



GUIDE TO CORPORATE INCOME TAX RETURN YEAR OF ASSESSMENT - 2014/2015

Every resident or Non-resident Company including BOI Company, Public Corporation, Unit Trust or Mutual Fund is required to furnish a corporate income tax Return for the year of assessment 2014/2015 together with audited accounts and schedules, on or before **November 30, 2015**.

Any company filing a Return without relevant audited accounts or schedules as required or requested, or with estimated figures of income etc., will be deemed for the purpose of Inland Revenue Act, not to have furnished a Return.

The Return entails ten schedules namely; Schedule 1A, 2, 3, 3A, 3B, 4, 5, 5A, 5B & 6 and Tax Computation Sheet, to facilitate computing the respective entries to be made as outlined below:

Schedule 1A – Profits and income exempt from tax

Exempt profits and income during the year of assessment from each source, should be declared in this schedule.

Schedule 2 – Qualifying Payments

Every qualifying payment made during the year of assessment, any brought forward balance of such payment from the previous year and the deductible amount of such qualifying payment for the year should be declared in this Schedule.

Schedule 3 – Declaration of Dividends

A separate schedule must be used in respect of each dividend distributed during the year of assessment.

Schedule 3A – Tax on distributable profits of 2013/14

Where any company has not distributed at least 10% of its distributable profit for the year of assessment 2013/14 on or before 30.09.2014, such company is required to complete this Schedule.

Schedule 3B –Tax on Remittances

This schedule is applicable to Non Resident Companies only.

Schedule 4 – Income Taxable at Special Rates

In certain circumstances taxes are levied at special rates. For instance, reduced rates have been specified for certain BOI Undertakings, Venture Capital Companies, Unit Trusts etc. This Schedule is to indicate separately the quantum of taxable income to which special tax rates are applicable [i.e. any rate other than a rate specified in PART – B of the SECOND SCHEDULE to the Inland Revenue Act].

Schedule 5 - Losses Incurred from ordinary business activities,

5A - Losses From the business of Life Insurance and

5B - Losses from the business of Finance Leasing

To facilitate set-off of losses in accordance with the relevant provisions of the Act, you are advised to furnish a break up of current losses, brought forward losses and unabsorbed losses as at 31.03.2015 which could be carried forward, if any, according to the format given in Schedule 5, 5A, and 5B.

Schedule 6 – Economic Service Charge

This Schedule facilitates the computation of the amount of income tax against which ESC paid can be set off and the balance amount of ESC that can be carried forward.

Payment of Tax

The tax for the year of assessment was due in equal installments, on or before:

- (1) 15th of August, 2014
- (2) 15th of November, 2014
- (3) 15th of February, 2015, and
- (4) 15th of May, 2015.

However, penalty will not be levied for delayed payments, if an amount of not less than one fourth of the income tax liability for the previous year of assessment (2013/14), was paid on or before each due dates and the balance, if any, is paid on or before September 30, 2015 so that the aggregate of four instalments and the final payment is equal to the total tax liability for the year of assessment 2014/15.

Penalties

Not paying tax on due dates or not furnishing the return on or before the due date or furnishing of an incorrect return will be subjected to penalties as follows:

- * Penalty up to Rs.50, 000/- for failure to furnish a Return on or before the stipulated date, i.e. November 30, 2015.
- * Penalty for non-payment by due dates, amounting to 10% of tax payable and further 2% of the outstanding balance for each month, up to a maximum of 50%.
- * Penalty for making an incorrect Return, of a sum not exceeding the aggregate of 200% of the additional tax and Rs.2000/-.

SECTION 1

1. Cage 104 - Profits and Income Exempt from Tax (Schedule 1A)

In Schedule 1A;

1. enter exempt profits and income from investments made on or after 1.4.2011 in new undertakings (income exempt under Section 16 C, 16D or Section 17A of the Inland Revenue Act) in cage 1041,
2. enter exempt profits of BOI companies that are exempt under BOI Law in cage 1042,
3. specify any other exempt profits with value and enter their total in cage 1040.

The total of exempt profits and income from all sources included in cage A should be entered in **Cage 104** of the Return.

