

PARLIAMENT OF THE DEMOCRATIC

SOCIALIST REPUBLIC OF

SRI LANKA

INLAND REVENUE (AMENDMENT)

ACT, No. 8 OF 2014

[Certified on 24th April, 2014]

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[Certified on 24th April, 2014]

L.D.—O. 5/2014

AN ACT TO AMEND THE INLAND REVENUE ACT, NO. 10 OF 2006

BE it enacted by the Parliament of the Democratic Socialist

Republic of Sri Lanka as follows:—

1. This Act may be cited as the Inland Revenue Short title and

(Amendment) Act, No. 8 of 2014, and shall be deemed the date

of operation.

for all purposes to have come into operation on

April 1, 2014.

2. The Inland Revenue Act, No. 10 of 2006 (hereinafter Amendment

of Act, No. 10

referred to as the “principal enactment”) as last amended by

of 2006.

Act, No.18 of 2013 is hereby further amended as follows:-

(1) by the substitution for the words “Senior Deputy

Commissioner-General” wherever such words occur

in the principal enactment, of the words “Additional

Commissioner-General”;

(2) by the substitution for the word “Commissioner”

wherever such word occurs in the principal

enactment, of the words “Senior Commissioner”;

(3) by the substitution for the words “Deputy

Commissioner” wherever such words occur in the

principal enactment, of the word “Commissioner”;

(4) by the substitution for the words “Senior Assessor”

wherever such words occur in the principal

enactment, of the words “Deputy Commissioner or

Senior Deputy Commissioner”; and

(5) by the substitution for the word “Assessor”

wherever such word occurs in the principal

enactment, of the words “Assessor or Assistant

Commissioner”.

2—PL 008093—2900 (03/2014)

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Amendment of 3. Section 7 of the principal enactment as last amended

section 7 of the by Act, No. 18 of 2013 is hereby further amended as follows:-

principal

enactment.

(1) in paragraph (b) of that section –

(a) by the substitution in sub-paragraph (lxviii),

for the words and figures “Companies Act,

No. 17 of 1982; and”, of the words and figures

“Companies Act, No. 17 of 1982;”;

(b) by the substitution in sub-paragraph (lxix),

for the words “the circulars issued by such

Ministry.”, of the words “the circulars issued

by such Ministry;”; and

(c) by the addition, immediately after sub-

paragraph (lxix), of the following new sub-

paragraphs:-

“(lxx) the National Enterprise

Development Authority established

under the National Enterprise

Development Authority Act, No. 17

of 2006;

(lxxi) the Sri Lanka Institute of Marketing

incorporated under the Sri Lanka

Institute of Marketing

(Incorporation) Act, No. 41 of 1980;

(lxxii) the Institute of Physics, Sri Lanka

incorporated under the Institute of

Physics, Sri Lanka (Incorporation)

Act, No. 12 of 1986;”; and

(lxxiii) the Lionel Wendt Memorial Fund

incorporated under section 114 of

the Trusts Ordinance (Chapter 87).”;

(2) by the substitution in paragraph (k) of that section,

for the words ''for such year of assessment", of the

words ''for the year of assessment immediately

preceding such year of assessment";

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(3) by the substitution in paragraph (l) of that section,

for the words and figures “the Monetary Law Act

(Chapter 422).”, of the words and figures “the

Monetary Law Act (Chapter 422);”; and

(4) by the addition immediately after paragraph (l) of

that section, of the following new paragraph :-

“(m) the profits and income of any institution,

established on or after April 1, 2013, by

relocating in Sri Lanka the headquarters

or regional head offices of institutions in

the international network, as specified by

the Commissioner-General by Notice

published in the Gazette.”.

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

by Act, No. 18 of 2013 is hereby further amended in section 8 of the

principal

subsection (1) of that section as follows:-

enactment.

(1) by the substitution in paragraph (s) of that

subsection, for the words “any allowance paid in

lieu of the provision of such vehicle,”, of the words

“the aggregate of any allowance paid in lieu of the

provision of such vehicle and the value of any

transport facility as may be specified by the

Commissioner-General by Order published in the

Gazette,”;

(2) by the substitution in paragraph (w) of that

subsection, for the words “not resident in Sri Lanka.”,

of the words “not resident in Sri Lanka;”; and

(3) by the addition immediately after paragraph (w) of

that subsection, of the following new paragraph:-

“(x) the profits and income not exceeding forty

eight thousand rupees for any year of

assessment, if the aggregate of such profits

and income is not more than forty eight

thousand rupees other than any

employment income or any profits and

income which is taxable at source as final

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tax, of any individual who is an employee

and who is not engaged in any trade,

business, profession or vocation, if tax is

deducted from his employment income for

that year of assessment.”.

Amendment of 5. Section 9 of the principal enactment as last amended

section 9 of the by Act, No. 18 of 2013 is hereby further amended as follows:-

principal

enactment.

