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இலங்கை உள்நாட்டு இறைவரி
Sri Lanka Inland Revenue

**GUIDE TO FILL THE
RETURN OF INCOME, SCHEDULES
&
STATEMENT OF ASSETS AND LIABILITIES**

INDIVIDUAL

YEAR OF ASSESSMENT

2022/2023



This Guide contains;

- A. GENERAL INSTRUCTIONS**
- B. INSTRUCTIONS TO COMPLETE THE RETURN FORM**
- C. INSTRUCTIONS TO COMPLETE THE STATEMENT OF ASSETS AND LIABILITIES**

A. GENERAL INSTRUCTIONS

1. This set of documents comprises of two parts.
 - I. Return Form
 - (i) Return of Income
 - (ii) Return of Income - Schedules
 - II. Statement of Assets and Liabilities (A/L)

Every individual Taxpayer should fill the Return Form (Return of Income and Schedules) and the Statement of Assets and Liabilities.

2. You may read this Guide before filling the Return of Income, Schedules and Statement of Assets and Liabilities.
3. **Resident individuals and Non-resident individuals** are required to declare the income from Employment, Business, Investment and Other Income source for the period from **01.04.2022 to 31.03.2023** in the Return for the Year of Assessment **2022/2023**.
4. The Assessable Income of a **Resident Individual** is the individual's income from Employment, Business, Investment or Other Income source for that year, **wherever the source arises** and in the case of a **non-resident individual**, the individual's income from Employment, Business, Investment or Other Income source for that year, to the extent that the **income arises in or is derived from a source in Sri Lanka**.
5. The Return is sent in the language of your choice. If you want to change your **language preference**, you may contact



Customer Information Update Unit at the IRD Head Office,
or any **Regional Office** and update your taxpayer profile.

6. In case of any **data filling Cage in the Return or a Schedule is not required** to be filled, then nothing should be written in words such as not applicable in that **Cage** other than placing a **hyphen (-)**.

If a part of a Schedule is not required/not relevant to you, write – Not Applicable – across that Schedule or part of that Schedule.

If the space provided to enter details in a **Schedule** is not enough, add a note **refer to the attachment** in that Schedule and provide such details in the same format provided as a separate attachment.

Example for correct filling of data

(In the case where the taxpayer has only the business income)

SECTION – 01: STATEMENT OF TAX CALCULATION

Part A –INCOME LIABLE TO TAX

Employment Income	(Schedule 1)	10			-	-	-	-	-	-	-	-	-	-
Business Income	(Schedule 2)	20			2	6	5	8	5	0	0	0	0	0
Investment Income	(Schedule 3)	30			-	-	-	-	-	-	-	-	-	-
Other Income	(Schedule 4)	40			-	-	-	-	-	-	-	-	-	-
ASSESSABLE INCOME (10+20+30+40)		50			2	6	5	8	5	0	0	0	0	0

7. The duly completed Return (Return of Income and Mandatory Schedules) and other required documents should be posted or hand delivered to any Regional Office or IRD Head office on or before **30th November, 2023**.
8. IRD has also provided the online submission facility to submit the Return of Income - Individual and Mandatory Schedules via **IRD Web Portal e-Services facility**.



9. Payment of Tax

The tax for the year of assessment is to be paid on quarterly installments as an installment payer as per the Statement of Estimated Tax (SET) Payable submitted for the year of assessment, and the final payment.

The following table describes the due dates for quarterly tax payments and the payment codes for the year of assessment 2022/2023.

Installment	Due Date (on or before)	Payment Code
1	15 th of August, 2022	22231
2	15 th of November, 2022	22232
3	15 th of February, 2023	22233
4	15 th of May, 2023	22234
Final	30 th of September, 2023	22230

The aggregate of four installments, the final payment and applicable tax credits should be equal to the total tax liability of the year of assessment 2022/2023.

10. Penalties, Interest and Imprisonment

Furnishing an incorrect Return or fail to furnish a Return on or before the due date or non-submission of Return will be subjected to **penalties or imprisonment**.

Failure to pay tax on due dates will be subjected to **penalties and interest** as follows;

- Penalty for **late filing** of Return is equal to the **greater of** –
 - (i) 5% of the amount of the tax owing, plus a further 1% of the amount of tax owing for each month or part of a month during which the failure to file continues; and



- (ii) Rs. 50, 000/- plus a further Rs. 10,000/- for each month or part of a month after November 30, 2023.
- A penalty for **making false or misleading statement** is equal to the **greater of** Rs. 50,000 or the amount by which would have the tax payable reduced or refund increased, if it were determined based on such statement.
 - For **failure to file a Return**, an individual is liable to a fine not exceeding 1 million Rupees or to imprisonment for a term not exceeding one year or both such fine and imprisonment.
 - For failure to pay all or part of;
 - **an instalment payment** on the due date shall be liable to pay a penalty of 10% of the amount of the tax due but not paid.
 - **tax due for a tax period** on the due date or the due date specified in the Notice of Assessment, shall be liable to a penalty of 20% of the tax due but not paid and
 - an interest of 1.5% per month or a part of a month of the late period.
11. **Specified Form** – Return Form is specified by the Commissioner General of Inland Revenue (CGIR) under Section 126 of the Inland Revenue Act, No. 24 of 2017 (hereinafter referred to as IR Act) and is required to declare income and other particulars for year of assessment 2022/2023 (period from April 01, 2022 to March 31, 2023).

B. INSTRUCTIONS TO COMPLETE THE RETURN FORM

I. INSTRUCTIONS TO COMPLETE THE RETURN OF INCOME

- This Part consists of two SECTIONS;

SECTION 01 : STATEMENT OF TAX CALCULATION

SECTION 02 : DECLARATION



SECTION 01 - STATEMENT OF TAX CALCULATION

- This Section comprises of five PARTS;

PART A – Income Liabile to Tax

PART B – Deductions from Assessable Income

PART C – Calculation of Tax Payable

PART D – Exempt Income

PART E – Mandatory Schedules

Before filling **SECTION 01** of the Return of Income, the **relevant Schedules** should be filled.

As such, follow **INSTRUCTIONS TO COMPLETE RETURN OF INCOME – SCHEDULES** and then complete the remaining part of the Return of Income as shown in the table below;

Part of the Return of Income		Relevant Cage
PART A ASSESSABLE INCOME	-	Cage 50
PART B Total Reliefs Total Deductions from Assessable Income TAXABLE INCOME	- - -	Cage 90 Cage 110 Cage 120
PART C Total Tax Payable Balance Tax Payable Refund Claimed	- - -	Cage 170 Cage 190 Cage 200
PART D Total Exempt Income	-	Cage 210
PART E Mandatory Schedules		

SECTION 02 – DECLARATION

- Where a Return or part of a Return was prepared for a payment by any person, including by an approved accountant, mark “Yes”, if not, mark “No”. If you marked “Yes” fill **PART-A** of the **DECLARATION**, then attach the certificate/s issued by such person. In a situation where, more than one person involved, use a separate sheet to fill the above details and attach to the Return.
- In terms of Section 126(4) of the IR Act, a taxpayer or the taxpayer’s duly authorised agent shall sign the Return, attesting to its accuracy and completeness.

Therefore, the taxpayer or the taxpayer’s duly authorised agent is required to sign the Return indicating his/her name in **PART B** of the **DECLARATION**.

II. INSTRUCTIONS TO COMPLETE THE RETURN OF INCOME - SCHEDULES

1. Following Schedules are available in the IRD web portal - www.ird.gov.lk **You may download applicable Schedules with the Return of Income**

Schedule 1 – Employment Income

Schedule 2 – Business Income

Schedule 3 – Investment Income

Schedule 4 – Other Income

Schedule 5 – Qualifying Payments & Expenditure Relief

Schedule 6 – WHT on Final withholding Payments

Schedule 7 – Advance Income Tax / Withholding Tax

Schedule 8 – Tax Calculation

Schedule 9 – Tax Credits

Schedule 10 – Transitional Adjustment

Schedule 11 - Loss Adjustment

From the above Schedules, select and complete only those Schedules that are **relevant to you**.



Schedules, which are integral for filling of the Return, are considered as **Mandatory Schedules**. The below table indicates some circumstances where Schedule is to be considered as Mandatory Schedule.

Individual's Income		Schedules										
		1	2	3	4	5	6	7	8	9	10	11
1	Employment Income with Expenditure Relief	√	-	-	-	√			√	√	√	-
2	Only Business Income	-	√	-	-				√	√	√	
3	Business Income & Investment income with final WHT	-	√	√	-		√		√	√	√	
4	Only Investment Income with WHT /AIT	-	-	√	-			√	√	√	√	
5	Only Other Income with qualifying payment	-	-	-	√	√			√	√	√	
6	Employment Income, Business Income, Investment Income and other income with final WHT & WHT / AIT	√	√	√	√		√	√	√	√	√	
7	Only Business income with B/F loss / during the year loss	-	√	-	-						√	√

SCHEDULE 5, SCHEDULE 6 and SCHEDULE 7 will be mandatory to an individual if any qualifying payment (QP) & expenditure reliefs, WHT on final withholding payment and advance income tax/withholding tax respectively to be claimed/declared, in addition to the above marked Schedules.