2. **Cages 105 to 112–Profits and Income Liable to Tax** – (There are no cages numbered as 106 and 110)

2.1 Cage 105 - Profits from Trade or Business

The total adjusted profits from trade or business, chargeable to income tax should be declared in cage 105. If a loss is incurred from any trade or business, which is deductible, enter that amount as provided for in Schedule 5, 5A or 5B as the case may be. (See item 5.1 of this Guide).

2.2 Cage 107 – Interest

Interest arising or accruing to any company (other than any company referred to in paragraph (a), (c), (d), or (g) of Section 7 of the Inland Revenue Act) from any –

- (i) deposit made in a Bank or Financial Institution;
- (ii) secondary market transaction in dealing with any Security or Treasury Bill, Treasury Bond or any Central Bank Security;
- (iii) corporate debt security as specified in the Act, issued by any Company; or
- (iv) other manner;

should be entered in cage 107. Where the trade or business of the Company is mainly money lending then the interest is to be entered in cage 105. (Enter the tax withheld at 10% in cage 414).

Interest from which 10% withholding tax has been deducted and which is final (e.g. interest on compensation payable by the Government, LRC etc) should be included under cage 113.

Where a "**notional tax credit**" is claimed in respect of any interest from secondary market transactions in dealing with any Security, Treasury Bill, Treasury bond or any Central Bank Security, the appropriate amount of interest and the amount of notional tax credit to be claimed thereon, should be declared in a separate sheet. If there is any credit in excess of its income tax liability, such excess can be carried forward to be set off against any future income tax liability but that excess cannot be refunded. **A certificate from Auditors to this effect should be attached.**

Exempt interest should be included in cage 104. (Not in Cage 107)

Note: When computing the statutory income from trade or business of a Primary Dealer, any interest received or accruing to such dealer from any primary market transaction on any Security, Treasury Bonds or Treasury Bills should be entered in cage 113 if tax has been deducted at the Primary issue.

2.3 Cage 108 – Dividends received

The amount of gross dividends other than any dividend not forming part of Total Statutory Income, received from both resident and non-resident companies should be entered in Cage 108. Do not include any bonus shares or distribution of capital unless it can be treated as a dividend according to the definition of dividends.

Any dividend (gross) not forming part of total statutory income should be included in Cage 113. Please see the item 4 of this Guide.

2.4 Cage 109- Rents

Please note that the income from letting or leasing premises including any land by a company is treated **as income from business**. In such a case the deduction of expenses for repairs related to a premise is limited to 25% of the gross rent. Such income should be included in Cage 105. Only the other forms of rents should be entered in Cage 109.

2.5 Cage 111- Income from Annuities and Royalties

The total amount of income from annuities and royalties received or receivable should be entered in Cage 111.

2.6 Cage 112- Profits from any Other Source

In Cage 112 enter the total profits or income of the company, from any source other than from primary trade or business, any interest, dividend, rent, annuity or royalty. Describe the nature of the other source of income.

3. Cage 121 – Total Statutory Income

The total of the amounts declared in Cages 105,107,108,109,111 and 112 should be entered in Cage 121 as the Total Statutory Income.

- 4. Cage 113 - Income not forming part of the total statutory income, if any, should be declared in this cage. Eg. a dividend received from another resident company after deducting tax at 10%; dividends exempt under Section 10; dividend declared by a resident company out of dividends received by that company from another resident company; dividend declared by a Quoted Public Company; interest received from Land Reform Commission on compensation for acquisition of properties and tax has been deducted, in the case of a primary dealer, interest received for primary market transaction etc.**

If the declaration contains more than one source please attach a separate schedule.

5. Cages 2021 & 204 – Deductions from the Total Statutory Income

5.1 Cage 2021 – Deductible Losses (Schedule 5, 5A and 5B)

A loss incurred in any trade, business, profession or vocation other than in the business of life insurance and finance leasing will be allowed as a deduction, if instead of a loss it was a profit, it would have been assessable. However, the deduction of the total of such deductible losses and deductible losses brought forward is subject to a maximum of thirty five percent (35%) of the total statutory income for this year of assessment (i.e. 35% of the amount in Cage 121). Any loss that can not be so deducted can be carried forward to the next year of assessment and so on, and deducted on the same basis.

Where any sum paid as Annuity, Ground Rent, Royalty or Interest not deductible from the profits & income of trade, business, profession or vocation is more than the Total Statutory Income, then the excess shall be treated in the same manner as a loss incurred during that year and it can be carried forward as a loss.

