hereby further amended as follows:-

enactment.

(1) in paragraph (iv) of subsection (1) of that section, by

the substitution for the words and figures

“commencing on or after January 1, 2009:” of the words

“commencing on or after January 1, 2009, or the Central

Bank of Sri Lanka established by the Monetary Law

Act, (Chapter 422) (with effect from July 1, 2003):”

(2) by the repeal of subsection (2) of that section and the

substitution therefor of the following:-

“(2) Every specified Institution or other person,

carrying on the business of supplying of any financial

services in Sri Lanka, shall be required to be

registered:-

(a) where the value of such supply for a period of

three months exceeds five hundred thousand

rupees or for a period of twelve months one million

eight hundred thousand rupees, as the case may

be, if such registration has taken place for any

period prior to January 1, 2013;

(b) where the value of such supply 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 January

1, 2013.”.

(3) by the repeal of subsection (3) of that section and the

substitution therefor of the following:-

Value Added Tax (Amendment) 15

Act, No. 17 of 2013

“(3) Every specified institution or other person

required to be registered under subsection (2), shall

make an application for registration in the specified

form to the Commissioner-General not later than thirty

days from the date of completion of the requirements

specified in subsection (2):

Provided that, any institution registered under this

Act and which is also a specified institution within the

meaning of this Chapter, shall be deemed for all

purposes to be a specified institution registered under

this Chapter:

Provided further, the Commissioner-General shall

register any person who has not made an application

for registration under this Chapter if the Commissioner-

General having regard to the nature of the activities

carried on or carried out by such person, is of opinion

that such person is required to be registered under

this Chapter. In the circumstances such person shall

be afforded an opportunity of being heard prior to

being registered under this Chapter and register such

person accordingly with effect from such date as may

be determined by the Commissioner-General.”.

(4) by the addition immediately after subsection (4) thereof,

of the following new subsection:-

“(5) Every registered person shall notify the

Commissioner-General in writing of any change –

(a) in the name, address and place at which

any taxable activity is carried on or carried

out by such person;

(b) in the nature of the taxable activity carried

on or carried out by such person;

(c) in the person authorized to sign returns and

other documents; and

16 Value Added Tax (Amendment)

Act, No. 17 of 2013

(d) in ownership of the taxable activity,

not later than fourteen days after the occurrence of

such change.”.

Amendment of 13. Section 25B of the principal enactment is hereby

section 25B of the amended in subsection (1) thereof by the repeal of paragraph

principal

enactment. (b) and the substitution therefor of the following:-

“(b) six months for any taxable period commencing on or

after January 1, 2011:

Provided that, in the case of a specified institution

or any other person whose accounts are made up for a

twelve months period ending on the 31st day of March

the six months period may be commenced on the 1stday

of April and the 1st day of September for that period of

twelve months. In such event a separate return for the

period commencing from the 1stday of January to the

31st day of March shall be submitted at the time of

such change with the approval of the Commissioner-

General.”.

Amendment of 14. Section 25C of the principal enactment as last amended

section 25C of the

principal by the Value Added Tax (Amendment) Act, No.9 of 2011 is

enactment. hereby further amended as follows:-

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

(a) by the substitution in the proviso to that

subsection, for the words “The estimated amounts

shall be adjusted to reflect the actual amount on

half yearly basis.” of the words “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.

Value Added Tax (Amendment) 17

Act, No. 17 of 2013

(b) by the repeal of paragraph (a) and substitute the

following :—

“(a) in the case of specified employees under

Chapter XIV of the Inland Revenue Act, No.

10 of 2006, the gross remuneration payable

to such employees and reflected in the pay

sheet maintained under section 119 of the

Inland Revenue Act, No.10 of 2006;” and

(2) in subsection (2) of that section, by the substitution

for the words and figures “under section 110 of the

Inland Revenue Act, No. 38 of 2000.” of the words and

figures “under section 119 of the Inland Revenue Act,

No. 10 of 2006.”.