2. Follow the steps given below to fill the Schedules.

STEP 1 - Select the Mandatory Schedules as for your income source and tax claims.



STEP 2- Fill the relevant part of **SCHEDULE 10 - TRANSITIONAL ADJUSTMENT** with amounts for **FIRST PERIOD** and **SECOND PERIOD**.

FIRST PERIOD - Period from 1 April to 31 December 2022

SECOND PERIOD - Period from 1 January to 31 March 2023

STEP 3 -Take the amounts in **SCHEDULE 10** to other relevant Schedules and Return of Income as follows;

Fields in SCHEDULE 10	Relevant SCHEDULE
950-954	SCHEDULE 1 - EMPLOYMENT
955 - 962	SCHEDULE 2 - BUSINESS INCOME
963 - 972	SCHEDULE 3 - INVESTMENT INCOME
973 - 974	SCHEDULE 4 - OTHER INCOME
978	SCHEDULE 2 - BUSINESS INCOME
979 - 980	SCHEDULE 3 - INVESTMENT INCOME
981-982	RETURN OF INCOME
A – 1-3 984-986	SCHEDULE 5A – QP as per IR Act, No. 24 of 2017
B 987	SCHEDULE 5B – QP as per IR Act, No. 10 of 2006
988	SCHEDULE 5 – Qualifying Payments
989 & 990	RETURN OF INCOME

STEP 4 – Complete Mandatory Schedules and take amounts in Schedules to Return of Income as per the instructions provided



SCHEDULE 1- EMPLOYMENT INCOME

1. Before filling this Schedule, fill the line 950 – 954 of **SCHEDULE 10 – TRANSITIONAL ADJUSTMENT**
2. After deducting **excluded amounts** if any, enter **Employment Income** (Remuneration and Terminal Benefits) on actual basis [Gross Remuneration in accordance with the T 10 Form]
3. Period from April 01, 2022 up to December 31, 2022 – **FIRST PERIOD** and period up to March 31, 2023 – **SECOND PERIOD** in lines of **950,951,952,953 & 954** in **SCHEDULE 10**.

Line 950	*A	Any remuneration from primary employment
Line 953	*A	Any terminal benefits from primary employment
Line 951	*B – 1, 2,..	Any remuneration from Secondary employment
Line 954	*B - 1, 2,..	Any terminal benefits from Secondary employment

(If there is **remuneration** or **terminal benefits** from **more than one primary or secondary employment**, use the additional rows provided in SCHEDULE 1- Cage 101 & 106)

4. Aggregate, amounts of **FIRST** and **SECOND PERIOD** in each line and enter into the respective **Cage** into **TOTAL** Column (total remuneration/terminal benefits received from each employment during the year of assessment).
5. Take **TOTAL** amounts in Cages **950.3, 951.3, 952.3, 953.3 & 954.3** of **SCHEDULE 10** to **PART 1** of **SCHEDULE 1** as given below;

SCHEDULE 10	SCHEDULE 1	
Cage 950.3	Cage 104	*A 1,2,
Cage 953.3	Cage 109	*A 1,2
Cage 951.3, 952.3,	Cage 104	*B 4, 5
Cage 954.3,	Cage 109	*B 4, 5



6. Declare details of above employment income under respective lines of **Columns 102, 103, 107 and 108** in **PART 1** of **SCHEDULE 1**.
7. Enter total of **Column 104** into **Cage 105** and total of **Column 109** into **Cage 110**.
8. Take amount in **Cage 110** of **SCHEDULE 01** into **Cage 802.1** of **SCHEDULE 8**.
9. Then enter the aggregate amounts of **Cage 105 & Cage 110** into **Cage 111** of this Schedule. Take amount in **Cage 111** to **Cage 10 - EMPLOYMENT INCOME** of the **Return of Income**.
10. **Exempt amounts** - Declare details of Exempt amounts related to Employment Income in **PART II** of **SCHEDULE 1**.

(List of Exempt Amounts are provided in **ANNEXURE 2** at the end of this Guide)

Finally enter total of exempt employment income in **Cage 115**, into **Cage 210 - Total Exempt Income** of the **Return of Income**.

[If there is exempt business income (Cage 216), and/or exempt investment income (Cage 317) as well, aggregate these with exempt employment income (Cage 115) and take the total amount to **Cage 210 - Total Exempt Income** of the **Return of Income**.]

SCHEDULE 2 – BUSINESS INCOME

1. Before filing this Schedule, fill the lines **955 to 962** of **SCHEDULE 10 - TRANSITIONAL ADJUSTMENT**.
 - Ascertain business income received from categories of **sole proprietorship, partner's business income from partnership and beneficiary's business income from a trust** separately.
 - Apportion the income from each business under each category on pro-rata basis as $\frac{3}{4}$ th of total business income to the **FIRST PERIOD** (period from April 01 up to December 31, 2022) and $\frac{1}{4}$ th of total business income to the **SECOND PERIOD** (period



from January 01 up to March 31, 2023). Enter such income from each business in separate lines from **955 - 962** in **SCHEDULE 10** separately.

2. Enter amounts into **TOTAL** Column of **SCHEDULE 10** into relevant Cages of **SCHEDULE 2** as follows;

SCHEDULE 10	SCHEDULE 2	
Cage 955.3 – 957.3	Column 203	.1 - .3
Cage 958.3 - 960.3	Column 208	.1 - .3
Cage 961.3 – 962.3	Column 213	.1 - .2

3. Declare details of above business income under respective lines of Column **201, 202, 205, 206, 207, 210, 211** and **212** in **PART 1** of **SCHEDULE 2**.
4. Take aggregate amounts in **Cage 204, 209** and **214** into **Cage 215**. Take amount in **Cage 215** into **Cage 20 -Business Income** of the **Return of Income**.
5. **Exempt amounts** - Declare details of Exempt amounts related to Business Income in **PART II** of **SCHEDULE 2**.

(List of Exempt Amounts are provided in ANNEXURE 2 at the end of this Guide)

Finally enter total of exempt business income in **Cage 216**, into **Cage 210 - Total Exempt Income** of the Return of Income.

[If there is exempt employment Income (Cage 115), and/or exempt investment income (Cage 317) as well, aggregate these with exempt business income (Cage 216) and take the total amount to Cage 210].

SCHEDULE 3 – INVESTMENT INCOME

1. Before filing this Schedule, fill the lines from **963 - 972** and **979** of **SCHEDULE 10 - TRANSITIONAL ADJUSTMENT**.



- Ascertain investment income received from categories of **sole proprietorship, partner's share of investment income from partnership and beneficiary's share of investment income from a trust** separately and enter into relevant cages of **PART 1** of the **SCHEDULE 3**.
- 2. Then ascertain income from the following investment income received from above categories separately;
 - interest Income
 - rent income
 - gain on realization of investment assets – capital gain
 - dividend
 - any other investment income
- 3.
 - a. Apportion those income from each investment under each category to the **FIRST PERIOD** (Nine months period April 01st 2022 to December 31, 2022) and to the **SECOND PERIOD** (Period from January 01st to March 31, 2023) as explained under each investment income (interest, dividend rent & other investment income). Separate lines are provided to declare each investment income in **SCHEDULE 10 and SCHEDULE 3**
 - b. Dividend Income – Resident Person
Gain & profit from dividends for the second six months of the year of assessment commencing on April 01, 2022 such gain & profit shall be tax at the rate of 15% (Period from January 01, 2023 to March 31, 2023)
 - c. Dividend Income – Non – Resident Person]
Gain & profit form dividend for the second three months of the year of assessment commencing on April 01, 2022. Such gain & profit should be rate of 15% (Period from January 01, 2023 to March 31, 2023)



4. Take amounts in **SCHEDULE 10, TOTAL** Column;
 - **Line 963 – line 967**, to lines of Column **303** with details in corresponding lines in **Column 301 and 302**,
 - **Line 968 – line 970**, to lines of Column **308** with details in corresponding lines in **Column 305, 306 and 307**, and
 - **Line 971 and 972**, to lines of Column **313** with details in corresponding lines in **Column 310, 311 and 312**, in **SCHEDULE 3**
5. Take aggregate amounts in **Cage 304, 309 and 314** into **Cage 315**. Take amount in **Cage 315** to **Cage 30** of the **Return of Income**. This amount will be the income from **Investment Income**.
6. **Reliefs -**
 - **Relief for Rent Income -**

Relief of 25 percent of the total rental income can be deducted. Enter this amount into **Cage 316** of **PART II** of **SCHEDULE 3**. Then take this amount to **Cage 60** of the **RETURN OF INCOME**.
7. Declare details of **Exempt amounts** related to Investment Income in **PART III** of **SCHEDULE 3**.