Please note that any loss incurred by a company in which there had been a change of ownership, otherwise than by way of testate or intestate succession, can not be deducted except against the statutory income of such trade or business of the company as that in which the loss was incurred.

Any loss incurred in a business of Life Insurance or Finance Leasing including any brought forward losses respectively can be deducted only from profits from such business (without any limitation). The total of amounts in cages F, K and P of schedules 5, 5A and 5B respectively, should be entered in Cage 2021 of the Return.

5.2 Cage 204 – Annuity, Ground Rent, Royalty or Interest paid

The total of any annuity, ground rent, royalty or interest paid is deductible from the total statutory income and this sum is to be entered in Cage 204.

The “interest” deductible here is any interest paid under a legal or contractual obligation to a Bank, Financial Institution or any other Institution recognized by the Commissioner General, on any loan obtained for the construction or purchase of any building, or for the purchase of a site for the construction of a building, or utilized in the business (pre-commencement interest), and which is not deductible under section 25 of the Act. However the excess of interest referred to in paragraph (x) or (y) of section 26(1) is not deductible.

Note- However, any ground rent or royalty paid during the year of assessment is deductible only if such payment is for any period prior to 01/04/2014 and not deductible in ascertainment of the profit or income from business under any other provisions

6. Cage 211- Sub total of deductions from the Total Statutory Income

The total of the amounts declared in Cages 2021 and 204 should be entered in Cage 211 as the total deductions from Total Statutory Income.

7. Cage 301 – Assessable Income

Assessable Income is total statutory income after deducting there from the allowable deductions as per section 32. Subtract the amount in cage 211 from the amount in Cage 121 and enter the result in Cage 301 unless the result is a negative figure in which case the Assessable Income is Zero.

8. Cage 311 – Qualifying Payments (Schedule 2).

1. Qualifying Payments:

- (i) Donation made in money or otherwise to –
 - (a) the Government;
 - (b) a Local Authority;
 - (c) a Fund established by the Government;
 - (d) a Fund established by a local authority or by a provincial council and approved by the Minister;
 - (e) the Buddhist and Pali University or any Higher Educational Institution established under the Universities Act or under the Buddhist and Pali University Act;
 - (f) the Sevena Fund;
 - (g) the Api Wenuwen Api Fund (from 01-01-2008); or

any un-deducted balance of such expenditure brought forward from previous year

- (ii) Expenditure approved by the Minister and incurred during the year, by any person, on any project included in a development plan of the Government, or any un-deducted balance of such expenditure brought forward from previous year.
- (iii) Donations made in money to an Approved Charity which is established for the provision of institutionalized care for the sick or the needy;
- (iv) Expenditure incurred in producing a film at a cost not less than 5 million Rupees. (Cost of production includes any promotional expenses incurred within 90 days from the date of completion).
 - (a). Expenditure incurred in producing a film on or after 01.04.2007 but prior to 31.03.2008
 - (b). Expenditure incurred in producing a film on or after 01.04.2008
- (v) 50% of any investment, of not less than rupees five hundred thousand, in the purchase of ordinary shares, other than existing shares, issued by a Venture Capital Company during the period that the company is exempted from income tax under Section 23 of the Act.
- (vi) Any investment made in a new undertaking referred to in Section 20(2) of the Inland Revenue Act located in any area outside the administrative districts of Colombo and Gampaha. [Such investment should not be less than thirty million rupees and be in any plant, machinery, furniture, building or (land, as well if such undertaking is an agricultural undertaking), used in such undertaking]
- (vii) Any expenditure incurred in the relocated undertaking referred to in Section 21(2) of the Inland Revenue Act in the administrative districts of Colombo and Gampaha. [Such relocation expenditure should not be less than one hundred million rupees].
- (viii) Expenditure not exceeding Rs.25 million incurred in the construction and equipping of cinema, which the exhibition of cinematographic films commences on or after 01.04.2008, and certified by the National Film Corporation of Sri Lanka as being equipped with Digital Technology, Digital Theater System and Dolby Sound System.
- (ix) Expenditure not exceeding Rs.10 million incurred in the upgrading of cinema, which the exhibition of cinematographic films commenced prior to 01.04.2008 and which was not equipped with Digital Technology, Digital Theater System and Dolby Sound Systems, prior to April 1, 2008 and certified by the National Film Corporation of Sri Lanka as being

equipped on or after 01.04.2008, with Digital Technology, Digital Theater System and Dolby Sound System.