(1) by the substitution in paragraph (a) of that section,

for all the words from “to the Government of Sri Lanka” to

the words, “to any other undertaking,”, of the words “to any

person or partnership in Sri Lanka, notwithstanding whether

such company, partnership or body of persons has a

permanent establishment or any business connection in Sri

Lanka,”; and

(2) by the substitution in paragraph (k) of that section,

for the words “Treasury Bond Investment External Rupee

Account;”, of the words “Securities Investment Account;”.

Amendment 6. Section 10 of the principal enactment as last amended

of section 10 by Act, No. 8 of 2012 is hereby further amended in subsection

of the principal

enactment. (1) of that section as follows :-

(1) by the substitution in the proviso to paragraph (k)

of that subsection, for the words “within one year

thereafter.”, of the words “within one year

thereafter;”; and

(2) by the insertion immediately after paragraph (k) of

that subsection, of the following new paragraph :-

“(l) any dividend paid to a shareholder of a

company out of such dividend as is

referred to in paragraph (j), received by

that company, if the first mentioned

dividend is paid within three months of

the receipt of the second mentioned

dividend by that company.”.

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7. Section 13 of the principal enactment as last amended Amendment of

section 13 of the

by Act, No. 18 of 2013 is hereby further amended as follows:-

principal

enactment.

(1) by the insertion immediately after paragraph

(yyyyyyy) of that section, of the following new

paragraph :-

“(yyyyyyyy) the profits and income of any person

resident in Sri Lanka who acquires

any internationally recognized

intellectual property on or after April

1, 2014 and who earns profits and

income by way of royalty out of

such intellectual property, if such

royalty is received in foreign

currency and remitted to Sri Lanka

through a bank;”; and

(2) by the insertion immediately after paragraph

(zzzzzzz) of that section, of the following new

paragraph :-

“(zzzzzzzz) the profits and income arising or

accruing to any company,

partnership or body of persons in a

country outside Sri Lanka, from any

payment made for the use of any

computer software, by Sri Lankan

Air Lines Ltd or Mihin Lanka (Pvt)

Ltd, as a special requirement of such

Airlines, if a Double Taxation

Avoidance Agreement providing

relief for double taxation of such

profits and income is not in force

between Sri Lanka and that country

or tax is not payable in such country

on such profits and income.”.

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Amendment of 8. Section 16D of the principal enactment as last

section 16D amended by Act, No. 18 of 2013 is hereby further amended

of the principal

enactment. by the substitution for the words and figures “any new

undertaking established on or after April 1, 2012 and”, of

the words and figures “any new undertaking established on

or after April 1,2012, but prior to April 1, 2015 and”.

Amendment of 9. Section 16E of the principal enactment is hereby

section 16E amended by the substitution for the words “organic

of the principal

enactment. fertilizers,”, of the words “organic fertilizers or biological

fertilizers,”.

Amendment of 10. Section 17A of the principal enactment as last

section 17A amended by Act, No. 18 of 2013 is hereby further amended

of the principal

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

enactment.

the words and figures from “the development of national

economy ;” to the end of that section, of the following words

and figures:-

“the development of national economy ;

(b) in which the sum invested in the acquisition of fixed

assets after March 31, 2011 but prior to April 1, 2015

is not less than the corresponding sum specified in

Column I of the Schedule to subsection (1);

(c) which commences commercial operations on or

after April 1, 2011, but prior to April 1, 2016; and

(d) which is not formed by the splitting up or

reconstruction or acquisition of any business which

was previously in existence.

For the purpose of this section “the investment” means

the cost of any land, plant, machinery, equipment and

other fixed assets.”.

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

section 22 amended by Act, No. 9 of 2008 is hereby further amended in

of the principal

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

enactment.

words “with an investment of not less than two million rupees

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made within one year from the commencement of such

undertaking,”, of the words and figures “with an investment

of not less than two million rupees, made within one year

from the commencement of such undertaking, but prior to

April 1, 2014,”.

12. Section 25 of the principal enactment as last Amendment

amended by Act, No. 18 of 2013 is hereby further amended ofsection 25

of the principal

in subsection (1) of that section as follows:- enactment.

(1) by the substitution in paragraph (u) of that

subsection, for the words “to the Government.”, of

the words “to the Government;”; and

(2) by the addition immediately after paragraph (u) of

that subsection, of the following new paragraphs:-

“(v) the cost of acquisition of any

internationally recognized intellectual

property used for producing such profits

and income;

(w) any royalty or ground rent paid by such

person.”.

13. Section 26 of the principal enactment as last Amendment of

amended by Act, No.18 of 2013 is hereby further amended section 26

of the principal

as follows:-

enactment.