(List of Exempt Amounts are in **ANNEXURE 2** at the end of this Guide)

Finally enter total in **Cage 115 (Exempt Employment Income)** of **SCHEDULE 1**, **Cage 216 (Exempt Business Income)** of **SCHEDULE 2** and **Cage 317 (Exempt Investment Income)** of **SCHEDULE 3** into **Cage 210 - Total Exempt Income** of the **Return of Income**.
8. Interest income/Dividend income/Rent winnings from lottery, rewards betting or gambling/Discount income/Other Investment Income discount charge/Royalty/Premium or similar product natural resources payment in case of the above each every



separate source of interest income shall be considered on the actual basis for the both first & second periods respectively.

SCHEDULE 4 – OTHER INCOME

1. Before filing **SCHEDULE 4**, fill the **line 973** and **line 974** of **SCHEDULE 10 - TRANSITIONAL ADJUSTMENT**.

Apportion Other Income on actual basis to **FIRST PERIOD** and **SECOND PERIOD** and enter such amounts (each type in separate line) in the **line 973 - line 974** of **SCHEDULE 10**.

2. Take amounts into **TOTAL** Column of **Line 973** and **line 974** into lines in **Column 402** of **SCHEDULE 4**.
3. Enter details of above income in the corresponding lines in **Column 401**.
4. Take amounts in **Cage 403** into **Cage 40** of the **Return of Income**.

SCHEDULE 5 – QUALIFYING PAYMENTS & EXPENDITURE RELIEF

❖ A list of qualifying payments (QP) is available in **ANNEXURE 3**.

❖ There are five sub schedules in **SCHEDULE 5**.

- **SCHEDULE 5A** – For qualifying payments made during the year (as per Inland Revenue Act, No. 24 of 2017, Amendment Act, No. 10 of 2021 & Amendment Act, No. 45 of 2022)
- **SCHEDULE 5B** - For qualifying payments brought forward from year of assessment 2021/2022 (Out of **QP made prior to 01.04.2018** - as per Inland Revenue Act, No. 10 of 2006)



- Use **line 984 to line 987** to declare amount of qualifying payments that is **deductible** for **FIRST PERIOD** and **SECOND PERIOD**. Use “A” to declare deductible amount of QP made (including the QP allocated from the partnership) during the year, under IR Act, No. 24 of 2017 (separate lines from 984-986 to declare different type of QP) and use B to declare deductible amount of QP carried forward from previous year, under IR Act, No. 10 of 2006.
- Enter qualifying payments if any, in **SCHEDULE 10** into relevant Cages of **SCHEDULE 5A** as follows;

Qualifying payment can be deducted either from first period, second or both periods upon the individual's preferences within the maximum deductible amount.

SCHEDULE 10		RELEVANT QUALIFYING PAYMENTS	Relevant Cage of SCHEDULE 5A
LINE	COLUMN		
		Actual amount of Q/Ps made during the year (Amount Paid).	Cage 502.1 Cage 502.2 Cage 502.3 Cage 502.4 Cage 502.5
A – 1 – 984	FIRST PERIOD and/ or SECOND PERIOD	Amount of QP (made to Approved Charity) that is deductible out of Q/Ps made during the year subject to restrictions.	
A- 2 - 985 A -3 - 986	FIRST PERIOD and/ or	Amount of QP (made to the Government /Specified institutions)	



	SECOND PERIOD	that is deductible out of Q/Ps made during the year	
A - 1 - 984	TOTAL	Aggregate amount of QP that is in the FIRST PERIOD and SECOND PERIOD	Cage 503.1 (To Approved Charity)
A - 2 - 985 A - 3 - 986	TOTAL	Aggregate amount of QP that is in the FIRST PERIOD and SECOND PERIOD	Cage 503.2 or 503.3 (to Govt. or Specified Institutions respectively)

- Enter qualifying payments if any, in **SCHEDULE 10** into relevant Cages of **SCHEDULE 5B** as follows;

SCHEDULE 10		RELEVANT QUALIFYING PAYMENT	RELEVANT CAGE OF SCHEDULE 5B
LINE	COLUMN		
		Amount of relevant QP brought forward from previous Year of Assessment - Y/A 2021/2022 (B/F Amount)	Lines in Column 506
B - 987	FIRST PERIOD and/ or SECOND PERIOD	Amount of QP entitle to be deducted during the year, out of QP B/F from the year of assessment 2021/2022 (but made prior to	Relevant Lines in Column 507



		1.4.2018) subject to restrictions	
B - 987	Total	Aggregate amount of QP that is in the FIRST PERIOD and SECOND PERIOD	Relevant Lines in Column 507
		Un-deducted balance amount of QPs that can be carried forward to the following year of assessment, out of QP brought forward from the Y/A 2021/22 (but made prior to 1.4.2018)	Relevant Lines in Column 508
988	Total	Aggregate amount of total QP that is in the FIRST PERIOD and SECOND PERIOD	Cage 510
988	FIRST PERIOD	Total Q/Ps for First Period (lines 984 – 987)	
988	SECOND PERIOD	Total Q/Ps for Second Period (lines 984 – 987)	

- Take aggregate amounts in **Column 503** and **Column 507** of **SCHEDULE 5** to **Cage 504** and **Cage 509** respectively.
- Then take the total of **Cage 504** and **Cage 509** to **Cage 510**, to arrive at total deductible QP (this amount shall be equal to the amount in line 988 of the TOTAL Column in Schedule 10).



- Take amount in **Cage 510** to **Cage 100** of the **Return of Income**. This amount will be the total amount of qualifying payment deductible for the year of assessment.
- **SCHEDULE 5C** – For expenditure reliefs made during the year (as per the Inland Revenue Amendment Act, No. 10 of 2021)
- **SCHEDULE 5D** –
Befor filling **SCHEDULE 5D** fill the **line 980** of **SCHEDULE 10 – TRANSITIONAL ADJUSTMENT**.
For expenditure on solar panels fixing on his premises by resident individual made during the year (as per the Inland Revenue Amendment Act, No. 10 of 2021 (Maximum Rs. 600,000/- for each year or actual expenses whichever is less)
- **SCHEDULE 5E** – For expenditure on film industry (expenditure on construction and equipping or upgrading a cinema should be certified by the National Film Corporation of Sri Lanka as per the Inland Revenue Amendment Act, No. 10 of 2021.)

➤ Qualifying Payments

1. Enter qualifying payments if any, into relevant Cages of SCHEDULE 5A and SCHEDULE 5B.
2. Take aggregate amounts in **Column 503** and **Column 507** of **SCHEDULE 5** to **Cage 504** and **Cage 509** respectively.
3. Take the amount in **527** of **Schedule 5E** in to **Cage 503.5** of **SCHEDULE 5A**
4. Then take the total of **Cage 504** and **Cage 509** to **Cage 510**, to arrive at total deductible QP.
5. Take amount in **Cage 510** to **Cage 100** of the **Return of Income**. This amount will be the total amount of qualifying payments deductible for the year of assessment.



➤ Expenditure Relief

1. Enter Expenditure Relief if any, into relevant Cages of SCHEDULE 5C, SCHEDULE 5D & SCHEDULE 5E
2. Take aggregate amounts in **Column 512** of **SCHEDULE 5C** to **Cage 513**.
3. Then take Rs.900,000 or amount in **Cage 513 whichever is lower** into **Cage 514**, to arrive at total deductible Expenditure Relief.
 - Expenditure relief is allowable only for the first nine months (Period from April 01st 2022 to December 31st 2022 -1,200,000×9/12= 900,000) In terms of the Inland Revenue Amendment Act, No. 45 of 2022. Expenditure relief has been removed with effect from January 01, 2023 Onward.
4. Take amount in **516** in to **Cage 513.b** of **SCHEDULE 5C**.
5. Take amount in **Cage 514** into **Cage 70** of the **Return of Income**. This amount will be the total amount of Expenditure Relief deductible for the year of assessment.

SCHEDULE 6 – WHT ON FINAL WITHHOLDING PAYMENTS

Table of **Final Withholding Payments, Non-Final Withholding Payments and applicable tax rates** are provided in **ANNEXURE 4**.

1. The **SCHEDULE 6** comprises of two sub schedules as follows;
 - **Schedule 6A** – Final Withholding Payments - WHT deducted by the withholding agent
 - **Schedule 6B** - Final Withholding Payments - WHT failed to deduct by the Withholding Agent



2. **Schedule 6 A - Final Withholding Payments - WHT deducted by the Withholding Agent –**

Enter details of each final withholding payment on which withholding tax has been **deducted by the Withholding Agent**, in given lines under **Columns 601 to 606**. Enter **Total Final WHT deducted in Cage 607**.

3. **Schedule 6 B - Final Withholding Payments - WHT failed to deduct by the Withholding Agent**

Enter details of WHT payments, though liable for deduction of WHT by withholding Agent, but have **not been deducted** by the Agent, in given lines under **Columns 608 to 613** of **SCHEDULE 6 B**. Enter **Total of Column 612** into **Cage 614**.

Finally take the amount in **Cage 614** to **Cage 811** of **SCHEDULE 8 - TAX CALCULATION**.