- (x) Any expenditure incurred in the relocated undertaking referred to in section 21A of the Inland Revenue Act in any area outside the administrative district of Colombo and Gampaha (such relocation expenditure should not be less than Rs.100 million)
- (xi) Expenditure incurred in constructing houses for low income families referred to in section 13(zzz) of Inland Revenue Act
- (xii) Expenditure incurred in on any Community Development Project carried on in any economically marginalized village as identified & published by the Gazette by the Commissioner General.
- (xiii) Investment made in fixed assets (not less than Rs 50 million) during the period commencing on or after April 1, 2011 but before April 1, 2014 in the expansion of any undertaking which is qualified for exemption under section 16 C or 17 A (as a new undertaking) and engaged in specified activities. However, any investment made by a person engaged in specified activities and where such investment is made in high tech plant, machinery, equipment subject to the fulfillment of proviso to section 34(2) (s) of Inland Revenue Act prior to 31/03/2015 qualifying payment is deductible subject to the same conditions.
- (xiv) Investment made in any undertaking engaged in the manufacture of fabric, pharmaceutical, milk powder or cement , being an investment not less than respective amounts specified under section 16 D & such undertaking would be qualified for exemption under that section , if it had commenced business on or after April 1, 2012.
- (xv) 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 Finance Company where such cost is ascertain in accordance with the guide lines issued by the Central Bank of Sri Lanka .

Please Note: You are kindly requested to attach documentary proof in respect of any claim as a qualifying payment

2. **Deductions in respect of qualifying payments:**

The allowance is equal to the amount of qualifying payments. However, the deduction in respect of certain qualifying payments is restricted as follows:-

- (i) Deduction in respect of the aggregate of all qualifying payments referred to in item (iii) of sub-paragraph 1 is limited to 1/5 of the assessable income or Rs.500,000 which ever is the lesser
- (ii) Deduction in respect of any qualifying payment referred to item (iv) (i.e. cost of a film) of sub-paragraph 1 is limited to
 - (iv)(a) - Rs. 25 million per film
 - (iv)(b) - Rs. 35 million per film
- (iii) Deduction in respect of qualifying payment referred to in (ii), (v) and (x) of sub-paragraph 1 is limited to 1/5 of the assessable income or actual expenditure incurred which ever is the lesser amount

- (iv) Deduction in respect of qualifying payment referred to in (vi) of sub-paragraph 1 is limited to Rs. 100 million or actual expenditure incurred whichever is the lesser amount
- (v) No restriction in the deduction of qualifying payment referred to in (i), (vii), (xi) and (xv) of sub-paragraph 1.
- (vi) Deduction in respect of qualifying payment referred to in (viii) of sub-paragraph 1 is limited to Rs 25 million or actual expenditure incurred whichever is the lesser
- (vii) Deduction in respect of qualifying payment referred to in (ix) of sub-paragraph 1 is limited to Rs 10 million or actual expenditure incurred whichever is the lesser
- (viii) Deduction in respect of qualifying payment referred to in (xii) is limited to 10 Mn or actual expenditure incurred whichever is the lesser amount
- (ix) Deduction in respect of qualifying payment referred to in (xiii) & (xiv) is limited to 25 % of qualifying payment or actual expenditure incurred whichever is the lesser amount

3. Carry forward of un-deducted qualifying payments:

The balance, if any, of any qualifying payment referred to in:

- item (i), (ii), (iv)(a) ,(iv) (b), (vi), (vii) ,(viii), (ix) (xi) &(xv) of sub-paragraph 1 can be carried forward and deducted until the full amount of that qualifying payment is deducted.
- 75 % of item, (xiii) and (xiv) of sub-paragraph 1 can be carried forward and deducted in equal amounts over a period of three years.
- Any other item can't be carried forward other than the above mentioned items.

9. Cage 311 – Total of Qualifying Payments

The total of amounts in cage E of the Schedule 2, should be entered in cage 311 of the Income tax Return.

10. Cage 321 – Taxable Income

Taxable Income is the difference between the Assessable Income and the deductible qualifying payments. Deduct the amount in Cage 311 from the amount in Cage 301 and enter the result in Cage 321. Please note that the taxable income can't be a negative amount, in which case enter "zero".