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

(a) by the substitution in sub-paragraph (vi) of

paragraph (l) of that subsection, for the words

and figures “Finance Act, No. 5 of 2005,”, of

the words and figures “Finance Act, No. 5 of

2005; or”;

(b) by the insertion immediately after sub-

paragraph (vi) of paragraph (l) of that

subsection, of the following new sub-

paragraph:-

“(vii) any Crop Insurance Levy levied

under section 14 of PART IV of the

Finance Act, No. 12 of 2013,”;

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(c) by the substitution for paragraph (m) of that

subsection, of the following paragraph:-

“(m) any annuity paid by such person;”;

and

(2) by the substitution in subsection (4) of that section,

for all the words from “any part thereof,” to the

words “assessment is made:”, of the words “any

part thereof, and an assessment shall be made

disallowing the entirety or any part of such

expenditure notwithstanding anything to the

contrary in any other provisions of this Act, if it

appears to the Assessor that the debt or such part

thereof attributable to such expenditure or any part

thereof, remains unpaid at the time such assessment

for that year of assessment is made:”.

Amendment 14. Section 32 of the principal enactment as last amended

of section 32 by Act, No. 8 of 2012 is hereby further amended as follows:-

of the principal

enactment. (1) in subsection (5) of that section –

(a) by the substitution in paragraph (a) of that

subsection, for the words and figures

“annuity, ground rent, royalty or interest not

deductible under section 25.”, of the words

and figures “annuity or interest, not

deductible under section 25.”; and

(b) by the insertion immediately after paragraph

(c) of that subsection, of the following new

paragraph:-

“(cc) Where any person who is engaged

in carrying on both life insurance

business and general insurance

business segregates such life

insurance business and the general

insurance business into two separate

companies, as required by section 53

of the Regulation of Insurance

Industry (Amendment) Act, No. 3 of

2011, incurred any loss prior to such

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segregation of which the entirety or

any part thereof had not been

deducted previously, the balance, if

any, as at the date of such segregation

shall, notwithstanding anything to

the contrary in any other provision

of this Act, but subject to the

provisions of paragraph (b), be

deducted from the total statutory

income of the respective companies

in the following manner:-

(i) such part of the loss as

attributable to the life insurance

business, from the total statutory

income of the company which

carries on long term insurance

business;

(ii) such part of the loss as

attributable to the general

insurance business, from the total

statutory income of the company

which carries on general

insurance business.”; and

(2) by the substitution in paragraph (a) of subsection

(6) of that section, for the words and figures “from

income tax under section 16, section 17, section

18,”, of the words and figures “from income tax

under section 16, section 16A, section 16B, section

16C, section 16D, section 17, section 17A, section

18,”.

15. Section 33 of the principal enactment as last Amendment of

amended by Act, No. 22 of 2011 is hereby further amended section 33 of the

principal

in item (ii) of the further proviso to subsection (1) of that

enactment.

section, by the substitution for the words and figures “any

part of any allowance under section 34 from any employment

income”, of the words and figures “any part of any allowance

under section 34, other than the allowance referred to in

paragraphs (u) and (v) of subsection (2) of section 34, from

any employment income”.

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Amendment 16. Section 34 of the principal enactment as last

of section 34 amended by Act, No.18 of 2013 is hereby further amended

of the principal

as follows:-

enactment.

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

(a) by the substitution for paragraph (s) of that

subsection, of the following paragraph:-

“(s) investment of not less than fifty million

rupees in the acquisition of fixed

assets made by any person on or after

April 1, 2011 but before April 1, 2014

in the expansion of any undertaking

which would have been qualified for

exemption under section 16C or section

17A had such undertaking commenced

to carry on business on or after April 1,

2011:

Provided however, where such

investment is made in any high tech

plant, machinery or equipment which

is acquired for energy efficiency

purposes or for technology upgrading

purposes or introducing any new

technology or for power generation

using renewable energy resources in the

expansion of such undertaking on or

after April 1, 2011, but prior to April 1,

2015 such investment shall comprise a

qualifying payment.”;

(b) by the substitution in paragraph (u) of that

subsection, for the words “whichever is

lower;”, of the words “whichever is lower;”;

(c) by the substitution in paragraph (v) of that

subsection, for the words “not resident in Sri

Lanka.”, of the words “not resident in Sri

Lanka;”; and

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(d) by the addition immediately after paragraph

(v) of that subsection, of the following new

paragraphs:-

“(w) any expenditure incurred not

exceeding six hundred thousand rupees

for any year of assessment commencing

on or after April 1, 2014 on the

repayment of the capital of a loan

obtained from any bank licensed under

the Banking Act, No. 30 of 1988 or any

finance company licensed under the

Finance Business Act, No. 42 of 2011,

of which the proceeds are utilized to

construct a house or to purchase a

house or a unit of a residential

apartment complex, by an individual

who is a professional and who furnishes

a return under section 106, whether

such individual obtained such loan

alone or together with any other

individual:

Provided that, if such loan is

obtained together with another

individual or obtained for a co-owned

property, such deduction shall not

exceed the amount of expenditure

attributable to such individual who

obtained such loan.

