

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

Year of Assessment 2021/2022

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 2021/2022, on or before **30th April 2022**.

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

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

i. Method of filing

a) E – filing

In terms of Section 113 (1A) of the Inland Revenue Act, No. 24 of 2017 (IRA), as amended by the Inland Revenue (Amendment) Act No. 10 of 2021, with effect from April 1, 2021, e-filing of Annual Statement (file tax Returns electronically) is mandatory for,

(a) companies incorporated in Sri Lanka (all resident limited liability companies);

(b) companies incorporated outside Sri Lanka (all non-resident limited liability companies); and for

(c) public corporations.

Therefore, such entities are not entitled to furnish their Annual Statement of Withholding Tax in writing by using the printed specified forms for this year of assessment and thereafter.

Other withholding agents not referred in above are also entitled to submit their Annual Statement electronically. Further, as provided in Section 113(4) of the IRA, that other withholding agents shall continue the filling of Annual Statement electronically, if such persons have already filed their Annual Statement electronically in previous year of assessment.

Arrangements have been made for e-filing via IRD web portal. Please refer to the quick guide available in the IRD web portal (www.ird.gov.lk) for additional information.

b) Manual filing

withholding agents` who wish to submit their Annual Statement in printed specified forms shall submit the statement to Central Document Management Unit (CDMU) at IRD Head Office or any Regional Office of the IRD through hand delivery or post.

Submit Schedules for withholding tax and advance income tax by considering followings.

- a. If the aggregate number of employees liable for WHT / AIT is greater **than 20**;
 - i. It is compulsory that you submit your **Schedules through e-service/upload to the system** (You may please refer to the Guide).
 - ii. If e-service facility is not available to you, you can submit your schedules (a soft copy) 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.
 - iii. If you are not familiar with the uploading procedure, you may bring a soft copy of the relevant schedules to the IRD Head office and get the assistance of IRD officers stationed at the IRD "**Nanasala**", or at any **IRD Regional office**.
- b. If the aggregate number of employees liable for WHT / AIT is **equal or less than 20**, you have an option to submit hard copies or soft copies of the Schedules.

Hard copies of Annual Statement should be submitted to the **Central Document Management Unit (CDMU) of the IRD Head Office**. However, if you have any difficulty in submitting the Annual Statement to the Head Office, you may submit your Annual Statement to the nearest Regional Office of the IRD. **If you have submitted Annual Statement through e-service, you are not required to submit a hard copy of the same.**

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

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

You are required to declare the details of withholding tax deductions under this section.

Details of withholding tax deducted from the **non-residents** should be declared in the **first eight cages (Cages 1 – 8)** under this section. Withholding tax deducted from **rewards or winning from lottery/ betting/ gambling** should be declared in the **cake 9** and **cake 10** is specific only to **National Gem and Jewellery Authority** to declare withholding tax deductions from sales of gems at auctions.

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

You are required to declare the details of advance income tax deductions in this section.

Details of advance income tax deducted based on the declaration given by the withholdor should be declared here.

2.3 PART III – Monthly payment summary

In this section, you are required to declare your monthly liability on WHT and AIT separately with the details of payment/s made by you to IRD under the payment codes 43 and 44.

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

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

3.1 Withholding Tax Schedule 1 (Withholding Tax on Interest or Discount for resident persons)

This Schedule should be filled by a person who has deducted WHT/AIT on payment of interest or 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. *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
NREFC
OTHERS
SAVINGS
TREASURY BONDS/BILLS/SECURITIES

3. *Withholdee's Name* – The name of the withholdee should be stated in English and the maximum number of letters are limited to 100.
4. *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.
5. *Withholdee's TIN* – State the valid Taxpayer Identification Number of the withholdee. Instances where the withholdee has not provided the TIN, this cage to be left blank.
6. *Account No./Certificate No.* – State the account number or the certificate number and such number should not exceed 30 digits.
7. *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.
8. *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).
9. *Rate of WHT (%)* – The rate applied for deduction of WHT should be stated here.
10. *Deducted amount of WHT (Rs)* – The value of the WHT deducted should be stated here. This cage should contain only maximum of 15 digits (including 2 decimals).
11. *Month of payment deducted* - Select the appropriate month of payment from the dropdown list.
12. *WHT Certificate Number* – State the number/s of the Withholding Certificate/s which has been issued by you to the withholdee. This cage should contain only maximum of 30 digits.
If you have not issued a WHT certificate to the withholdee, this cage should be left blank
13. *Total* - The cumulative amount of Column 10 should be stated here.

3.2 Withholding Tax Schedules 2A and 2B

WHT deducted under section 84 and 85 other than the interest, discount on residents and non-residents to be declared in the schedule 2A and 2B respectively.

2A is relevant to payments made to residents

2B is relevant to payments made to non-residents

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 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

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

4. (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.

5. *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.
6. *Number of payments made within a month* – If several payments had been made for a person within a month, only one withholding tax certificate should be given, and state the number of payments made to that individual in the certificate.
5. *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).
6. *Rate of WHT (%)* – The tax rate applied for calculating the withholding tax should be stated here.
7. *Deducted amount of WHT (Rs)* - The value of the withholding Tax deducted from payments should be stated here. This cage should contain only maximum of 15 digits (including 2 decimals).
8. *Month of payment deducted* – Select the appropriate month of payment from the dropdown list.
9. *WHT Certificate Number* – The withholding 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 certificate to the withholdee, this cage should be left blank.
10. *Total* - The cumulative amount of Column 9 should be stated here.

If you come across any difficulties relating to;

- **System failures:** You may contact IRD call center by dialing 1944 and get assistance or you may keep a voice record and get a ticket number.
- **Uploading errors:** Please contact Central Data Management Unit (CDMU) by dialing 0112134162 or 011-2134133.
- **Issues relating to schedule verification:** Please contact Central Data Management Unit by dialing 0112134162 or 011-2134133
- **Issues relating to e-filing:** Please dialing 011-2134098/011-2135242/011-2134222