11. Cage 401–Tax on Income taxable at rates other than normal rates [Special Rates] (Schedule 4)

Special rates represent, rates other than any rate specified in Part – B of Second Schedule to the Inland Revenue Act & some of the items are listed below.

- 1) Profits from educational services are chargeable tax at 10%.
- 2) Profits from agricultural undertaking referred to in section 16 of the Inland Revenue Act are chargeable to tax at 10% (Section 48A).
- 3) Profits from agriculture, manufacture of animal feed, promotion of tourism or construction work (Section 46 of the Inland Revenue Act) are chargeable to tax at 12%.
- 4) Qualified export profits and income (Section 51 and 52 of the Inland Revenue Act) are chargeable to tax at 12%.
- 5) An Undertaking with annual turnover not exceeding rupees five hundred million (other than buying and selling) [Section 59B of the Inland Revenue Act] is chargeable to tax at

- 12%.(not applicable for the holding company, a subsidiary company, or an associate company of a group of companies)
- 6) A Venture Capital Company is chargeable to tax at 12%.
 - 7) Unit Trusts, Mutual Funds or Unit Trust Management is chargeable to tax at 10% on its taxable income
 - 8) Profits and income from manufacture and sale or import and of sale of any liquor or tobacco, any lottery or betting or gaming activity conducted is chargeable to tax at 40%.
 - 9) Profits from locally manufactured handloom products is chargeable to tax at 12 %
 - 10) Profits from health care services is chargeable to tax at 12 %
 - 11) Profits of a grower or manufacturer of tea who has established a joint venture with a tea exporter is chargeable to tax at 12 %
 - 12) Profits from poultry farming is chargeable to tax at 10 %
 - 13) Profits and income from the sale of goods by an export oriented company is chargeable to tax at 12%(Section 56 A)
 - 14) Profits from supply of goods or services to foreign ships is chargeable to tax at 12%(Section 56B)
 - 15) Profits and income from supply of sewing, assembly of any garments or any other service which results improvement of value of any garment to garment exporter registered with TQB, tax at 12%(Section 58)

Please note that the part of taxable income chargeable at special rate and the particular rate applicable to such part of taxable income should be clearly stated under relevant cage in Schedule 4.

Enter the amount in cage A of the Schedule 4 in cage 401 of the return (There is no cage numbered as 402)

12. Cage 403 – Tax on Balance Taxable Income

The tax on balance taxable income should be computed as follows:

(1) Companies other than any company engaged in manufacturing and service business, the taxable income of which does not exceed Rs. 5,000,000 –

If the taxable income of a company (other than Unit Trust, Mutual Fund, Venture Capital Company or the holding company, subsidiary company or an associated company of a group of companies does not exceed Rs. 5,000,000, the rate of income tax applicable to its taxable income is 12%;

(2) Companies, which do not fall under item (1) above or concessionary rate specified in any other provisions of Act;

The profits and income of such company is chargeable to tax at 28% unless taxable under any specific rate under any other provisions of the Act.

However, if the tax (computed under the Inland Revenue Act) attributable to the excess taxable income over Rs. 5,000,000 is more than that excess taxable income, of a company referred to in item (1) of paragraph 12 then such part of tax which is more than the excess taxable income should be disregarded.

Example: If the taxable income is Rs. 5,800,000/-, the amount of tax payable is – Rs.

Tax on the taxable income of Rs. 5,800,000 @ 28%	=	1,624,000
Tax on Rs 5,000,000 @ 12%	=	600,000
Excess of tax over the amount of tax over Rs. 5Mn.		1,024,000 (A)
Taxable income over Rs 5,000,000	=	(5,800,000 - 5,000,000) 800,000 (B)
As (A) > (B);		
Tax Payable	=	(Tax on Rs 5,000,000 + Taxable income over Rs 5,000,000)
	=	(600,000 + 800,000)
	=	<u>Rs. 1,400,000/-</u>

If the entire taxable income is taxed at 28% and, such taxable income exceeds Rs. 5,000,000 but does not exceed Rs. 6,111,111, then the amount of tax payable is the amount of taxable income that exceeds Rs. 5,000,000, plus Rs. 600,000.

But in cases where the entire taxable income is not taxable at 28% this method is not applicable.