For the purpose of this paragraph,

“professional” shall have the same

meaning as given for that expression

in section 40C;

(x) any expenditure incurred by any bank

or any finance company licensed under

the Finance Business Act, No.42 of

2011, by way of cost of acquisition or

merger of any other bank or any other

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finance company, where such cost is

ascertained by considering all the facts

on case by case basis in accordance with

the guidelines issued by the Central

Bank of Sri Lanka for that purpose, and

such expenditure is not deductible

under section 25.”;

(2) in subsection (4) of that section –

(a) by the substitution in sub-paragraph (i) of

paragraph (a) of that subsection, for the words

and figures “ (t), (u) and (v) of subsection (2)”,

of the words and figures “(t), (u), (v) and (w)

of subsection (2)”; and

(b) by the substitution in sub-paragraph (i) of

paragraph (b) of that subsection, for the words

and figures “(r), (s) and (t) of subsection (2)”,

of the words and figures “(r), (s), (t) and (x) of

subsection (2)”.

Amendment of 17. Section 40A of the principal enactment as last

section 40A of amended by Act, No. 18 of 2013 is hereby further amended

the principal by the substitution for the words and figures “commencing

enactment.

on or after April 1, 2008,”, of the words and figures

“commencing on or after April 1, 2008, but prior to April 1,

2014,”.

Insertion of new 18. The following new section is hereby inserted

section 40C in immediately after section 40B of the principal enactment

the principal

and shall have effect as section 40C of that enactment :-

enactment.

“Rates of 40C. (1) Where the taxable income of any

income tax individual, being a citizen of Sri Lanka, for

on the profits

any year of assessment commencing on or after

from

employment April 1, 2014, includes any profits from

of employment (hereinafter in this section referred

professionals. to as “relevant profits”) in the exercise of his

duties as a professional, and the rate of income

tax payable on a part of such taxable income

(hereinafter in this section referred to as the

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“relevant part of the taxable income”) exceeds

sixteen per centum, then in regard to the

relevant part of the taxable income, the tax

payable shall be computed as follows:-

(a) where such relevant part of the taxable

income exceeds the amount of the

relevant profits:-

(i) the tax payable on such portion

of the relevant part of the taxable

income as is equal to the amount

of such relevant profits, shall be

computed at the rate of sixteen

per centum; and

(ii) the tax payable on the balance of

the relevant part of the taxable

income, shall be computed

according to such of the rates

above sixteen per centum, as are

applicable thereto, under the First

Schedule to this Act; or

(b) where such relevant part of the taxable

income does not exceed the amount of

the relevant profits, the tax payable on

the entirety of the relevant part of the

taxable income, shall be computed at

the rate of sixteen per centum.

(2) For the purpose of this section

“professional” means a doctor registered under

the Medical Ordinance (Chapter 105), a

chartered engineer, a chartered architect, a

member of the Institute of Chartered

Accountants of Sri Lanka, a member of the

Association of Chartered Certified

Accountants, a member of the Chartered

Institute of Management Accountants (U.K.)

and an attorney-at-law, and includes a software

engineer, a pilot licensed under the Air

Navigation Act (Chapter 365), a navigation

officer and a researcher or senior academic,

recognized as an accredited professional.”.

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Amendment 19. Section 50 of the principal enactment is hereby

of section 50 amended by the substitution for the words and figures

of the principal

“taxable income of that person for any year of assessment

enactment.

commencing prior to April 1, 2014 includes”, of the words

“taxable income of that person for any year of assessment

includes”.

Amendment 20. Section 51 of the principal enactment is hereby

of section 51

amended by the substitution for the words and figures

of the principal

enactment. “taxable income of that company for any year of assessment

commencing prior to April 1, 2014 includes”, of the words

“taxable income of that company for any year of assessment

includes”.

Amendment of 21. Section 52 of the principal enactment is hereby

section 52 of the amended by the substitution for the words and figures

principal “taxable income of that company for any year of assessment

enactment. commencing prior to April 1, 2015 includes”, of the words

“taxable income of that company for any year of assessment

includes”.

Amendment of 22. Section 56C of the principal enactment is hereby

section 56C amended by the substitution for the words “from the sale of

of the principal

enactment. any product manufactured in Sri Lanka”, of the words and

figures “from the sale of any product manufactured in Sri

Lanka, other than such part of the profits and income exempt

under section 13,”.

Replacement of 23. Section 58 of the principal enactment is hereby

section 58 of the repealed and the following section is substituted therefor:-

principal

enactment.