**SCHEDULE 7 – ADVANCE INCOME TAX (AIT) /
WITHHOLDING TAX (WHT)**

1. This Schedule comprises of three sub schedules as follows;
 - A. Schedule 7A – AIT/WHT deducted by the Withholding Agent
 - B. Schedule 7B – WHT failed to deduct by Withholding Agent
 - C. Schedule 7C - AIT from Partnership
2. Enter details of payments of which WHT had been deducted including advance receipts as follows;



ADVANCE INCOME TAX/WITHHOLDING TAX PAYMENT	SCHEDULE	RELEVANT COLUMNS /CAGE
A. Advance Income Tax Withholding tax - deducted by the Withholding Agent	SCHEDULE 7A	Columns 701 to 706
B. Withholding tax - failed to deduct by the Withholding Agent	SCHEDULE 7B	Columns 712 to 717
C. AIT from Partnership	SCHEDULE 7C	Cage 723, 724

3. Use separate rows for different source and type (Eg. rent, service fees, royalty, etc.) of receipts. When stating the source,
- if the receipt is a Business Income, then indicate **B**,
 - if the receipt is an Investment Income, then indicate **I**.
- When stating the type of the receipt, if the type of income is rent, then indicate **R**.

As such, different source and type in **Column 701 lines .1 to .5** would read as follows;

Eg. Rent income from a business – B-Rent
Rent income from an investment – I-Rent

4. **Schedule 7 A – Advance Income Tax/ Withholding Tax - deducted by the Withholding Agent**
- Enter details of each AIT/WHT deductions (including AIT/WHT on advance payments) under given Columns from **Column 701 to 706 of Schedule 7 A**
 - Enter **Total of Cage 706 - total of AIT/WHT deducted by WHT Agents in Cage 707**. Enter **AIT/WHT B/F on Advance Receipt** from Y/A 2021/2022 in **Cage 708**.



iii. Enter total of **Cage 707** and **Cage 708** into **Cage 709**.

If opted to;

- claim total AIT/ WHT in Y/A 2022/2023, enter amount in **Cage 709 into Cage 710**. Enter amount in **Cage 710** into **Cage 908** of **SCHEDULE 9** to claim the total credit. Then the amount of **Cage 711** will be Nil; or

If opted to;

- carry forward the WHT on Advance Receipts to be deducted in future year of assessment, enter total WHT deducted during the year of assessment in **Cage 707**. Brought forward AIT/WHT deducted on advance receipt should be entered into **Cage 708**. Deduct the relevant AIT/WHT claim for the year of assessment 2022/2023 (**Cage 710**) from the amount in **Cage 709**. Enter amount in **Cage 710** into **Cage 908** of **SCHEDULE 9** to claim the credit. Balance amount in **Cage 711** will be WHT carried forward on Advance Receipt to next relevant year.

5. Schedule 7 B - Withholding Tax - failed to deduct by the Withholding Agent

- Enter details of WHT payments, though liable for deduction of WHT by withholding Agent, but have **not been deducted** by the Agent, in given lines under **Column 712 to 717** of **SCHEDULE 7 B**.
- Enter **Total of Column 717 - total of WHT paid by the Withholdee** in **Cage 718**. Enter **WHT B/F on Advance Receipt** from Y/A 2021/2022 in **Cage 719**.
- Enter total of **Cage 718** and **Cage 719** into **Cage 720**.

If opted to claim total WHT in Y/A 2022/2023;

- enter amount in **Cage 720** into **Cage 721**. Enter amount in **Cage 721** into **Cage 933** of SCHEDULE 9C to claim the credit. Then the amount of **Cage 722** will be Nil; or

If opted to carry forward the WHT on Advance Receipts to be deducted in future year of assessment;

- enter total WHT paid by the withholdee during the year of assessment in **Cage 718**. Brought forward WHT paid by the withholdee on advance receipt during the year of assessment 2021/2022 should be entered into **Cage 719**.
- deduct the relevant WHT claim for the year of assessment 2022/2023 (**Cage 721**) from the amount in **Cage 720**. Enter amount in **Cage 721** into **Cage 933** of SCHEDULE 9C to claim the credit. Balance amount in **Cage 722** will be WHT carried forward on Advance Receipt to next relevant year.

6. Schedule 7 C – AIT from Partnership

- AIT allocated by a Partnership to partners should be declared in this Schedule.
- If you are a partner of a Partnership, enter amount of AIT, **allocated from the Partnership** in **Cage 723**. Enter AIT **B/F on Advance Receipt** from the year of assessment 2021/2022 in **Cage 724**. Enter total of **Cage 723** and **Cage 724** into **Cage 725**.

If opted to claim total AIT in Y/A 2022/2023;

- enter amount in **Cage 725** into **Cage 726**. Enter amount in **Cage 726** into **Cage 907** of SCHEDULE 9 to claim the credit. Then the amount of **Cage 727** will be Nil; or

If opted to carry forward the AIT on Advance Receipts to be deducted in future year of assessment;



- Deduct the relevant AIT **claimed for the year of assessment 2022/2023** (Cage 726) from the amount in **Cage 725**. Enter amount in **Cage 726** into **Cage 907** of **SCHEDULE 9** to claim the credit. Balance amount in **Cage 727** will be the AIT **carried forward on Advance Receipt** to next relevant year.

SCHEDULE 8 - TAX CALCULATION

1. Before filling this SCHEDULE, complete **SCHEDULE 10 - TRANSITIONAL ADJUSTMENTS**.
 - i. Enter **line 981- Expenditure Relief** and **Line 982-Personal Relief** for **FIRST PERIOD** and **SECOND PERIOD** as follows;

Expenditure relief - Expenditure relief can be deducted only against the assessable income relevant to the first Period

Personal Relief- Personal relief of Rs. 2,550,000 is entitled to be deducted for the year of assessment 2022/2023. However, Rs. 2,250,000 and Rs. 300,000 relevant to the First Period and the Second Period respectively shall be deducted from the relevant part of assessable income.
(List of available reliefs are in **ANNEXURE 1** at the end of this guide)
 - ii. Calculate the taxable income for **FIRST PERIOD** and **SECOND PERIOD** separately. Amount in **TOTAL** Column of line 990 of **SCHEDULE 10** shall be equal to the amount in **Cage 120** of the **Return of Income**.
2. This Schedule comprises of seven parts, namely; **A, B, C, D, E F and G**.
 - a) **Taxable Income**

Enter **Cage 120 - Taxable Income** from the **Return of Income** into **Cage 801** in this part **A**.



b) Calculation of Income Tax on Terminal Benefits

- i. Terminal benefits are taxed at concessionary rate or normal progressive rate.
 - A list of terminal benefits liable to tax at concessionary rates is provided in **ANNEXURE 5** at the end of this Guide.
 - Concessionary Rates applicable for terminal benefits is provided in **ANNEXURE 6** at the end of this Guide.
 - Progressive Tax Rates are provided in **ANNEXURE 7**
- ii. Enter **Cage 110** of **PART 1** of **SCHEDULE 1** into line **802 in Column .1 – Income** of this Schedule.
- iii. Enter terminal benefits, which are **liable to tax at concessionary rate of tax**, under the relevant lines (**line 803.a, line 803.b and line 803.c**) in **Column .1- Income** with corresponding tax rate in **Column .2 -Rate** for which that terminal benefit is liable to tax.
- iv. Enter such part of terminal benefits, liable to tax at normal rate, under **line 804 in Column .1 - Income**.
- v. Then calculate the tax by applying either the relevant concessionary tax rates or normal progressive tax rates as for **ANNEXURES 6 or 7** at the end of this Guide.
- vi. Enter such amount of tax pertaining to income relevant to Cages 803 a, 803 b, 803 c and 804 into in the respective Cages from Cages 803a .3, 803b.3, 803c.3 and 804.3 in Column .3.
- vii. Finally enter aggregate amounts in **Cages 803a.3, 803b.3, 803c.3 and 804.3** and enter such total in **Cage 805**. Take amount in **Cage 805** to **Cage 130** of the **Return of Income**.



c) Tax on Gain on Realization of Investment Assets

- i. Gains on realization of Investment Assets (Capital Gain on sale of investment assets) are taxed at **10 %**.
- ii. Enter capital gains on sale of investment assets from other than from a partnership, in line **806** under **Column .1 – Income**.
- iii. Enter the corresponding tax in line **806** in **Column .3 – Tax**.

d) Tax on Gain on Realization of Investment Assets from Partnership

- i. Capital gains on sale of Investment Assets from partnership are **taxed at 10 %**.
- ii. Enter such capital gain on sale of investment assets from a partnership, in **line 807** under **Column .1 – Income** and the relevant tax in same lines under **Column .3 – Tax**.
- iii. Enter total of **Cage 806.3** and **Cage 807.3** into **Cage 140** of the **Return of Income**.

e) Tax on Balance Taxable Income

- **Tax on Taxable Income from Betting & Gaming, Manufacture & sale or Import & sale of any Liquor or Tobacco products**
 - Applicable tax rate is **40%**.
 - Enter taxable income in **Cage 808.1** and Tax on such income in **Cage 808.3**.
- **Tax on Balance Taxable Income to be taxed at the progressive income tax rates**
 - **Progressive income tax rates** are applicable.



