

# Guidelines to Filing the Statement of Withholding Tax

## Year of Assessment 2018/2019

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**), provided under section 86 of the Inland Revenue Act) for year of assessment 2018/2019, on or before **30<sup>th</sup> April 2019**.

You are required to pay attention to the following, when submitting the Statement and Schedules for WHT.

### 1. Submitting the Statement of Withholding Tax (WHT) and Schedules

You can submit the WHT Statement and the Schedules in following ways;

**(a) By Post**

Statement should be posted to the following address: -

The Commissioner  
Central Document Management Unit (CDMU)  
Department of Inland Revenue,  
P.O. Box 515,  
Colombo 02.

**(b) By Hand**

Statement can be handed over to the CDMU at 1<sup>st</sup> Floor of IRD Head Office or to any Regional Office or Metro Branch.

**(c) Through e-Service**

No facility is available to submit the Statement through e-service this year, **but the facility is available to upload only the WHT Schedules.**

You are required to pay your attention to the following when submitting the **Schedules** for WHT;

- a. If the aggregate number of withholdees, who are liable for WHT is greater **than 20**;
  - i. It is compulsory to submit your **Schedules through e-service/upload to the system** (Please refer the Guideline).
  - 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 "**Nenasala**", established in the Ground Floor of IRD Head Office, 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 IRD Head Office and get the assistance of IRD officers stationed at IRD "**Nenasala**", or at any **IRD Regional Office**.
- b. If the aggregate number of withholdees who are liable for WHT is **equal or less than 20**, you have an option to submit hard copies or upload the Schedules to the system.
- c. Schedule templates and updated Schedule verification tools are available at IRD Web Portal from **1<sup>st</sup> April, 2009**.
- d. The acknowledgement received when the WHT Schedules are uploaded to the IRD Web Portal should be attached to the Statement of Withholding Tax
- e. Any person who is filing the Statement of WHT without the relevant Schedules will be considered as not to have submitted the Annual Statement for the purpose of the Inland Revenue Act.

## 2. Completion of the Statement of Withholding Tax

### 2.1 Part I - Withholding tax on payments under section 84

In terms of section 84, payment should include payments such as dividend, interest, discount, charges, natural resource payments, rent, royalty, premium, rewards, winning from betting or gambling, share of partnership income, sale of gem at auction that is are subject to WHT

**(i) Gross Amount Paid (Amount before deducting Withholding Tax) -**

Gross amount paid = Amount not liable for WHT + Amount liable for the WHT

**(ii) Amount Not Liable for Withholding Tax -**

Should include payments under sec 84, but not liable for WHT under that section or any other sections of IR Act. e.g.

1. Interest paid to a senior citizen up to Rs 1.5 million.
2. Rent paid to a cooperative society.

**(iii) Amount Liable for Withholding Tax**

The total value of payment which is liable for WHT deduction.

**(iv) Amount Deducted for Withholding Tax (Rs)**

The total amount deducted as Withholding tax

### 2.2 Part II - Withholding tax on payments under section 85

In terms of Section 85, withholding tax on payments should be deducted from the following payments (Payments made to resident individuals and non-resident persons);

- a) Payment for teaching, lecturing, examining, invigilating or supervising an examination
- b) Payment as a commission or brokerage to a resident insurance, sales or canvassing agent
- c) Payment as endorsement fee
- d) Payment in relation to the supply of any article on a contract basis through tender or quotation
- e) Payment for any service provided in the capacity of independent service providers such as doctors, engineers, accountants, lawyers, software developers, researchers, academics or any other similar service
- f) Payment for any service of construction work, security service, janitorial service consultation work of any kind, organizing of events, catering, designers, dress makers, tour guidance, entertainment, agency functions or any similar services or connected work where such services are provided under an agreement or otherwise
- g) Payment for management service
- h) Payment for any type of vocational services provided as an independent service provider
- i) Payment for service fee or insurance premium for a non-resident person
- j) Payment for transport or telecommunication for a non-resident person

**(i) Gross Amount Paid (Amount before deducting Withholding Tax)**

Gross amount paid = Amount not liable for WHT + Amount liable for the WHT

**(ii) Amount Not Liable for Withholding Tax**

Should include the payments under sec 85, but not liable for WHT under that section or any other section of IR Act

- e.g. (i) Payments under section 85, but less than Rs. 50,000 per month  
(ii) Amounts exempted under section 85(3) of the Inland Revenue Act

**(iii) Amount Liable for Withholding Tax,**

The total value of payments which is liable for WHT

**(iv) Amount Deducted for Withholding Tax (Rs)**

The total amount deducted as WHT

## 2.3 Part III - Liability and Payments for the Withholding Tax

**Cage 3.1** - The total WHT liability which is relevant to **Resident persons** should be declared in monthly basis under following categories.