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

(a) by the substitution in paragraph (a) thereof, for

the words and figures “under item (xi) of the First

Schedule but taxable under this Chapter;” of the

words and figures “under item (x) of paragraph

(b) of PART II of the First Schedule but taxable

under this Chapter;”;

(b) by the substitution in paragraph (d) thereof, for

the words “(d) the profit or income on interest

arising or accrued from inter-company

transactions” of the words “(d) the profit or

income (not being profit from a business) on

interest arising or accrued from inter-company

transactions”;

(c) by the substitution in paragraph (f) thereof, for

the words “(f) the dividend income arising to any

person,” of the words “(f) the dividend income

(not being profit from a business) arising to a

person,”;

18 Value Added Tax (Amendment)

Act, No. 17 of 2013

(d) by the repeal of paragraph (h) thereof and the

substitution therefor of the following :—

“(h) the profits or income (not being profits from

a business) from the exchange of currency

other than such profits or income arising or

accruing to any person primarily engaged

in the business or exchange of currency or

any “specified institution” within the

meaning of this Chapter or a person not

registered with the Central Bank of Sri Lanka,

but providing services similar to such

services provided by a finance company,

included in the profit calculated as specified in

subsection (1) of this section shall be treated as

zero.”;

(4) by the repeal of subsection (8) thereof and the

substitution therefor, of the following:-

“(8) Every specified institution or any other person

shall for the purpose of the calculation of tax,

submission of returns and information to be furnished

relating to such return, payments of tax, issue of

assessments, imposition of penalty for non-

submission of the returns or the information required

for the purpose of this Chapter, follow –

(a) the guidelines specified by the Commissioner-

General; and

(b) the relevant guidelines specified in the Order

published in the Gazette,

having considered the uniform application of the

calculation of the liability and any other matter

specified in the guideline provisions of this Chapter.”.

Value Added Tax (Amendment) 19

Act, No. 17 of 2013

15. Section 25D of the principal enactment as last amended Amendment of

by the Value Added Tax Act, No.8 of 2006 is hereby further section 25D of

the

amended by the substitution for the words “any registered

principal

specified institution” of the words “any registered specified enactment.

institution or other person”.

16. Section 25H of the principal enactment is hereby Amendment of

amended in paragraph (b) of subsection (1), by the substitution section 25H of

the

for the words and figures “every quarter commencing on

principal

January 1, 2011.” of the words and figures “every quarter enactment.

commencing on January 1, 2011 and ending on December 31,

2012,”.

17. Section 25I of the principal enactment as last amended Amendment of

by the Value Added Tax (Amendment)Act, No.9 of 2011 is section 25I of the

principal

hereby further amended as follows:-

enactment.

(1) in subsection (1) of that section :—

(a) by the substitution for the words, “referred to in

subsection (2), may apply for registration” , of

the words and figures “referred to in subsection

(2), may prior to December 31, 2012 apply for

registration”;

(b) in paragraph (b) of subsection (1), by the

substitution for the words and figures “ shall be

valid for a period of twelve years from the date of

commencement of the quarter” of the words and

figures “shall be valid for any quarter ending

prior to January 1, 2013 from the date of

commencement of the quarter”;

(c) by the addition immediately after paragraph

(b) of that subsection, the following new

paragraph :-

“(c) Any registration obtained under this

Chapter shall be treated as cancelled with

effect from the period commencing from

January 1, 2013:

20 Value Added Tax (Amendment)

Act, No. 17 of 2013

Provided that, any person or partnership

registered under this Chapter whose

turnover exceeds rupees twelve million per

year and fulfils the criteria for registration

under section 10 shall obtain a registration

accordingly.”.

Amendment of 18. Section 26 of the principal enactment is hereby

section 26 of the

amended as follows:-

principal

enactment

(1) in subsection (1) thereof, by the substitution for the

words and figures “(1) (1) The tax in respect of any”

of the words and figures “(1) The tax in respect of

any”;

(2) by the insertion immediately after subsection (1) of

that section of the following:-

“(1A) Notwithstanding the provisions of

subsection (1) of this section, in the case of a

registered person whose taxable supplies

consist of any supplies other than the supply

of goods manufactured in Sri Lanka by such

manufacturer, the tax in respect of any taxable

period on or after January 1, 2013 shall be

paid :—

(i) for the period from the 1st day to the 15th

day of any month on or before the end of

that month; and

(ii) for the period from the 16th day to the end

of the month on or before the 15th day of

the subsequent month,

subject to the making of any final adjustments,

if any , with the submission of the return .