- Enter Taxable Income relevant to the **First Period** in **Cage 809 A.1** and Taxable Income relevant to the **Second Period** in **Cage 809B.1**.
- Apply progressive income tax rates given in **ANNEXURE 7** at the end of this Guide.
- Enter such Tax in **Cage 809A.3** and **Cage 809B.3** respectively.
- Enter aggregated amounts in **Cage 808.3, Cage 809A.3, Cage 809B.3 & 809c.3** into **Cage 810**.
- Finally take amount in **Cage 810** to **Cage 150** of the **Return of Income**.

Gems & Jewellery & renewable energy resources

If the individual income comprised with income from,

- Gems & jewellery
- Supply of electricity to national grid generate by renewable energy resources

Normal progressive tax rates such as 6%, 12% should be applied for each tax slab and balance part should be taxed at the maximum rate of 14% to the first nine months periods from April 01st 2022 to December 31st 2022 and normal progressive tax rates should be apply for the second period from January 01st 2023 to March 31 2023 on word

f) Persons who engage in Agro faming together with agro processing

When person utilizes agro faming produce produced by himself for his agro processing or manufacturing activity in Sri Lanka, progressive rate is applicable and he is entitled to reduce 25% of tax payable corresponding to the proportion of the faming produce produced by him to the total farming produce utilized in such agro processing or manufacturing.



- Enter the relevant income portion into **case 809.a.1 of SCHEDULE 8** and calculate in tax by applying normal progressive rate in to **case 809.a.3**. Then enter 25% of tax payable into **Cage 809.b.3**.
- Enter balance tax payable from agro farming sector in to **case 809.c.3**
- Enter aggregated amounts in **Cage 808.A.3, Cage 809.B.3 and 809.c.3** into **Cage 810**.

g) Tax on Final Withholding Payments

- Enter aggregate amount of Cage 614 of Schedule 6 into Cage 811.
- Finally take amount in Cage 811 into Cage 160 of the Return of Income.

SCHEDULE 9 - TAX CREDITS

Enter available tax credits into relevant Cages in **SCHEDULE 9**.

a) Foreign Tax Credit (Cage 901)

If you are entitled to any foreign tax credit under Section 80 of the IR Act, enter such amount in **Cage 901** of **SCHEDULE 9**. Foreign tax credit cannot be more than the amount of tax chargeable in Sri Lanka on such income.

b) 60% of Self Assessed Tax refund claim (Cage 902A)

With effect from 01.04.2023 taxpayers shall be set off 60% of the refundable amount against the subsequent income tax payable by the taxpayer prior to a tax audit. Enter the refund claim amount in to **Cage 902A** as such



c) APIT paid on Employment Income – Primary Employment (Cage 903)

Individuals who have employment Income from Primary Employment are entitled to claim tax credit on APIT deducted by the Primary Employer.

Enter APIT deductions made by Primary Employer on Remunerations in **Cage 903A, 903B, 903C**. Attach APIT/PAYE T - 10 Certificates issued by your Primary Employer.

d) APIT paid on Employment Income – Secondary Employment (Cage 904)

Individuals who have more than one employment, employments other than Primary Employment are considered as Secondary Employment. Enter APIT deductions made by each second employer on Remunerations separately (Please attach APIT/T -10 New).

e) Tax paid for Terminal Benefits (Cage 905)

Tax deducted and paid can be claimed as a credit. Enter such amount in Cage 905.

f) Partners Share of Partnership Tax (Cage 906)

Before filling this Cage, you have to fill **SCHEDULE 9B**

- With effect from 01.01.2020, Partnerships are liable to pay income tax on taxable income of the partnership.
- Enter balance share of partnership tax brought forward from Y/A 2020/2021 into **Cage 922**.
- Enter Partners share of partnership tax paid for 2022/2023 into **Cage 923**.



- Enter total partner's share of partnership tax (Total of **Cage 922** and **Cage 923**) into Cage 924 and deductible amount for Y/A 2022/2023 into **Cage 925**.

g) AIT from the Partnership (Cage 907)

Take allocated amount in **Cage 726** of **SCHEDULE 7 C** to **Cage 907**. (Amount allocated from the Trust also can be entered)

h) Advance Income Tax Credit – AIT deducted by the withholding agent. (Cage 908)

Take amount in **Cage 710** of **SCHEDULE 7 A** to **Cage 908**

i) Tax paid on Gain on realization of Investment assets (Cage 909)

Enter paid amounts in Cage 909.

j) Tax paid on Gain on realization of Investment assets from the Partnership (Cage 910)

Enter allocated amounts by the Partnership in **Cage 910**.

k) Installment payments and AIT/WHT paid by Withholdee (Cage 911)

Before filling this Cage, you have to fill **SCHEDULE 9C**

- i. Enter instalment payments and final payment in given rows.
- ii. Enter Aggregated amount of Instalment payments and final payment in **Cage 932**.
- iii. Enter amounts of advance income tax/withholding tax payments made by withholdee as per **Cage 614** of Schedule 6 B & **Cage 721** of Schedule 7 B into **Cage 933**.



- iv. Enter aggregate amount of Cage 932 & 933 into Cage 934.
- v. Take amount in Cage 934 into Cage 911 of Schedule 9.

I) Enter aggregate amount from Cage 901 - Cage 911 into Cage 912. Finally take amount in Cage 912 into Cage 180 of the Return of Income.

SCHEDULE 11 – LOSS ADJUSTMENT

- i. Losses incurred during the year of assessment or brought forward losses should be declared in this Schedule.
- ii. Part 1A and 1B are provided to declare the business losses that would have been taxed at the rate of 40% and progressive rates respectively if the loss was a profit. The Part II and Part III are provided to declare the investment and exempt losses respectively.
- iii. Enter B/F losses from Y/A 2018/2019, 2019/2020 and 2020/2021, 2021/2022 relevant to that line & current year loss in the next line in Column 0.2.
- iv. Enter profit of the current Y / A, which is considered to set off the losses, in **Columns 0.3 to 0.7.**
- v. An asset owned by a person is used in the production of different gains and profit from business (including losses) taxable at different tax rates, the cost of, and consideration received for the asset shall be apportioned among such gains and profits, according to the market value of the parts of the assets used to produce respective gains and profits



C. INSTRUCTIONS TO COMPLETE THE STATEMENT OF ASSETS AND LIABILITIES

In terms of Section 126(2) of the Inland Revenue Act, No. 24 of 2017 the Commissioner General may specify the information to be furnished on the Return and attachments, if any, required to be filed with the Return.

Accordingly, you are required to furnish the value of (your) every Asset and Liability (in or outside Sri Lanka) as at the last date of the year of assessment, 31 March 2023 in the form **Statement of Assets and Liabilities**, provided to you with the Return, and submit together with the Return.

(Please declare the acquisition cost, or market value if it is not an acquisition)

PART 01

A. Immovable Properties:

Declare all your Immovable Properties (situated in or outside Sri Lanka) as at 31.03.2023 with values.

B. Movable Properties:

Declare with values of all Movable Properties (in or outside Sri Lanka) such as Motor Vehicles, Bank Deposits, and Shares/Stocks/Securities, Cash in Hand, Loans given or Amounts receivable, Gold, Silver, Gems & Jewellery etc., owned by you as at 31.03.2023.

C. Properties held as a part of business

The values of properties as a part of a business i.e. the balance of capital and current account as at 31.03.2023 should be declared. (Attach the copies of the balance sheet if applicable).

D. Liabilities as at 31.03.2023

All the liabilities, including loans to be paid to a person or institution during the year should be declared in this Part.

PART 02

A. Any other assets acquired or gift received during the year

Declare the total value of the assets including acquired properties and gifts received.

B. Disposal of assets including shares (sale/ transfer/ gift) during the year

Declare the total value of the assets disposed during the period from 01.04.2022 to 31.03.23 (sales, exchanges, gifts).

ANNEXURES

ANNEXURE 1 – List of Available Reliefs

Reliefs provided under paragraph 2 of the Fifth Schedule to the IRA:

- a) **Personal Relief** - Relief granted under subparagraph (a) of paragraph 2 of Fifth Schedule to the IRA - Rs. 2,550,000 (2,250,000+300,000) Rs.2,250,000 for first nine months and Rs. 300,000 for second three months of the year of assessment commencing on April 1, 2022 for the year of assessment up to the aggregate assessable income (except gains from the realization of investment assets).
- b) **Rent Relief** - Relief granted under subparagraph (c) of paragraph 2 of the Fifth Schedule to the IRA – 25% of the total rental income for the year of assessment.
- c) **Expenditure Relief** - Relief granted under subparagraph (f) of paragraph 2 of the Fifth Schedule to the IRA – In the case of a resident individual, following expenditure up to a total sum of Rs. 900,000 incurred for the first nine months of the year of assessment commencing on April 01, 2022 ;
 - i. Health expenditure including contributions to medical insurance,



- ii. Vocational education or other education expenditure incurred locally by such individual or on behalf of such individual's children,
 - iii. Interest paid on housing loans,
 - iv. Contribution made to any local pension scheme, other than for a scheme under the employer or on behalf of the employer, by an employee,
 - v. Expenditure incurred for the purchase of shares or any other financial instruments listed in the Colombo Stock Exchange and licensed by the Securities and Exchange Commissions of Sri Lanka or treasury bonds under the Registered Stocks and Securities Ordinance or Treasury bills under the Local Treasury Bills Ordinance.
- d) Relief granted under subparagraph (g) of paragraph 2 of the Fifth Schedule to the IRA – Resident individual who has acquired solar panels to fix on his premises and connected to the national grid, Rs. 600,000 for each year of assessment upto the total expenditure on such solar panels or upto the amounts paid to a bank in respect of any loan obtained to acquire such solar panels.