- (3) Following Concessionary tax rates are applicable for any undertaking referred to in Sections 17, 18, 19, 20, 21, 21A, 22, 23, 24, 24A, 24B, 24C and 24D:
- Tax rates are applicable to the year of assessment immediately succeeding end of the period for which the profits & income are exempt from income tax being a year of assessment commencing on or after 1/04/2008 – 5 %
 - End of the first post exemption year-10%
 - End of the second post exemption year- 15%

The “*Tax Computation Worksheet*” provided with the Return, should be used in calculating the Income Tax payable.

Enter the amount in Cage F of the Tax Computation Worksheet in Cage 403 of the Return.

13. Cage 404 – Tax on Gross Dividends (Schedule 3)

- (1) Every resident company (other than a Unit Trust or Mutual Fund) irrespective of whether a quoted public company or not, is required to pay income tax equal to 10% on the amount of gross dividend distributed to its shareholders during the year of assessment.
- (2) However, the Company is not required to pay tax when such dividend is distributed out of the profits other than the “relevant part”. Relevant Part means balance of gross dividends after deducting there from any dividend distributed
- a) to any company or body of persons which exempt from income tax under paragraph (a) of Section 7;
 - b) to any local authority or government institution referred to in sub-paragraph (c) of Section 7.
 - c) to any unit trust or mutual fund;

- d) to any shareholder who is exempt from income tax under Section 10 in respect of such dividend; or
 - e) to any Co-operative Society
 - f) Api Wenuwen Api Fund or
 - g) out of any dividend received from another resident company.
- (3) Every resident company is required to pay 10% tax on any dividend distributed in the form of shares or debentures as well, even though companies are not empowered to deduct tax on such dividends from the shareholder.
- (4) The company is required to deduct tax from dividend at the time when it is paid. Complete **separate copies of Schedule 3** (photocopied) for each distribution when there are several distributions of dividend during the year.
- (5) Company is required to remit the tax so deducted and the tax on dividends referred to in item 2 above, to the CGIR within 30 days from the date of distribution. Furthermore, it is required to send a return on dividend bi-annually. i.e on or before April 30th in respect of dividends distributed from 1 st of October to 31 st March and on or before October 31 st in respect of dividends distributed from 1 st of April to 30 th September

The amount in cage F of the schedule should be entered in cage 404 of the Return.

14. Cage 405 – Tax on Remittances (Schedule 3B)

Tax on remittances is applicable to non-resident companies only, and it is computed at 10% on total remittances made during the year.

“**Remittance**” means - sums remitted or retained abroad out of the profits and income chargeable to tax other than sums remitted out of the dividend received.

- proceeds of sale abroad and retained abroad of products exported
- market value of the products exported but not sold at all

Enter the amount in cage M of schedule 3B should be entered in Cage H of the Tax Computation worksheet in cage 405 of the Return

15. Cage 406 – Tax on Distributable Profits (Schedule 3A)

Enter the distributable profit in cage G of Schedule 3A.

Distributable Profits means, the book profits of the company for the year of assessment 2013/14, reduced by the aggregate of:

- (i) the income tax payable on the taxable income for the year of assessment 2013/14
- (ii) the cost incurred by the company, if any, in the acquisition of any land or any other capital asset in 2013/14; and
- (iii) any notional profit on revaluation of any capital asset which included in the book profits and,

increased by the aggregate of:

- (i) any depreciation allowance deducted in arriving at book profits in respect of capital assets, acquiring in 2013/14; and
- (ii) any notional loss on revaluation of capital assets which included in book profits.

Enter the amount of gross dividend distributed out of distributable profits of the Y/A 2013/14, on or before September 30, 2014 in cage H.

In cage I, enter the amount equals to 10% of the distributable profit of the Y/A 2013/14, i.e. the amount in cage G.

In cage J, enter the amount equals to 33 1/3% of the distributable profit of the Y/A 2013/14, i.e. the amount in cage G.

In cage K, enter the excess of amount in cage J over amount in cage H.

Then, if the amount in cage H is less than the amount in cage I, compute the tax payable on (excess) distributable profit (i.e.15% of the amount in cage K) and enter in cage L.

If the amount in cage H is greater than the amount in cage I, then no tax payable on distributable profit, and enter zero in cage L.