- (a) WHT on Interest (Total value of this cage should be equal to the total value of **Schedule 1**)
- (b) WHT on Dividend (Total value of this cage should be equal to the total value of **Schedule 3**)
- (c) WHT on Partnership Income (Total value of this cage should be equal to the values in **Schedule 2A**)
- (d) WHT on any other payments (Total value of this cage should be equal to the total value of Schedule 2A (Other than WHT on partnership declared amount in cage 3.1 (c)

### Note:

Banks and financial institutions should declare the details of withholding tax payments on interest paid to non-resident persons in cage 3.1 (a)

**Cage 3.2** - The total WHT liability on payments made to which is relevant to non-resident persons to be declared. Total value of this cage should be equal to the values in **Schedule 2B**)

**Cage 3A and 3B** - Declare total WHT deductions from a,b,c and d each month separately

**Total Amount Paid** - Declare the amount of Withholding Tax remitted monthly to IRD by way of monthly payments.

## 2.4 Part IV - Declaration

It is mandatory to complete Part (A) and Part (B) of the Declaration. Where the Statement or part of the Statement is prepared by **some other person**, (including an approved accountant), other than a full time employee of the tax payer.

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### Part (A)

Should include details of other person who has prepared the statement (including an approved accountant) in part (A).

### Part (B)

Taxpayer or the taxpayer's duly authorized agent, should sign the return using part (B) of the Declaration.

## 3. Completing the Withholding Tax Schedules

### 3.1 Withholding Tax Schedule 1 (Withholding Tax on Interest or Discount)

This Schedule should be filled by a person who has deducted WHT 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 versions of this schedule is prepared (due to inadequate capacity) 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. Use the appropriate letter while filling the schedule

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

3. **Withholdee's Name** – Should state the name of the withholdee in English Language, the maximum number of letters limits to 100.

4. **Withholdee's Address** – Should state the address of the withholdee in English language. Should not use commas at any time only leave a space in between Maximum number of letters limits 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 certificate number and such number should not be more than 30 digits.
7. **Value of Investment (Rs)** - State the face value of the investment which the interest is paid for this year of assessment. If the interest had been paid periodically, then the face value on which monthly interest is paid to be include. This cage should contain only 15 digits including 2 decimals.
8. **Value of Interest/ Discount Paid (Rs)** – The value of interest paid in the year of assessment. If the interest is periodically the interest paid for each period to be declared separate. This cage should contain only 15 digits (including 2 decimals).
9. **Rate of WHT (%)** –should state the rate applied for deduction of WHT.
10. **Amount of WHT Deducted (Rs)** – Should state the value of the WHT deducted. This cage should contain only 15 digits (including 2 decimals).
11. **WHT Certificate Number** – State the number of the Withholding Certificate which has been issued by you to the withholdee. This cage should contain only 30 digits.  
If you have not issued a WHT certificate to the withholdee, this cage should be left blank
12. **Total** - The cumulative amount of Column 10

**Note:**

- (1) Several WHT deductions from an individual withholdee could be disclosed as a single record (Not expected to have details of each translation separately).
- (2) The accounts maintained in foreign currency, should be converted to the value of Sri Lankan currency as at the exchange rate prevailed on the date on which interest paid or discount allowed.
- (3) Banks or financial institutions should declare WHT on interest on non-resident withholdee in the same schedule.

**3.2 Withholding Tax Schedules 2A and 2B**

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

2A – For resident person

2B – For non-resident person

- 1 **Serial No** - Serial number should start from 1 and also same number should not be repeated at any time. If more than one versions of this Schedule is prepared (due to inadequate capacity) the subsequent versions should follow the correct sequence of the serial numbers.
- 2 **Type of Payment** – Select the appropriate type of payment type from the list below
  - CHARGE
  - NATURAL RESOURCE PAYMENT
  - RENT
  - ROYALTY
  - PREMIUM
  - WINNINGS FROM LOTTERY/REWARD/BETTING OR GAMBLING
  - PARTNERSHIP INCOME
  - GEM AUCTION
  - TEACHING OR LECTURING
  - EXAMINING OR INVIGILATING OR SUPERVISING COMMISSION
  - ENDORSEMENT FEE
  - SERVICE OF SUPPLY OF ANY ARTICLE

INDEPENDENT SERVICE PROVIDING  
 CONTRACTION SERVICE  
 SECURITY SERVICE  
 JANITORIAL SERVICE  
 CONSULTATION WORK  
 ORGANISING OF EVENT SERVICE  
 CATERING SERVICE  
 DESIGNING AND DRESS MAKING SERVICE  
 TOUR GUIDANCE SERVICE  
 ENTERTAINMENT SERVICE  
 AGENCY FUNCTIONS  
 MANAGEMENT SERVICE  
 VOCATIONAL SERVICE  
 SERVICE FEE OR INSURANCE PREMIUM PAYMENT TO NONRESIDENT PERSON  
 LAND OR SEA OR AIR TRANSPORT OR TELECOMMUNICATION SERVICE PAYMENT TO NONRESIDENT  
 THE PAYMENT ON ANY SERVICE RENDERED ON THE BASIS OF AUTOMATED SERVICE OTHERS