Note: Above aggregate reliefs are deductible in arriving at the taxable income of an individual who is resident in Sri Lanka for a year of assessment subject to the provisions of IRA. However, non-resident individuals but citizens in Sri Lanka can deduct the personal relief mentioned under above paragraph (a) in arriving at the taxable income of such individual.

ANNEXURE 2 - List of Exempt Amounts (relevant to individuals)

(1) Exemptions available in the IR Act No. 24 of 2017 to the date.

- a) Capital sums paid to a person as compensation or a gratuity in relation to –
 - a) personal injuries suffered by the person; or
 - b) the death of another person;



- b) The pension of a person where the pension income is paid by the Government of Sri Lanka or a department of the Government of Sri Lanka;
- c) An amount paid to an employee at the time of retirement from—
 - i) any pension fund or the Employees Trust Fund established by the Employees Trust Fund Act, No.46 of 1980, as represents income derived by that fund, for any period commencing on or after April 1, 1987, from investments made by it;
 - ii) a provident fund approved by the Commissioner General or any regulated provident fund;
- d) The income of an individual entitled to privileges to the extent provided for by –
 - i) a diplomatic immunities law or a similar law;
 - ii) an Act giving effect to the Convention on the Privileges and Immunities of the United Nations and the Convention on the Privileges and Immunities of the Specialized Agencies of the United Nations; or
 - iii) regulations made under this Act relating to an international organization, or a law or Act referred to in subparagraph (i) or (ii);
- e) A gain made by a resident individual from the realisation of an investment asset that does not exceed Rs. 50,000 and where the total gains made by the resident individual from the realisation of investment assets in the year of assessment do not exceed Rs. 600,000, except –



- i. where the Commissioner-General is satisfied that an investment asset has been realised in two or more parts, any gain arising from the realisations shall be exempt under this paragraph only if the total gain from the realisation of all parts does not exceed Rs. 50,000 and the total gains made by the resident individual from the realisation of investment assets in the year of assessment do not exceed Rs. 600,000;
 - ii) in the case of the realization of an investment asset that is jointly owned, this paragraph applies only if the total gain made by all owners of the investment asset on realization of the asset does not exceed Rs. 50,000 and the total gains made by the resident individual in the year of assessment do not exceed Rs. 600,000;
- f) A gain made by a resident individual on the realization of the individual's principal place of residence, provided it has been owned by the individual continuously for the three years before being realised and lived in by the individual for at least two of those three years (calculated on a daily basis);
 - g) Gain made on realisation of an asset consisting of shares quoted in any official list published by any stock exchange licensed by the Securities and Exchange Commission of Sri Lanka;
 - h) Any prize received by a person as an award made by the President of the Republic of Sri Lanka or by the Government in recognition of an invention created, or any research undertaken, by such person;
 - i) A gain made by a person on or after April 1, 2021 but prior to October 1, 2022 from the realization of land or building which was sold, exchanged or transferred to a real estate investment and listed in the Colombo Stock Exchange and licensed by the Securities and Exchange Commission of Sri Lanka



- j) Any sum received by any person from the President's Fund established by the President's Fund Act, No. 7 of 1978 or national Defence Fund established by the National Defence Fund Act, No. 9 of 1985;
- k) Any income earned by
 - (a) any non-resident person (other than a Sri Lankan permanent establishment) by way of interest, discount or realization of any gain on any sovereign bond denominated in local or foreign currency
 - (b) any person by way of interest or discount paid or allowed, as the case may be, on any sovereign bond denominated in foreign currency, including Sri Lanka Development Bonds,
issued by or on behalf of the Government of Sri Lanka.
- l) Any amount derived by a senior citizen from an annuity for life for a period of not less than ten years purchased from a bank or an insurance company registered under the Regulation of Insurance Industry Act, No. 43 of 2000.
- m) Any winning from a lottery, the gross amount of which does not exceed Rs. 500,000
- n) Benefits received or derived by an employee of the government of Sri Lanka from a road vehicle permit issued to that employee;
- o) Any amount derived by a person from the sale of any gem on which tax has been deducted at 2.5% under subsection (2) of section 84 of the IR Act.
- p) The interest accruing to or derived by any person outside Sri Lanka on any loan granted to any person in Sri Lanka or to the Government of Sri Lanka



- q) The interest accruing to or derived by any person on moneys lying to his credit in foreign currency in any foreign currency account opened by him or on his behalf, in any commercial bank or in any specialized bank, with the approval of the Central Bank of Sri Lanka.
- r) The interest accruing to or derived by any person from a term deposit account titled as “Special Deposit Account” opened and maintained with an authorized dealer in Sri Lanka as prescribed by regulations made by the Minister under section 29 read with section 7 of the Foreign Exchange Act, No. 12 of 2017, (excluding the subsequently renewed accounts), either in any designated foreign currency or in Sri Lanka Rupees on or after April 8, 2020
- s) A dividend paid by a resident company on or after January 1, 2020 but prior to October 1, 2022 a member to the extent that such dividend payment is attributable to, or derived from, gains and profits from dividend received by that resident company; (in this paragraph, “gains and profits from dividend” means the dividend received by that company after the deduction of expenses or losses, if any, subject to the provisions of this Act and income tax paid or payable on such dividend received by that company);
- t) A dividend paid by a resident company to a member who is a non-resident person; for the period October 1, 2022 prior to January 1, 2023.
- u) On or after January 1, 2020 but prior to October 1, 2022 a dividend paid by a resident company which is engaged in any one or more of the following businesses in accordance with the provisions of the PART IV of the Finance Act No. 12 of 2012 and within the meaning of an agreement entered into with the Board of Investment of Sri Lanka established under the Board of Investment of Sri Lanka Law, No.4 of 1978:-
 - (i) entrepot trade involving import, minor processing and re-export;



- (ii) offshore business where goods can be procured from one country or manufactured in one country and shipped to another country without bringing the same into Sri Lanka;
- (iii) providing front end services to clients abroad;
- (iv) headquarters operations of leading buyers for management of financial supply chain and billing operations;
- (v) logistic services such as bonded warehouse or multi-country consolidation in Sri Lanka.

On or after October 01, 2022 to a member to the extent that such dividend payment is attributable to or derived from another dividend received by the resident company or another resident company which is subject to Advance Income Tax under sub section (1A) of section 84A

- v) Dividends from and gains on the realization of shares in a non-resident company where derived by any person with respect to a substantial participation in the non-resident company. (as defined the substantial participation in paragraph (r) to the Third Schedule to the IRA)
- w) The gains and profits earned or derived by any person from the sale of produce of an undertaking for agro farming of such person without subjecting such produce to any process of production or manufacture
- x) Providing information technology and enabled services as may be prescribed prior to April 1, 2023
- y) Any service rendered in or outside Sri Lanka to any person to be utilized outside Sri Lanka, where the payment for such services is received in foreign currency and remitted through a bank to Sri Lanka;
- z) Any foreign source [other than gains and profits referred to in subitem (b)] where such gains and profits earned or



derived in foreign currency and remitted through a bank to Sri Lanka,

- aa) Gain and profit received or derived from business (other than any gains from the realization of capital assets and liabilities of the business as calculated under Chapter IV of this Act) by a person from following any new undertaking (which is not formed by splitting – up or re-construction of an existing undertaking) commenced on or after April 1, 2021 but prior to April 1, 2023
- i) Any business commenced on or April 1, 2021 but prior to April 1, 2023 by an individual after successful completion of vocational education from any vocational Education Institution which is standardized under Technical and Vocational Education and Training concept (TVET concept) and regulated by the tertiary Vocational Education Commission,
- ii) An undertaking commenced on or after January 1, 2021 but prior to April 1, 2023 by any resident person who construct and installs communication towers and related appliances using local labour and local raw materials in Sri Lanka or provides required technical services for such construction or installation,
- iii) An undertaking for letting bonded warehouses or warehouses related to the offshore business in the Colombo and Hambantota ports, if such person has invested on such undertaking on or after April 1, 2021 but prior to April 1, 2023.