The amount in cage L of the schedule 3A should be entered in cage 406 of the Return.

16. Cage 409 – Total Tax Payable

The total of the amounts entered in cages 401, 403, 404, 405 and 406 should be entered in cage 409 as the total of tax payable (There is no cage numbered as 402).

17. Cages 410 to 420 – Tax Credits and Payments

The explanations in relation to each cage in the Return form are given below in the same order.

17.1 Cage 410 – Remittance Tax Paid

Applicable for non-resident companies

Enter the total amount of Remittance Tax paid in Column N of schedule 3 B , in Cage 410 of Return of Income

17.2 Cage 411 – Double Tax Relief

Any credit allowable for tax paid in a foreign country with which a Double Tax Avoidance Agreement has been entered in to by Sri Lanka, may be claimed in Cage 411. The claim should be supported by a certificate and **be limited to the amount of tax on such part of profits or income to which the foreign tax credit relates.**

17.3 Cage 4111 – Economic Service Charge (ESC) paid

Enter the total ESC paid for the year (i.e. the amount entered in cage B of the schedule 6).

Please note that this amount should not be taken to the total in cage 419.

17.4 Cage 4112 – ESC Deductible

Enter in this cage the amount entered in the cage E of the Schedule 6.

17.5 Cage 412 – Self Assessment Tax Payments

Enter only the total amount of Income Tax paid under self assessment as quarterly installments and the final payment for the relevant year of Assessment (i.e. 2014/2015) in Cage 412.

17.6 Cage 413 – Dividend Tax and Tax on Distributable Profit Paid

Dividend tax or/and tax on distributable profit paid by the company during the year, if any, should be entered in this cage.

17.7 Cage 414 – Withholding Tax on Interest

Enter the amount of any withholding tax on interest which is not final.

17.8 Cage 416 – Enter the amount of any other relief with its description

Any other tax credit or relief which is deductible but not claimed elsewhere in the return form or schedules, should be entered in this cage. Eg: Notional Tax credit etc. Please give the full details of such claims in a separate sheet.

17.9 Cage 419 – Total Tax Credits and Payments

The total of the amounts entered in cage 410, 411, 4112, 412, 413, 414 and 416 is to be entered in Cage 419 as the total of tax credits and payments.

17.10 Cage 4202 – Economic Service Charge Carried forward ESC is payable by persons whose turnover in relation to

- profits which are exempt from Income Tax in receding year of assessment and
- loss incurred during the immediately preceding year of assessment.

Enter the figure in cage F of the Schedule 6 in this cage.

18. Cage 430 or Cage 440 - Calculation of Amount of Tax Payable or Refundable

If the figure in Cage 409 is greater than the figure in Cage 419, enter the difference between the two figures in Cage 430 as amount payable. If the figure in the Cage 419 is greater than that in Cage 409, enter the difference between the two figures in Cage 440 as refund claimed.

SECTION 2

The name of the Secretary or the Principal Officer and the Managing Director of the company must be given in Section 2 of the Return. The Managing Director, a Director, the Secretary or Principal Officer of the company is required to sign (and date) the Return indicating his/her name and designation.

If you require any assistance or clarification, please contact the relevant officer in the Unit in which your tax file is dealt with, quoting your Taxpayer Identification Number (TIN).

Unit	Telephone Numbers of Relevant Commissioners
LTU 7A	011 213 4340
LTU 7B	011 213 4370
Unit 6A	011 213 4322
LTU Special Audit	011 213 4302
Unit 8	011 213 4450
Unit 6 C (Banking)	011 213 4402
Unit 10	011 213 4832
LTU Appeal	011 213 4630
Unit 4	011 213 4940
Unit 4A	011 213 4900
Unit 4B	011 301 0557
Unit 5	011 213 4961
Unit 5B	011 213 5030
Unit 5C	011 213 4980
Unit 5D	011 213 4870
Unit 5E	011 301 0559
Unit 5F	011 301 0561
Unit 12	011 213 4801
Unit 13	011 301 0558
Unit 14	011 213 4550
Unit 15	011 213 4500
Unit 16	011 301 0560
Unit 17	011 301 0556
Unit 18	011 301 0562
Corporate Tax Special Audit Unit	011 213 5120

Sinhala or Tamil translation of this guide may be obtained from the Commissioner of the relevant Unit, by making a written request.



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