Any tax not paid as set out above shall be deemed to

be in default and the person by whom such tax is

payable or where any tax is payable by more than one

person, each such person shall be deemed to be a

defaulter for the purposes of this Act.”.

Value Added Tax (Amendment) 21

Act, No. 17 of 2013

19. Section 28 of the principal enactment is hereby amended Amendment of

by the addition immediately after subsection (4) of that section section 28 of the

principal

of the following:- enactment.

“(5) Where any person whose turnover from every

trade or business carried on by such person for any

period of twelve months ending prior to April 1, 2011,

does not exceed three hundred million and who has

not complied with any law relating to tax as

administrated by the Commissioner-General, requests

that he be registered under section 10 of this Act,

notwithstanding the provisions of subsection (1) of

this section and subsection (2) of section 33 of this

Act, the turnover of that person for the above period

shall not be assessed if such person undertakes to-

(a) invest his past earnings from that trade or

business in any business prior to March 31, 2014;

and

(b) comply with the requirements of this Act for any

subsequent period.”.

20. The following new section is hereby inserted Insertion of

immediately after section 64 of the principal enactment and section 64A in

the principal

shall have effect as section 64A of that enactment:-

enactment.

“Certain 64A. Where the assessor is of the opinion

transactions that any transaction which reduces or would

and

dispositions have the effect of reducing the amount of tax

to be payable by any person is artificial or fictitious

disregarded. or that any disposition is not in fact given effect

to, he may disregard any such transaction or

disposition and the parties to the transaction or

disposition shall be assessable accordingly.

In this section “disposition” includes any

trust, grant, covenant, or arrangement.”.

22 Value Added Tax (Amendment)

Act, No. 17 of 2013

Amendment of 21. Section 67 of the principal enactment as last amended

section 67 of the

principal by the Value Added Tax (Amendment) Act, No.9 of 2011 is

enactment. hereby further amended as follows:-

(1) in paragraph (a), by the substitution for the words and

figures “under section 10; or” of the words and figures

“under section 10 or section 25A; or”;

(2) by the repeal of paragraph (aa) thereof;

(3) in paragraph (b), by the substitution for the words

and figures “under section 19; or” of the words and

figures “under section 19 or subsection (5) of section

25A; or”;

(4) in paragraph (f), by the substitution for the words and

figures “under section 21; or” of the words and figures

“under section 21 or section 25B ; or”;

(5) in paragraph (g), by the substitution for the words

and figures “under section 21 or;” of the words and

figures “under section 21 or section 25B or”;

(6) by the substitution in paragraph (l) of that section for

the words “issues a tax invoice,” of the following:-

“issues a tax invoice; or

(m) fails to comply with the requirements specified

by order published in the Gazette or the

guidelines issued by the Commissioner-General

under sections 2 or 25C, as the case may be ; or

(n) fails to furnish an annual adjustment under sub

section (1) of section 25C,”.

Value Added Tax (Amendment) 23

Act, No. 17 of 2013

22. The First Schedule of the principal enactment is hereby Amendment of

the first schedule

amended in PART II thereof as follows:-

of the

principal

(1) in paragraph (a) of that PART – enactment.

(i) by the repeal of item (viii) and the substitution

therefor of the following item:-

“(viii) agricultural tractors or road tractors for

semi-trailers;”;

(ii) In item (xxii)–

(a) by the substitution for the words in sub-

item (i) “moulding (steel, glass, rubber or

plastic),” of the words, “moulding (steel,

glass, mineral material, rubber or plastic),”;

(b) by the substitution for the words and

figures “under the Sri Lanka Export

Development Act, No. 40 of 1979,” of the

following:-

“under the Sri Lanka Export

Development Act, No. 40 of 1979;

(vi) bowsers, bulldozers, graders,

levelers, excavators, fire fighting

vehicles;

(vii) raw materials for the manufacture

of energy saving bulbs,”.