- iv) Any amount derived by any non-resident person from laboratory services or standards certification services.
- (2) As provided in the Gazette Notification No. 2064/53 dated April 1, 2018, where the whole or any part of the profits and income of a person is exempt from Income Tax under the provisions of sections 16C, 16D, 16E, 24A, of the Inland Revenue Act, No. 10 of 2006, for a period as specified in those provisions and, if there is any unexpired part of that period as at March 31, 2018, such part shall be continued to be exempted from Income tax as if such provisions continued to have application.
- (3) As per Extraordinary Gazette No. 2089/1–dated 17.09. 2018 if-
- a. an enterprise has entered into an agreement with the Board of Investment of Sri Lanka under section 17 of the Board of Investment of Sri Lanka Law No. 4 of 1978 prior to April 01, 2018; and
 - b. The Agreement provides for the dividend paid by that enterprise to be fully or partly exempt from income tax or to be taxed at reduced rate of income tax, under the Inland Revenue Act, No. 28 of 1979 or under the Inland Revenue Act, No. 38 of 2000 or under the Inland Revenue Act, No. 10 of 2006 as the case may be, or for the basis for the computation of income tax liability,
- such dividend paid by such enterprise shall continue to be exempt from income tax payable under the Inland Revenue Act, No. 24 of 2017 or liable for income tax calculated on the basis and at the rate provided under that agreement.



ANNEXURE 3 – List of Qualifying Payments

- a) Donations made in money to an approved charitable institution - subject to the amount of one fourth of the total assessable income (one third of the taxable income) or Rs. 75,000 or amount donated, whichever is less.
- b) Donations made in money or otherwise to the Government or any specified institutions in the Fifth Schedule to the IR Act.
- c) Any un-deducted balance of any qualifying payment brought forward from the previous year of assessment according to the Inland Revenue Act, No. 10 of 2006.
- d) With effect from April 1, 2021 contribution made by a resident individual in money or otherwise to establish a shop for a female individual who is from a Samurdhi beneficiary family as recommended and confirmed by the department of Samurdhi Development
- e) Expenditure incurred on or after April 1, 2021, by any person
 - (i) In the production of a film at a cost of (including promotional expenditure of such film) not less than five million rupees;
 - (ii) In the construction and equipping of a new cinema at a cost of not exceeding twenty five million rupees;
 - (iii) In the Upgrading of a cinema at a cost of not exceeding ten million rupees;

Providing that, the deduction under this subparagraph shall be restricted to one third of the taxable income of the year of assessment, and any amount which is not deducted in current year may be carried forward and deducted in the next succeeding year and so on, subject to the same restriction.

ANNEXURE 4 – TABLE OF FINAL WITHHOLDING PAYMENTS, NON-FINAL WITHHOLDING PAYMENTS AND APPLICABLE TAX RATES

	Type of Payment	WHT Rate
(a)	Amounts paid as winnings from a lottery, reward, betting or gambling, other than amounts received in conducting a business consisting of betting and gaming	14% FINAL
(b)	Payments (other than interest) made to non-resident person that are subject to WHT (other than payment derived through a Sri Lankan permanent establishment).	14% FINAL
(c)	Interest or discount paid to or treated as being derived by a non-resident person	5% FINAL
(d)	Sale price of any gem sold at an auction	2.5%
(e)	Service fee payments exceeds Rs. 100,000 per calendar month to a resident individual who is not an employee of the payer with respect to following – (a) for teaching, lecturing, examining, invigilating or supervising an examination; (b) as a commission or brokerage to a resident insurance, sales or canvassing agent; or (c) for services provided by such individual in the capacity of independent service provider such as doctor, engineer, accountant, lawyer, software developer, researched, academic or any individual service provider as may be prescribed by regulation	5% on full payment
(f)	Interest of discount paid	5%
(g)	Rent payments to a resident person (if aggregate amount exceeds Rs. 100,000 per calendar month)	10% on full payment



(h)	Charge, natural resource payment or premium	14%
(i)	Royalty	14%
(j)	Dividend (Dividend declared by a resident company on or after January 01, 2023 is a Final WHT)	15%

ANNEXURE 5 – LIST OF TERMINAL BENEFITS LIABLE TO TAX AT CONCESSIONARY RATES

- i. Amount received in commutation of a pension.
- ii. Amount received as a retiring gratuity.
- iii. Amount received as compensation for loss of office or employment under a scheme which the commissioner general considers to be uniformly applicable to all individuals employed by the employer.
- iv. Amount paid to a person at or after the time of retirement from employment from the Employees' Trust Fund, established by the Employees' Trust Fund Act, No. 46 of 1980.

With respect to **compensation for loss of office** or employment which has not been approved by the Commissioner General of Inland Revenue (CGIR), payment from provident fund (which is not a regulated fund or not an approved fund by the CGIR), other payments or any retirement non-cash benefit are subject to Standard (Progressive) tax rates.

ANNEXURE 6– CONCESSIONARY RATES APPLICABLE FOR TERMINAL BENEFITS

TOTAL TERMINAL BENEFITS FROM EMPLOYMENT	TAX PAYABLE
1st - Rs. 10,000,000	0%
2nd - Rs. 10,000,000	6%
On the balance	12%

ANNEXURE 7 – STANDARD (PROGRESSIVE) INCOME TAX RATES

(a) Rates applicable for the First Period

	Taxable Income	Tax Rate
First Period: First Nine months period of the year of assessment 2022/2023 (From April 01 st 2022 to December 31 st 2022)	First 2,250,000 (3,000,000/12×9= 2,250,000)	6%
	Second 2,250,000 (3,000,000/12×9= 2,250,000)	12%
	Balance Amount	18%

(d) Rates applicable for the Second Period

	Taxable Income	Tax Rate
Second Period: Second Three months period of the year of assessment 2022/2023	First 125,000 (500,000/12×3= 125,000)	6%
	Second 125,000 (500,000/12×3= 125,000)	12%
	Third 125,000 (500,000/12×3= 125,000)	18%



(Form January 01 st 2023 to March 31 st 2023)	Fourth (500,000/12×3= 125,000)	24%
	Fifth (500,000/12×3= 125,000)	30%
	Balance Amount	36%

Other Special tax rates

Concessionary rates applied on gain and profits of individuals have been removed with effect from 01.01.2023 (maximum rate of 14%)

- Consideration received in respect of gems and jewellery
- Supply of electricity of natural grid generators from renewable energy resources.

Business consisting of betting and gaming, manufacture and sale or import and sale of any liquor or tobacco products (other than buying & selling) – **40%**

Special Notes

In addition to the above guide lines, tax payers are hereby advised to follow the circulars related to the income tax issued by the commissioner General of Inland Revenue from time to time which have been published in the IRD web portal www.ird.gov.lk.

http://www.ird.gov.lk/en/publications/Circulars_Circulars/SEC_2023_E_03.pdf



CONTACT DETAILS

Please contact IRD officers of the Secretariat or the relevant Regional Office for more details.

Head Office	Secretariat	0112135413 0112135438 0112135434 0112135441 0112135433 0112135430
Metropolitan Branch	Colombo City	0112504390
Metropolitan Branch	Colombo Central	0112505274
Metropolitan Branch	Colombo South	0112502564
Nawam Mawatha	Unit 1 & 2	0112302249
Regional Office	Anuradhapura	0252235512
Regional Office	Badulla	0552222490
Regional Office	Batticaloa	0652222087
Regional Office	Dambulla	0662283655
Regional Office	Galle	0912222504
Regional Office	Gampaha	0332234246
Regional Office	Jaffna	0212222076
Regional Office	Kalutara	0342222216
Regional Office	Kandy	0812223590
Regional Office	Kegalle	0352222493
Regional Office	Kurunegala	0372222798
Regional Office	Maharagama - East	0112803127
Regional Office	Maharagama- West	0112803125
Regional Office	Matara	0412222933
Regional Office	Negombo	0312228322
Regional Office	Nuwara Eliya	0522222520
Regional Office	Rathnapura	0452222040



TAXES - FOR A BETTER FUTURE

Illustrations

Example 01:

Ms. Saduni is a CFO of company DAD. Her income for the year of assessment 2022/2023 is as follows;

- Employment income Rs. 5,700,000 (consent has been given to deduct APIT for the first nine months period)
- Business income Rs. 8,000,000 (after deducting the allowable expenses)
- Gross Interest income from fixed deposits Rs. 1,200,000 (Received first nine months period Rs 900,000 & Rs. 300,000 in the second three months and AIT has been deducted at rate 5% respective second period only).

Employment income includes the cash and non-cash benefits. She has spent as health expenses Rs. 375,000 and Rs. 600,000 for school fees of her children and She also has done the shares purchase amounting to Rs. 800,000 during first nine months period. And she has donated Rs. 200,000 to purchase new equipment for General Hospital. In addition to that she has spent total amount Rs. 550,000 to establish a shop for a lady from Samurdhi beneficiary family in August 2022. (by cash Rs. 200,000 and by providing materials – cement Rs. 350,000). As well as Ms. Saduni has installed a solar panel to her residential place which is connected to the national grid at cost of Rs. 400,000.on 01.07.2022 Furthermore to the above she spent Rs.1,000,000 on her business to upgrade the cinema by purchasing the new equipment which was approved by National Film Corporation of Sri Lanka during the last month of second period in 2023.

Calculation of Income tax liability Ms. Sanduni for the year assessment 2022/2023 .