3. ***Withholdee's Name*** – Should state the name of the withholdee in English, the maximum number of letters limits to 100.
4. (a). ***Withholdee's Address*** (For Schedule 2A) - Should state the address of the withholdee in English. Do not use commas at any time but only leave a space in between Maximum number of letters limits 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, leave this cage as blank. In case of non-resident person, use the TIN which was provided by International Enterprises Compliance & Enforcement Unit - IECE Unit (International Unit) of IRD at the time of issuing clearance for remitting the payment from in Sri Lanka.
- 6 ***Number of payments made within a month*** – If Several payments had been made for a person within a month and only one withholding tax certificate should be given, and state the number of payments made to that individual in the certificate. Further if several payments had been made to one individual and withholding tax certificate had been given to each and every payment then, in each certificate since every payment is stated separately, state the number of payment as one.
7. ***Total amount paid*** - The total value (including the tax) of payment made according to the withholding tax certificate given to withholdee. It should contain only maximum of 15 digits (including 2 decimals).
8. ***Rate of WHT (%)*** –Mention the tax rate applied for withholding tax.
9. ***Amount of WHT Deducted (Rs)*** - Mention the value of the withholding Tax deducted from payments. This cage should contain only 15 digits (including 2 decimals).
10. ***WHT Certificate Number*** – State the withholding tax certificate number issued by you to withholdee. In case of non- resident persons, withholding certificate number would be the “remittance clearance number”. This cage should contain only 30 digits. If you have not issued a WHT certificate to the withholdee, this cage should be left blank.
11. **Total** - The cumulative amount of Column 9

### 3.3 Withholding Tax Schedule 3 (Withholding Tax Deduction From Dividend)

All institutions paid dividend to shareholders. Should be complete this schedule

1. ***Serial No*** – Serial number should start from 1 and also same number should not be repeated at any time. If more than one versions of this schedule is prepared (due to inadequate capacity) the subsequent versions should follow the correct sequence of the serial numbers.
2. ***Type of Shareholder*** – Select the appropriate type of shareholder from the list below.
  - (a) COMPANY
  - (b) INDIVIDUAL
  - (c) OTHERS

**3. Date of distribution** – Date of distribution should be in the format YYYY-MM-DD.

**4. Gross dividend distributed** - Total value of the dividend distributed. This cage should contain only 15 digits (including 2 decimals).

**5. Excluded amount**- State the value of excluded dividend. This cage should contain only 15 digits (including 2 decimals).

**6. Exempt dividend** – State the value of exempt dividend. This cage should contain only 15 digits (including 2 decimals).

**7. Liabile amount** – Amount of dividend liable for withholding tax. This cage should contain only 15 digits (including 2 decimals).

**8. Rate of WHT (%)** –Mention the tax rate applied for deducting withholding tax. ( e.g. 14% or any other rate)

**9. Amount of WHT Deducted (Rs)** - Mention the value of withholding tax deducted. This cage should contain only 15 digits (including 2 decimals).

**10. Total** - The cumulative amount of Column 9.

Note:

i. Not expected to include withholdees details separately. State the total amount paid for individuals, companies, non-residential persons and others in the rows provided for them. If dividend has been distribute more than once detail of each issue to be given separately according to the dates. Instances where more than one rate of withholding tax percentage had been applied (non-residential persons) these to be mentioned state them separately according to the date.

#### 4. Adjustment Schedule

If there is any amendments done by you after making the withholding tax payment to IRD, submit the “WHT Adjustment Schedule” in the following format;

#### WHT Adjustment Schedule

1	2	3	4	5	6	7	8	9
Month Adjusted	Type of Payment	Withholdee’s			Amount Withheld (Rs)	Month Withhold	Amount repayed to withholdee (Rs)	Reason for repayment
		Name	Address	TIN/NIC				
Total								

#### 5. Method of payment

Payments to be made making use of the paying - in – slips already posted by the IRD.

You may please pay your attention to the “Payment Tax Type Code” and the “Payable Bank” which is given below.

Withholding Type	Payment Tax Type Code	Payable Bank
<b>WHT on Dividend</b>	<b>04</b>	<b>Bank of Ceylon</b>
<b>WHT on Partnership income</b>	<b>09</b>	<b>Bank of Ceylon</b>
<b>WHT on interest</b>	<b>43</b>	<b>Peoples Bank-(payment voucher number is compulsory)</b>
<b>WHT on other service or investment return</b>	<b>44</b>	<b>Peoples Bank- (payment voucher number is compulsory)</b>
<b>WHT paid by non-resident / behalf of non-resident</b>	<b>12</b>	<b>Bank of Ceylon</b>

If you come across any difficulties relating to;

- **System failure:** 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 trouble:** You may contact **Central Data Management Unit (CDMU)** by dialing 0112134162 or 011-2134753.
- **Issues relating to schedule verification:** You may contact **Central Data Management Unit** by dialing 011-2134162 or 011-2134753