



**QUICK GUIDE TO COMPLETE THE STATEMENT OF ESTIMATED TAX PAYABLE
AND TO MAKE PAYMENT OF QUARTERLY INSTALMENTS
YEAR OF ASSESSMENT 2021/2022**

Any taxpayer who expects to derive assessable income during a year of assessment shall pay income tax on the **estimated taxable income** as computed in the **Statement of Estimated Tax Payable (SET)** in quarterly instalments and is required to submit the **SET** by the date for payment of the first tax instalment i.e. 15th August 2021.

1. GENERAL INSTRUCTIONS

1.1 Submission of SET

Duly completed SET could be hand delivered or sent through **registered post** to the **Central Document Management Unit (CDMU) at the Head Office of the Inland Revenue Department (IRD)** or to any **Regional Office**.

1.2 Payment of Estimated Tax

- The estimated tax shall be paid in quarterly instalments on following dates applying following payment period codes.

Tax Instalment	Due Date of Payment	Payment Period Code
First Instalment	15 th August 2021	21221
Second Instalment	15 th November 2021	21222
Third Instalment	15 th February 2022	21223
Fourth Instalment	15 th May 2022	21224

- **Paying in slips**

The paying-in-slips are posted to the taxpayers. They can also be collected from the Customer Supporting & Promotion Unit at the IRD Head Office, all Regional Offices or any branch of the Bank of Ceylon.

- **Bank to which the payments should be made**

To any branch of the Bank of Ceylon.

2. INSTRUCTIONS TO COMPLETE THE SET - 2021/2022

I. The amounts of **estimated income** from each source of income should be declared in cages (10), (20), (30) and (40) of the SET.

II. Cage 50 - Estimated Assessable Income.

a) Total estimated income from employment, business, investment (other than the gain from realization of investment assets) or other income source would be the total estimated assessable income of a person.

b) When calculating estimated assessable income, final withholding payments and exempt amounts should not be included.

III. Cage 60 – Total Estimated Qualifying Payments

Enter the total amount of qualifying payments to be made during the year (Refer to item number 2(III) of the Detail Instructions in the IRD’s web).

IV. Cage 70 – Total Estimated Qualifying Relief

Enter the total estimated reliefs that you are entitled for the year (Refer to item number 2(IV) of the Detail Instructions in the IRD’s web).

V. Cage 90 – Estimated Tax Liability

Estimated tax liability should be computed by applying the relevant income tax rates. Accordingly, fill Part II of the SET first and enter the value in cage 90.10 to the cage 90 (Refer to item number 2(VI) of the Detail Instructions in the IRD website).

VI. Cage 100 - Estimated Foreign Tax Credit

Enter any Foreign Tax Credit, if any, in Cage 100. Foreign tax credit is limited to the amount of tax on such part of profits or income to which foreign tax credit relates.

VII. Cage 110 – Estimated Advance Personal Tax (APIT)

An employee whose employment income is subject to APIT shall enter the estimated APIT in Cage 110

3. CALCULATION OF INCOME TAX QUARTERLY INSTALMENT PAYMENTS

I. The quarterly instalment payment should be calculated by using the following formula.

$$\text{Quarterly Instalment Payment (E)} = \frac{\text{A} - \text{C}}{\text{B}}$$

Where;

- A** Estimated Tax Payable (Amount declared in Cage 120)
- B** Number of instalments remaining including the current instalment*
- C** Tax payments made prior to this instalment (Previous instalment payments, withholding tax (WHT), Advanced Income Tax (AIT) paid /withheld prior to the due date of the payment of the current instalment payment.

** Number of instalments remaining including the current instalment - B*

<i>Instalment</i>	<i>1st</i>	<i>2nd</i>	<i>3rd</i>	<i>4th</i>
"B"	4	3	2	1

II. Calculation of the Net Quarterly Instalment payment (E-F)

Where

- F** - Advance payments of Quarterly Instalment Payment, carried forward amount of the Economic Service Charge (ESC) of the year of assessment (Y/A) 2019/2020 or share of the instalment paid by the partnership (for partners of a Partnership).

4. PENAL PROVISIONS

4.1 Penal Provisions for late filing and non-submission of the SET and Submission of incorrect or misleading SET.

- A person who fails to submit the SET as instructed by the Commissioner General may subject to pay a penalty up to one million rupees.
- Where tax is under-paid, as a result of an incorrect SET and material omission in the SET, penalty will be imposed in the amount of-
 - (a) 25% of the underpayment, if (b) does not apply;
 - or
 - (b) 75 % of the under payment, if the amount of the underpayment is-
 - higher than ten million rupees or
 - higher than the 25% of the person's tax liability for the period.

- The SET form considered as a statement to a tax official and accordingly, penalty will be imposed on false or misleading statement. The penalty will be the amount equal to Rs.50,000 or the amount understated due to the false or misleading statement, whichever is higher.
- A person who willfully makes a false or misleading SET shall be liable on conviction to a fine up to one million rupees or to imprisonment for term up to one year or to both such fine and imprisonment.

4.2 Penal provision applicable for nonpayment /late payment/under-Payment of Instalment Payments and evading of instalment Payments.

- **Penalty for non-payment /late payment or under-payment**

A person who fails to pay all or part of an instalment required under this Act, within 14 days of the due date for the instalment shall be liable to a penalty equal to 10% of the amount of tax due but not paid.

- **Evading of instalment payments**

A person who willfully evades making instalment payments by understating the estimated tax payable in the SET shall be liable on conviction to a fine up to ten million rupees or to imprisonment for term up to two years or to both such fine and imprisonment.

- **Interest on under-payment**

In the event of an instalment or part thereof is not paid on due date, **1.5% interest** per month or part of a month could be charged on such default instalment or part of the instalment.

5. FURTHER INSTRUCTIONS

For further details, please refer to the “Detail Instruction to the Statement of Estimated Tax Payable” which could be downloaded from the IRD Website via: www.ird.gov.lk

For further details please contact;

1. 1944 – Inland Revenue Call Centre
2. 011-2134200 - Senior Commissioner - Business Consultation Unit
3. 011-2134250 - Commissioner - Customer Supporting and Promotion Unit
4. 011-2134251 - Commissioner– Business Consultation Unit
5. Commissioners of all Regional & Metro Units