

Guidelines to filling the Annual Statement of Withholding Tax (WHT) and Advance Income Tax (AIT)

Year of Assessment 2023/2024

In terms of the provisions in the Inland Revenue Act No. 24 of 2017 (Inland Revenue Act), every **withholding agent** is required to submit an Annual Statement with the Schedules (**Form No. Asmt WHT_001_E**), provided under section 86 of the Inland Revenue Act) for year of assessment 2023/2024, on or before **30th April 2024**.

You are required to pay attention to the following, in submission of the Annual Statement and Schedules on WHT and AIT.

1. Submission of Statement of Withholding Tax (WHT) and Advance Income Tax (AIT) with Schedules

i. Method of filing

In terms of Section 113 (3) of the Inland Revenue Act, No. 24 of 2017 (IRA), as amended by the Inland Revenue (Amendment) Act No. 4 of 2023, with effect from April 1, 2023, a person shall file such person's tax returns electronically through the use of a computer system or mobile device. Arrangements have been made for e-filing via IRD web portal. Please refer Annexure 1 (Guide for submitting WHT Statement through e-service) for additional information.

If e-service facility is not available to you, you can submit your Annual statement of WHT and AIT with schedules by yourself making use of e-service facility available at "Nanasala", established in the IRD Head Office Ground Floor or at any IRD Regional office.

2. Completion of the Statement of Withholding Tax and Advance Income Tax

2.1 PART I – Summary of Withholding Tax (WHT) Deductions

PART – I Enter detail of withholding tax deducted on payments made to **a non-resident person** and payments made related to **rewards or winning from lottery/ betting/ gambling, or sales of gems at auctions**

2.2 PART II- Summary of Advance Income Tax (AIT) Deductions

PART – II Enter detail of withholding tax/ advance income tax deducted on payments made to **a resident**

Note 1 : If the withholding agent has difficulties identifying the resident person and non-resident person's payments related to interest or dividend, then the withholding agent can declare the total amount in PART II of the statement without separating resident and non-resident persons.

2.3 PART III – Monthly payment summary

In this section, you are required to declare monthly wise deducted tax which are related to PART – I and PART – II with the details of payment/s made by you to IRD under the payment codes 43 and 44.

Before submission of the statement and schedules you have to ensure that the following conditions are fulfilled.

- i. Statement cage IA (d) + IIA (d) = Statement Cage IIIA (f)
- ii. Statement cage IIIA (a) + cage IIIA (c) = schedule 1 (cage of Amount of WHT/AIT deducted)
- iii. Statement cage IIIA (b) + cage IIIA (d) + cage IIIA (e) = schedule 2A (cage of Amount of WHT / AIT deducted) + schedule 2B (cage of Amount of WHT/AIT deducted)

2.4 Part IV - Declaration

Part (A)

Where the statement or part of the statement is prepared by an approved accountant, or any other person for a payment other than a full time employee of the taxpayer, fill part (A) and attach the certificate/s issued by such person.

Part (B) Declaration of the Withholding Agent

In terms of section 126(4) of the IRA, a taxpayer or the taxpayer's duly authorized agent, shall sign the statement, attesting to its accuracy and completeness. Therefore, the Managing Director/ Head of the Department/ President or Active partner/ Director of Finance/Director/ Secretary/ Trustee/Accountant/ Administration Officer/ Principal Officer/Duly Authorized shall sign (and date) the Annual statement indicating his/her name and designation under Part (B) of the Part IV of the Annual Statement.

3. Completing the Withholding Tax / Advance Income Tax Schedules

3.1 Withholding Tax / Advance Income Tax Schedule 1 (Withholding Tax on Interest or Discount)

This Schedule should be filled by a person who has deducted WHT/AIT on payment of interest or discount. If the number of records exceeds more than 25,000 per month, you are required to prepare the schedules monthly wise.

Note II: For Bank and financial institution,

According to circular number SEC/2023/E/05 dated July 26, 2023, if you have already filed a quarterly statement with Schedule 1 until December 31, 2023, you should submit Schedule 1, including the balance information with last quarter details (January 1, 2024, to March 31, 2024).

Note III: If the number of records in Schedule 1 exceeds 100,000, you have the option to utilize the direct transfer method for transferring the schedule file to the RAMIS system, subject to approval from the IRD. To proceed with this method, it's necessary to submit a request for approval to the Commissioner General no later than April 10, 2024. However, prior to transferring the file to the RAMIS system, it is essential to verify the records using the appropriate schedule verification tool.

1. **Serial No** –Serial number should start from 1 and also same number, should not be repeated at any time. If more than one version of files / monthly wise files are prepared (due to inadequate capacity (ie. file capacity exceed 10MB)), the subsequent versions / subsequent month should follow the correct sequence of the serial numbers.
2. **Type of Tax (WHT/AIT)** – Enter relevant tax type (WHT/AIT)
3. **Investment type** – Select the appropriate type of investment from the list below.

BUSINESS LOAN
CERTIFICATE OF DEPOSITS
COMMERCIAL PAPERS/PROMISSORY NOTES
DEBENTURES
FIXED DEPOSIT
FOREIGN CURRENCY ACCOUNTS
INVESTMENT IN FUNDS
NRFC
OTHERS
SAVINGS
TREASURY BONDS/BILLS/SECURITIES

4. **Withholdee's Name** – The name of the withholdee should be stated in English and the maximum number of letters are limited to 100.