Calculation of Income Tax Liability

(Return - R) (Schedules –S) (Cage –C) (Line -L)

	First Period (Rs.)		Second Period (Rs.)	
Employment income		4,275,000 S10 - L950 S1-C104.1 R-C10		1,425,000 S10 - L950 S1-C104.1 R-C10
Interest Income		900,000 S10 - L963 S3-C303.1 R-C30		300,000 S10 - L963 S3-C303.1 R-C30
Business income		6,000,000 S10 - L955 S2-C203.1 R-C20		2,000,000 S10 - L955 S1-C203.1 R-C20
Dividend	S6A – 604.1		S10 – L964 S3 – 303.2 R – C30	
Assessable income		11,175,000 S 10 - L975 R-C50		3,725,000 S 10 - L975 R-C50
Deduction- Reliefs				
- Expenditure	-	(900,000)	S10 - L981 R-C70	
- Personal	S10 - L982 R-C80	(2,250,000) S10 - L982 R-C80	S10 - L982 R-C80	(300,000) S10 - L982 R-C80
Deduction-				



QP-Donations - General Hospital - Establish a shop for samurdhi women - solar panel - equipment for cinema		(550,000) S10 - L984 R-C100 (400,000) S10 - L980 R-C100		(200,000) S10 - L986 R-C100 (1,000,000) S10 - L985 R-C100
Taxable income		7,075,000 S10 - L990 R-C120		2,225,000 S10 - L990 R-C120
Payable tax –	2,250,000 @ 6%	135,000	125,000 @ 6%	7,500
	2,250,000 @ 12%	270,000	125,000 @ 12 %	15,000
	2,575,000@ 18%	463,500	125,000 @ 18 %	22,500
			125,000 @ 24 %	30,000
			125,000 @ 30 %	37,500
			1,600,000 @ 36 %	576,000
Total Tax Liability		868,500 S8-L809A R-C170		688,500 S8-L809B R-C170



APIT Deduction		121,500		292,500
WHT Deducted				15,000
Total Credit		121,500		307,500
Total Tax Payable		747,000		381,000
Instalment payments	Rs		Reference to R & S	
1 st Instalment -	300,000		S9C – C927	
2nd Instalment	300,000		S9C – C928	
3 rd Instalment	300,000		S9C – C929	
4thh Instalment	200,000		S9C – C930	
Total Tax Credits	1,529,000		S9- C912	
Balance Tax Payable	28,000			

Example 2

Professor Sumansiri is attached to the University of Colombo Sri Lanka. Meanwhile, he also provides service to the Open University of Sri Lanka and receives a payment. His income for the year of assessment 2022/2023 is as follows;

- Employment income from University of Colombo (primary employment) - Rs. 7,800,000 (monthly remuneration is Rs. 650,000. He has given his consent to deduct APIT)
- Employment income from the open University of Sri Lanka (secondary employment) – from 01.01.2023 to 31.01.2023 Rs. 200,000
- Gross Interest income is Rs. 1,200,000 (Rs. 900,000 received during first period Rs. 300,000 received in second period.)



- Rent income is Rs.1,500,000 (form an individual cash received in each months which is not for the business purposes)
- Dividend income RS. 500,000 from the resident company on 20.03.2023 (WHT at 15% has been deducted/ Final withholding payment)

Employment income included cash and non-cash benefits. He spent Rs. 100,000 for health expenses and medical insurance, Rs. 150,000 for housing loan interest and Rs. 145,000 for tuition fees for his child and Rs. 400,000 for purchase of shares. Which have been spent during the first nine months period.

Calculation of Income Tax Liability

(Return - R) (Schedules –S) (Cage –C) (Line -L)

	First Period (Rs.)		Second Period (Rs.)	
Employment income		5,850,000 S10 - L950 S1-C104.1 R-C10		2,150,000 S10 - L950 S1-C104.1 R-C10
Interest Income		900,000 S10 - L963 S3-C303.1 R-C30		300,000 S10 - L963 S3-C303.1 R-C30
Rent income		1,125,000 S10 - L955 S2-C203.1 R-C20		375,000 S10 - L955 S1-C203.1 R-C20
Dividend *	S6A – 604.1	0	S10 – L964 S3 -303.2 R –C30	0
Assessable income		7,875,000 S 10 - L975 R-C50		2,825,000 S 10 - L975 R-C50
Deduction-Reliefs				



- Rent	(1,125,000×25 %) S10 - L979 S3-C316 R-C60	(281,250)	(375,000×25 %) S10 -L979 S3-C316 R-C60	(93,750)
- Expenditure	(100,000+150 ,000+145,000 +400,000)	(795,000)	S10 - L981 R-C70	
- Personal	S10 - L982 R-C80	(2,250,000) S10 - L982 R-C80	S10 - L982 R-C80	(300,000) S10 - L982 R-C80
Deduction- QP- Donations		- S10 - L985 R-C100		-
Taxable income		4,548,750 S10 - L990 R-C120		2,431,250 S10 - L990 R-C120
Payable tax –	2,250,000 @ 6%	135,000	125,000 @ 6%	7,500
	2,250,000 @ 12%	270,000	125,000 @ 12 %	15,000
	48,750@ 18%	8,775	125,000 @ 18 %	22,500
			125,000 @ 24 %	30,000
			125,000 @ 30 %	37,500
			1,806,250 @ 36 %	650,250



Total Tax Liability		413,775 S8-L809A R-C170		762,750 S8-L809B R-C170
APIT Deduction		297,000		628,500
AIT on interest				15,000
Total Tax Payable		116,775		119,250
Instalment payments	Rs		Reference to R & S	
1 st Instalment	25,000		S9C – C927	
-				
2nd Instalment	50,000		S9C – C928	
3 rd Instalment	50,000		S9C – C929	
4thh Instalment	50,000		S9C – C930	
Total Tax Paid	175,000		S9- C912	
Balance Tax payable	61,025			

*** Dividend subjected to AIT at 15 % is a final WHT payment therefore same could be excluded from income**

Example 3:

Mr. Kapila engages in a business of manufacturing of Steel. His income for the year of assessment 2022/2023 is as follows;

- Business income (after deducting allowable expenses) Rs. 20,000,000



- Gross Interest income Rs. 2,000,000 received on 01.02.2023. (AIT deducted at the rate of 5%. Accordingly, deducted AIT on interest Rs. 2,000,000 x 5% = Rs. 100,000) on 30.03.2023. He has donated Rs.500,000 to build new sound system in D.S. Senanayake College, Colombo 07 on 20.01.2023 as a old boy of the school

He spend Rs. 300,000 for health expenses and medical insurance, Rs. 500,000 for housing loan interest during the first nine months period Tax has been paid on quarterly basis for each quarter at Rs. 750,000 and the balance to be paid on September 30, 2023.

Calculation of Income Tax Liability

(Return - R) (Schedules –S) (Cage –C) (Line -L)

	First Period (Rs.)		Second Period (Rs.)	
Employment income		S10 - L950 S1-C104.1 R-C10		S10 - L950 S1-C104.1 R-C10
Interest Income		S10 - L963 S3-C303.1 R-C30		2,000,000 S10 - L963 S3-C303.1 R-C30
Business income		15,000,000 S10 - L955 S2-C203.1 R-C20		5,000,000 S10 - L955 S1-C203.1 R-C20
Dividend	S6A – 604.1	0	S10 – L964 S3 -303.2 R –C30	0
Assessable income		15,000,000 S 10 - L975 R-C50		7,000,000 S 10 - L975 R-C50
Deduction-Reliefs				



- Rent	S10 - L979 S3-316 R-C60		S10 -L979 S3-C316 R-C60	
- Interest	(Not Applicable) S10 - L980 S3-C317 R-C90		-	
- Expenditure		(800,000)	S10 - L981 R-C70	
- Personal		(2,250,000)		(300,000)
	S10 - L982 R-C80	S10 - L982 R-C80	S10 - L982 R-C80	S10 - L982 R-C80
Deduction- QP- Donations		S10 - L986 R-C100		(500,000)
Taxable income		11,950,000 S10 - L990 R-C120		6,200,000 S10 - L990 R-C120
Payable tax –	2,250,000 @ 6%	135,000	125,000 @ 6%	7,500
	2,250,000 @ 12%	270,000	125,000 @ 12 %	15,000
	7,450,000@ 18%	1,341,000	125,000 @ 18 %	22,500
			125,000 @ 24 %	30,000
			125,000 @ 30 %	37,500
			5,575,000 @ 36 %	2,007,000



Total Tax Liability		1,746,000 S8-L809A R-C170		2,119,500 S8-L809B R-C170
APIT Deduction				
AIT Deducted on interest				100,000
Total Tax Payable		1,746,000		2,019,500
Instalment payments	Rs		Reference to R & S	
1 st Instalment -	750,000		S9C – C927	
2nd Instalment	750,000		S9C – C928	
3 rd Instalment	750,000		S9C – C929	
4thh Instalment	750,000		S9C – C930	
Total Tax Paid	3,000,000		S9- C912	
Balance Tax payable	765,500			