(2) in paragraph (b) of that PART –

(i) in sub-paragraph (A) of paragraph (b) of item (ii),

by the substitution for the words and figurers “in

respect of any rental falling due for payment on

or after April 1, 2012.” of the following:-

“in respect of any rental falling due for

payment on or after April 1, 2012;

24 Value Added Tax (Amendment)

Act, No. 17 of 2013

(iii) bowsers, bulldozers, graders, levelers,

excavators, fire fighting vehicles or road

tractors for semi-trailers as exempted for

Custom purposes under Harmonize

Commodity Description and Coding

System Numbers in respect of any rental

falling due for payment on or after

January 1, 2013,”.

(ii) by the repeal of item (xx) and the substitution

therefor of the following:-

“(xx) locally manufactured coconut oil or coco

peat, coir fiber, grow pellets, grow bags,

twist fiber or coconut husk made out of

coconut waste;”.

(iii) by the repeal of item (xLiii) and the substitution

therefor of the following:-

“(xLiii) services which result in the improvement

of quality, character or value of any yarn,

fabric or garment so far as such services

are provided to persons other than

exporters of such products;”.

(iv) by the addition immediately after item (xLiv) of

the following:-

“(xLv) services by a Unit Trust Management

company so far as such services are

provided to any Unit Trust ;

(xLvi) services being hotel accommodation to

any sportsman, organizer of any sport

event or sponsor arriving in Sri Lanka

for participating in any sport event or

activity connected with sports, as may

be approved by the Minister who is in

charge of the subject of Sports”.

Value Added Tax (Amendment) 25

Act, No. 17 of 2013

(3) in paragraph (c) of that PART –

(i) by the repeal of item (xxvii) and the substitution

therefor of the following:-

“(xxvii) packing materials exclusively for the use

of packing of pharmaceuticals or

ayurvedic medicines manufactured in Sri

Lanka and which are imported by the

manufacturer of such pharmaceuticals

or ayurvedic medicines, so far as such

packing materials are not manufactured

in Sri Lanka as approved by the Secretary

to the Ministry of the Minister to whom

the subject of Health is assigned or the

Commissioner of the Department of

Ayurveda, as the case may be, for this

purpose.”.

(ii) in item (xxxvi), by the substitution for the words

“subject to the chargeability of a Cess of rupees

seventy five per kilogram on importation” of the

words “subject to the chargeability of a Cess at a

specific rate referred to in sub-item (ii) of item

(xxxvii) of paragraph (b) of PART II of the First

Schedule.”.

(iii) by the addition immediately after item (xxxvi) of

that paragraph, the following new item:-

“(xxxvii) gully bowsers, semi-trailers for road

tractors, any machinery or equipment

used for garbage disposal activities

carried out by any local authority, for

the purpose of provision of such

services to the public, as approved by

the Secretary to the relevant

Ministry.”.

(4) by the addition immediately after paragraph (h) of that

PART, the following new paragraphs:-

“(i) the supply of goods or services by the Central

Bank of Sri Lanka established by the Monetary

Law Act (Chapter 422);

26 Value Added Tax (Amendment)

Act, No. 17 of 2013

(j) the supply of any services by any public

corporation to the extent of provision of such

services on behalf of the Government of Sri Lanka,

free of charge out of the funds voted by Parliament

from the Consolidated Fund or out of any loan

arranged through the Government.

(k) the supply of goods or services by any individual

who is a citizen of Sri Lanka and who carries on

any business of manufacturing of any article other

than any liquor or tobacco product or supply of

any services after returning from a foreign

employment for a period of five years reckoned

from the beginning of the year of assessment in

which such business commences if such

individual-

(i) returns from such foreign employment on

or after January 1, 2013; and

(ii) invests his earnings from such foreign

employment to commence such business.”.

Validation. 23. Any person who collects the Value Added Tax as

provided for in this Act during any period commencing from

January 1, 2013 and ending on the date on which the Certificate

of the Speaker in endorsed in respect of this Act, shall be

deemed to have acted with due authority and such collection

of tax shall be deemed to have been, and to be, validly made:

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 such period.

Sinhala text to 24. In the event of any inconsistency between the

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

case of

inconsistency. prevail.

Value Added Tax (Amendment) 27

Act, No. 17 of 2013

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