“Rate of tax 58. Such part of the profits and income

on profits within the meaning of paragraph (a) of section

and income

3, of any person as consists of profits and

from the

supply of income from the supply of any services, to any

any services exporter of goods or services or to any foreign

to any principal of such exporter directly, being

exporter.

services which could be treated as essentially

related to the manufacture of such goods or

provision of such services exported by such

exporter either directly or through any export

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trading house, including any service provided

by an agent of a ship operator to such agent's

foreign principal, and the payment for such

services are made by such exporter or foreign

principal to such person in Sri Lanka in foreign

currency, shall, notwithstanding anything to

the contrary in any other provision of this Act,

be chargeable with income tax at the

appropriate rate specified in the Fifth Schedule

to this Act, if -

(a) such supply is covered by an

international letter of credit or a letter

of credit opened in a bank in Sri Lanka

on a back to back basis against an

international letter of credit for the

remittance to Sri Lanka of the foreign

exchange value of the exports related

to such supply; or

(b) (i) the payment of the consideration

for such supply is made in foreign

currency by means of a draft or

telegraphic transfer made in favour

of such person by such exporter or

foreign principal; and

(ii) such other documentary evidence

as is required by the Commissioner-

General to satisfy himself that the

goods or services relating to such

supply have in fact been exported,

is adduced.”.

24. Section 59B of the principal enactment as last Amendment of

amended by Act, No.18 of 2013 is hereby further amended section 59B of

the principal

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

words “any other provisions of this Act”, of the words “any

other provisions of this Act, but subject to provisions of

section 59F ”.

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Amendment of 25. Section 59D of the principal enactment is hereby

section 59D of

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

the principal

enactment. for the words “holding of its shares by the general public.”,

of the following words and figures:-

“holding of its shares by the general public:

Provided however, where any company lists its

shares in the aforesaid manner, on or before April 1,

2017 and which is liable to pay income tax at the rate

specified in item 3 of PART-B of Second Schedule to

this Act, such rate shall be reduced by fifty per centum

for the year of assessment in which such shares are

listed and for another two years of assessment

immediately succeeding that year of assessment

subject such company after listing continues to

maintain not less than twenty per centum of holding

of its shares by the general public.”.

Insertion of 26. The following new sections are hereby inserted

new sections immediately after section 59E of the principal enactment

59F, 59G and

59H in the and shall have effect as sections 59F, 59G and 59H

principal respectively, of that enactment:-

enactment.

“Rate of 59F. (1) Where the taxable income of any

income tax

on the profits individual being a citizen of Sri Lanka, for any

and income year of assessment commencing on or after

from the April 1, 2014, includes any profits and income

provision of

from providing professional services as a

professional

services. professional, such part of the taxable income

shall, notwithstanding anything to the contrary

in any other provisions of this Act, be

chargeable with income tax at the appropriate

rate specified in the Fifth Schedule to this Act.

(2) For the purpose of this section,

“professional” shall have the same meaning as

given for that expression in section 40C.

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Rate of 59G. (1) The tax rate applicable on the

income tax

profits and income earned by a bank for any

applicable to

the profits year of assessment commencing on or after

and income April 1, 2014, on any loan granted to any

earned by individual, who is a professional, for the

any bank on

purpose of constructing a house or purchasing

loans granted

to a house or a unit of a residential apartment

professionals complex, by such individual alone or together

for with any other individual, shall be reduced by

construction

purposes. fifty per centum.

(2) For the purpose of this section,

“professional” shall have the same meaning as

given for that expression in section 40C.

Income tax 59H. Such part of the tax computed in

payable by accordance with this Act, as being payable by

ship any ship operator, ship builder or any agent of

operators, a foreign ship shall, notwithstanding anything

ship builders to the contrary in any other provision of this

or any agent Act, be reduced by ten per centum, if such ship

of a foreign operator, ship builder or agent provides

ship. training on skill development in the shipping

industry to trainees.”.

27. Section 63 of the principal enactment as last Amendment

amended by Act, No. 10 of 2007 is hereby further amended of section 63

of the

by the substitution for the words “such dividend shall,”, of

principal

the words “profits and income from such dividend shall,”. enactment.

28. Section 76 of the principal enactment is hereby Amendment

amended in subsection (2) of that section, by the substitution of section 76

of the

for the words “the amount of any interest, annuity, ground

principal

rent or royalty”, of the words “the amount of any interest or enactment.

annuity”.

29. Section 79 of the principal enactment as last Amendment

amended by Act, No.18 of 2013 is hereby further amended of section 79

of the

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

principal

substitution therefor, of the following subsection:- enactment.

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“(3) For any year of assessment commencing

prior to April 1, 2013, an individual who has been

deemed resident for two or more consecutive years

of assessment shall be deemed to be resident until

such time as he is continuously absent from Sri

Lanka for an unbroken period of three hundred and

sixty five days. When such person is so absent, he

shall notwithstanding the provisions of subsection

(2), be deemed to be non-resident from the

commencement of the year of assessment in which

such absence commences.”.

Amendment 30. Section 105 of the principal enactment is hereby

of section amended in subsection (3) of that section, by the substitution

105 of the

principal for the words “provisions of this Act,”, of the words

enactment. “provisions of this Act, and shall notwithstanding anything

to the contrary in any other provision of this Act, be

chargeable with income tax at the appropriate rate specified

in the Fifth Schedule to this Act,”.