5. ***Withholdee's Address*** – The address of the withholdee should be stated in English. Commas should not be used at any time and instead, leave a space in between. Maximum number of letters are limited to 100.
6. ***Withholdee's TIN /NIC*** – State the valid Taxpayer Identification Number / National Identity card number of the withholdee. Instances where the withholdee has not provided the TIN/ NIC, this cage to be left blank.

Note IV – In the downloaded excel NIC columns formatted as text. If you copy & paste NIC and if the output can be seen in scientific format, make sure to change the format of the column as Number without decimal.

- i ***Download the schedule file from IRD web.***
- ii ***Add 12 digit NIC.***
- iii ***Save file as .csv. Don't open file***
- iv ***Upload the file to system***
- v ***If you need to edit the file after saving, open the csv file***
- vi ***format NIC column again as Number without decimals. (You can verify the file content by opening the saved csv file from notepad)***
- vii ***Save file as .csv. Don't open file***
- viii ***Upload the file to system***

7. ***Account No./Certificate No.*** –State the account number or the Reference number of document and such number should not exceed 30 digits.
8. ***Value of investment (Rs)*** - State the face value of the investment of which the interest is paid for this year of assessment. This cage should contain only 15 digits including 2 decimals.
9. ***Value of interest/discount paid (Rs)*** – The value of the interest paid in the year of assessment should be included here. If the interest is paid periodically, the interest paid for each period to be declared separately. This cage should contain only maximum of 15 digits (including 2 decimals).
10. ***Rate of WHT/AIT (%)*** – The rate applied for deduction of WHT/AIT should be stated here.
11. ***Amount of WHT/AIT deducted (Rs)*** – The value of the WHT/AIT deducted should be stated here. This cage should contain only maximum of 15 digits (including 2 decimals).
12. ***Month of payment deducted*** - Select the appropriate month of payment from the dropdown list.

13. **WHT/AIT Certificate Number** – State the number/s of the Withholding Certificate/s which has been issued by you to the withholder. This cage should contain only maximum of 30 digits.

If you have not issued a WHT/AIT certificate to the withholder, this cage should be left blank

14. **Total** - The cumulative amount of Column 10 should be stated here.

3.2 Withholding Tax Schedules 2A and 2B

WHT/AIT deducted under section 84 and 85 other than the interest or discount on resident person and non-resident person to be declared in the schedule 2A and 2B respectively.

Schedule 2A – Payments made to residents persons other than interest and discount

Schedule 2B – Payments made to non-residents persons other than interest and discount

1. **Serial No** –Serial number should start from 1 and also same number, should not be repeated at any time.

If more than one version of files are prepared (due to inadequate capacity (ie. file capacity exceed 10MB)), the subsequent versions should follow the correct sequence of the serial numbers.

2. **Type of Tax (WHT/AIT)**- Enter relevant tax type (WHT/AIT)

3. **Type of payment** – Select the appropriate type of payment from the list below.

CHARGE
COMMISSION
CONSULTATION
DIVIDEND
GEM AUCTION
LAND, SEA OR AIR TRANSPORT OR TELECOMMUNICATION SERVICE PAYMENT TO
NONRESIDENT
MANAGEMENT SERVICE FEE
NATURAL RESOURCE PAYMENT
OTHERS
INSURANCE PREMIUM
RENT
ROYALTY
SERVICE FEE
TEACHING OR LECTURING
TECHNIAL FEE
THE PAYMENT ON ANY SERVICE RENDERED ON THE BASIS OF AUTOMATED SERVICE OTHERS
WINNINGS FROM LOTTERY/REWARD/BETTING OR GAMBLING

4. **Withholder's Name** – The name of the withholder should be stated in English and the maximum number of letters are limited to 100.

5. (a). **Withholdee's Address** – The address of the withholdee should be stated in English. Commas should not be used at any time and instead, leave a space in between. Maximum number of letters are limited to 100.
(b). **Withholdee's Country (For Schedule 2B)** – Include the Country of resident of the withholdee.
6. **Withholdee's TIN/NIC** – State the valid Taxpayer Identification Number or National Identity Card number of the withholdee. If the withholdee has not provided the TIN or NIC, leave this cage blank. (Refer the Note IV)
7. **Month of payment** – Select the appropriate month of payment from the dropdown list.
8. **Total amount paid** - The total value (including the tax) of payment made according to the withholding tax certificate/s given to withholdee should be stated here. It should contain only maximum of 15 digits (including 2 decimals).
9. **Rate of WHT/AIT (%)** – The tax rate applied for calculating the WHT/ AIT should be stated here.
10. **Amount of WHT/AIT deducted (Rs)** - The value of the withholding Tax/ Advance income Tax deducted from payments should be stated here. This cage should contain only maximum of 15 digits (including 2 decimals).
11. **WHT/AIT Certificate Number** – The withholding tax/ advance income tax certificate number issued by you to the withholdee should be stated here. This cage should contain only maximum of 30 digits. If you have not issued a WHT/AIT certificate to the withholdee, this cage should be left blank.

Note V: If the number of shareholders is more than 1000, then you can declare the details as a single record under the dividend category.

If you come across any difficulties relating to;

- **Further clarification:** You may contact IRD call center by dialing 1944 and get assistance or you may keep a voice record and get a ticket number or sent an email to callcentreservice@ird.gov.lk
- Click below link to registration and activation of WHT tax type - <http://www.ird.gov.lk/en/Lists/Latest%20News%20%20Notices/Attachments/489/Tax%20Type%20Registration-Activation-%20English.pdf>
- Refer the Quick guideline for e-service