Amendment of 31. Section 106 of the principal enactment as last

section 106 of amended by Act, No. 22 of 2011 is hereby further amended

the principal

enactment. by the addition immediately after subsection (19) of that

section, of the following new subsection:-

“(20) For the purposes of this Act, the

Commissioner-General may give notice in writing

to any person requiring him to furnish within the

period specified in such notice, any information in

relation to any transaction between such person and

any other person or class of persons.”.

Amendment of 32. Section 107 of the principal enactment as last

section 107 of amended by Act, No.8 of 2012 is hereby further amended in

the principal

subsection (3) of that section as follows:-

enactment.

(a) by the substitution in paragraph (a) of that

subsection, for the words “ “approved accountant”

means –”, of the words “ “approved accountant”

for any year of assessment commencing prior to

April 1, 2014 means -”;

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(b) by the insertion immediately after paragraph (a) of

that subsection, of the following new paragraph:-

“(aa) “approved accountant” for any year of

assessment commencing on or after April

1, 2014 means an accountant who is a

member of the Institute of Chartered

Accountant of Sri Lanka;”; and

(c) by the substitution in paragraph (b) of that

subsection, for the words “commercial practices and

accounting standards;”, of the words “commercial

practices and accounting standards and the

operational profits calculated in accordance with

the Sri Lanka Financial Reporting Standards;”.

33. Section 117 of the principal enactment as last Amendment

amended by Act, No. 22 of 2011 is hereby further amended of section 117

of the principal

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

enactment.

words “provides a benefit in cash or in kind to any other

person who”, of the words “to any other person and where

such director, chairperson or other person”.

34. Section 117A of the principal enactment is hereby Amendment

amended as follows :- of section 117A

of the principal

enactment.

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

for all the words and figures from “shall deduct tax

at the rate of –” to the end of that subsection, of the

following words and figures:-

“shall deduct tax at the rate of –

(a) ten per centum -

(i) where the aggregate of such

payments or value of such benefits

does not exceed twenty five

thousand rupees per month; or

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(ii) where the aggregate of such

payments or value of such benefits

does not exceed fifty thousand

rupees per month, if such employee

is an individual employed in the

public sector; or

(b) sixteen per centum–

(i) where the aggregate of such

payments or value of such benefits

exceeds twenty five thousand rupees

per month; or

(ii) where the aggregate of such

payments or value of such benefits

exceeds fifty thousand rupees per

month, if such employee is an

individual employed in the public

sector;

on such payments or the value of such benefits

in terms of the provisions of this Chapter. No

direction shall be issued or entertained under

section 118 in relation to such payments or

value of such benefits.”; and

(2) by the addition immediately after subsection (3) of

that section, of the following new subsection:-

“(4) Where an individual is employed under

more than one employer or has more than

one employment and receiving any

benefit from the private use of a motor

vehicle or any allowance paid in lieu of

the provision of such vehicle or value of

any transport facility from more than one

employer or from more than one

employment, the excess of aggregate of

such benefit or allowance or such value

over fifty thousand rupees shall form part

of such employee’s employment income

liable to tax.”.

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35. Section 133 of the principal enactment as last Amendment of

section 133

amended by Act, No 22 of 2011 is hereby further amended of the principal

in subsection (3) of that section as follows :- enactment.

(1) by the substitution in paragraph (b) of that

subsection, for the words ''under this Act ; or", of

the words ''under this Act ;";

(2) by the substitution in paragraph (c) of that

subsection, for the words and figure ''section 95 .";

of the words and figure ''section 95 ; or"; and

(3) by the addition, immediately after paragraph (c) of

that subsection, of the following new paragraph :-

“(d) which is paid on the deposits made by any

participating institution under the standing

deposit facility with the Central Bank of Sri

Lanka.”.

36. Section 134 of the principal enactment as last Amendment

of section 134

amended by Act, No. 10 of 2007 is hereby further amended

of the principal

by the addition at the end of subsection (2) of that section, enactment.

of the following new subsection :-

“(3) The deduction referred to in subsection (1)

shall not apply to any interest which is exempt from

income tax under this Act.”.

37. Section 135 of the principal enactment as last Amendment of

section 135

amended by Act, No. 18 of 2013 is hereby further amended

of the principal

by the substitution in paragraph (c) of subsection (1) of that enactment.

section, for the words and figures “any interest or discount

referred to in paragraph (o) of section 9.”, of the words and

figures “any interest or discount referred to in paragraph

(aa) or paragraph (o) of section 9.”.

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Amendment of 38. Section 137 of the principal enactment as last

section 137 of amended by Act, No.10 of 2007, is hereby further amended

the principal

enactment. by the insertion immediately after subsection (2) of that

section, of the following new subsection:-

“(3) For the avoidance of doubt, interest income

referred to in subsection (1) in relation to any bank or

financial institution means the profits and income

earned or accrued from any Security, Bond or Bill.”.

Amendment 39. Section 163 of the principal enactment as last

of section 163 amended by Act, No. 18 of 2013 is hereby further amended

of the principal

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

proviso to that subsection, for the words “in respect of any

year of assessment, consequent to the receipt by such person

of any arrears relating to the profits from employment of that

person for that year of assessment:”, of the following words:-

“in respect of any year of assessment consequent to –

(i) the receipt by such person of any arrears

relating to the profits from employment of

that person for that year of assessment; or

(ii) any adjustment made in line with the

adoption of the Sri Lanka Financial

Reporting Standards for the year of

assessment in which such adoption was

made:”.

Amendment 40. Section 176 of the principal enactment is hereby

of section 176 amended in subsection (2) of that section, by the substitution

of the principal

enactment. for the words “chargeable for one complete year of

assessment”, of the words “chargeable for five complete years

of assessment”.

Amendment 41. Section 195 of the principal enactment is hereby

of section 195 amended by the addition immediately after subsection (2)

of the principal

enactment. of that section, of the following new subsection:-

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“(3) Without prejudice to the generality of

subsection (1) and subsection (2), no notice,

assessment, certificate, or other proceeding purporting

to be in accordance with the provisions of this Act

shall be quashed, or deemed to be void or voidable or

be affected by reason of any variance in the

designation of the officer who signed or executed such

notice, assessment, certificate or other proceeding as

the case may be, due to the implementation of the

Minutes of the Sri Lanka Inland Revenue Service as

published in the Gazette, if the same is in substance

and effect in conformity with, or according to, the

intent and meaning of this Act or any other Act

administered by the Commissioner-General, and if the

person assessed or intended to be assessed or affected

thereby, is designated therein according to common

intent and understanding.”.

42. Section 209 of the principal enactment is hereby Amendment

amended as follows:- of section 209

of the principal

enactment.

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

for the words “his authorized representative or to

the Minister or the Secretary”, of the words “his

authorized representative or to the Minister or the

Secretary”;

(2) by the addition immediately after paragraph (d) of

subsection (5) of that section, of the following new

paragraphs:-

“(e) if required by a letter in writing by the

Director General of Customs, in the course

of carrying out the official duties, furnish as

specified in such letter, all information

available to him relating to the affairs of any

person in respect of whom an investigation

is being conducted by the Director General

of Customs, or of the spouse or a son or

daughter of such person, which is in the

possession or under the control of the

Commissioner-General;

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(f) if required by a letter in writing by the

Director General of Census and Statistics, in

the course of carrying out the official duties,

furnish as specified in such letter, all

information available to him relating to the

affairs of any person in respect of whom

information and statistics are being collected

by the Director General of Census and

Statistics, or of the spouse or a son or daughter

of such person, which is in the possession or

under the control of the Commissioner-

General;

(g) if required in pursuance to an Order issued by

a competent Court, by the Inspector General

of Police, in the course of an investigation of

any crime or proceeds of crime which affects

to the public interest, against any person, or

after the commencement of prosecution of any

person for bribery or corruption, furnish, all

information available to him relating to the

affairs of such person or of the spouse or a son

or daughter of such person, as specified in

such order, and provide a certified copy of

any document relating to such person, spouse,

son or daughter, which is in the possession or

under the control of the Commissioner-

General.”; and

(3) by the substitution in subsection (12) of that

section, for the words “Minister or the Secretary” of

the words “Minister or the Secretary”.

Amendment 43. Section 212 of the principal enactment is hereby

of section 212

amended in subsection (2) of that section as follows:-

of the principal

enactment.

(1) by the substitution in paragraph (d) of that

subsection, for the words “five hundred rupees.”, of

the words “five hundred rupees;”; and

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(2) by the addition immediately after paragraph (d) of

that subsection, of the following new paragraph:-

“(e) the manner of computation of profits and

income whenever the Financial Accounting

Standards applicable in Sri Lanka are

changed.”.

44. Section 217 of the principal enactment as last Amendment

of section 217

amended by Act, No. 18 of 2013 is hereby further amended

of the principal

as follows:- enactment.

(1) in the definition of the expression “authorized

representative” by the repeal of item (ii) of sub-

paragraph (a) of paragraph (1); and

(2) in the definition of the expression “executive

officer”, by the substitution for the words “not less

than twenty thousand rupees;”, of the words “ not

less than seventy five thousand rupees;”.

45. The Second Schedule to the principal enactment as Amendment

last amended by Act, No. 18 of 2013 is hereby further of the Second

Schedule to the

amended in PART- B of that Schedule as follows:-

principal

enactment.

(1) in item 1 of that PART –

(a) by the substitution in paragraph (c) of that

item, for all the words and figures from “Any

company-” to the end of that item, of the

following words and figures:-

“Any company other than any company

engaged in the manufacture of any article

or in the provision of any service -

(A)(i) of which the taxable

income does not exceed

Rs. 5,000,000/-;

(ii) which is not a company

referred to in PART-A;

and

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(B) which is not the holding

company, a subsidiary

company, or an associate

company of a group of

companies,

on the taxable income 12 per

centum;”;

(b) by the insertion immediately after paragraph (c) of

that item, of the following new paragraph:-

“ (d) For any year of assessment commencing on

or after April 1, 2011, but prior to April 1,

2014 –

any company engaged in the

manufacture of any article or in the

provision of any service-

(A)(i) of which the taxable

income does not exceed

Rs. 5,000,000/-;

(ii) which is not a company

referred to in PART-A;

and

(B) which is not the holding

company, a subsidiary

company, or an associate

company of a group of

companies,

on the taxable income 12 per

centum;

For the purpose of item (B) of

paragraph (b), paragraph (c) and

paragraph (d), the expressions

“holding company”, “subsidiary

company”, and “group of companies”

shall have the same respective

meanings which they have in the

Companies Act, No.7 of 2007 and

includs a holding company or a

subsidiary of any company

incorporated or registered outside Sri

Lanka.”;

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(2) by the substitution for item 2 of that PART, of the

following item:-

“2 Any company for the year of assessment being

any year of assessment commencing prior to

April 1, 2011 in which its shares are first

quoted in any official list published by a

stock exchange licensed by the Securities and

Exchange Commission of Sri Lanka

(hereinafter referred to as the “first year of

assessment”) and for each year of assessment

within the period of four years immediately

succeeding that first year of assessment,

(a) for which the taxable income exceeds

Rs. 5,000,000/-; or

(b) if such company is a holding company,

a subsidiary company or an associate

company of a group of companies,

on the taxable income for that year of

assessment—

(i) for any year

of assessment

commencing prior to

April 1, 2011 33 1/3 per

centum

(ii) for any year

of assessment

commencing on or

after April 1, 2011 28 per

centum

Provided that, where such first year of

assessment is any year of assessment which

commences prior to April 1, 2006, the rate of

33 1/3 per centum shall apply in relation to

any year of assessment which falls within

such period of four years, but which

commences on or after April 1, 2006.”.

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Amendment 46. The Fifth Schedule to the principal enactment as

of the Fifth last amended by the Act, No.18 of 2013 is hereby further

Schedule to the

principal amended as follows :-

enactment.

(1) by the substitution for item 22 of that Schedule, of

the following item:-

“22 The rate of income tax on profits and income

referred to in section 58-

(a) for any year of assessment

commencing prior to April

1, 2011 15 per

centum

(b) for any year of assessment

commencing on or after

April 1, 2011, but prior to

April 1, 2014 12 per

centum

(c) for any year of assessment

commencing on or after

April 1, 2014 As per the

First

Schedule, but

subject to a

maximum of

12 per

centum for

an

individual,

and 12 per

centum for a

company”;

(2) by the substitution for item 33 of that Schedule, of

the following item:-

“33 The rate of income tax applicable to profits

and income of any person from any

undertaking referred to in section 59B-

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(a) for any year of assessment

commencing prior to April

1, 2014 As per the

First

Schedule,

but subject

to a

maximum of

10 per

centum for

an

individual,

and 10 per

centum for a

company

(b) for any year of assessment

commencing on or after

April 1, 2014 As per the

First

Schedule but

subject to a

maximum of

12 per

centum for

an

individual,

and 12 per

centum for a

company”;

(3) by the substitution for item 42 of that Schedule, of

the following item:-

“42 The rate of income tax applicable

to such part of the profits and

income of any person from any

undertaking referred to in section

56A- 12 per

centum ”;

(4) by the addition immediately after item 45 of that

Schedule, of the following new item:-

“46 The rate of income tax applicable

to such part of the profits and

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income of any individual, from a

profession as referred to in section

59F-

on the first Rs. 500,000/-

of the taxable income 4 per centum

on the next Rs. 500,000/-

of the taxable income 8 per centum

on the next Rs. 24,000,000/-

of the taxable income 12 per centum

on the next Rs. 10,000,000/-

of the taxable income 14 per centum

on the balance of the taxable

income 16 per centum.".

''Validation. 47. The amount of tax charged or collected from any

person by or on behalf of the Comissioner-General, by virtue

of the application of any provision of this Act, during the

period commencing on April 1, 2014 and ending on the

date on which the certificate of the Speaker is endorsed in

respect of this Act, shall be deemed to have been validly and

lawfully charged or collected under this Act by the

Commissioner-General or by such person who charged or

collected such tax on behalf of the Commissioner-General :

Provided that, the aforesaid provision shall not affect

any decision or order made by any Court or any proceedings

pending in any Court in respect of any tax charged or

collected during such period.

Sinhala text to 48. In the event of any inconsistency between the

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

of an

inconsistency. prevail.

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