



# INLAND REVENUE DEPARTMENT

## Implementation of Tax Proposals Announced in the Budget 2016

### Taxes and levies implemented by the Commissioner General of Inland Revenue under Finance Acts, Stamp Duty Act and Land (Restrictions on Alienation) Act

The following proposals relating to taxes and levies imposed under relevant Acts and implemented by the Commissioner General of Inland Revenue, will take effect from January 1, 2016.

#### 1. The following levies imposed under Finance Act, No. 5 of 2005 are removed :

- **Share Transaction Levy (STL)** on share transactions taken place on or after January 1, 2016
- **Construction Industry Guarantee Fund Levy (CIGFL)** on the liability arises on construction contracts carried out on or after January 1, 2016.

#### 2. Vehicle Entitlement Levy

A levy named 'Vehicle Entitlement Levy' is imposed with effect from January 1, 2016, in lieu of 'Motor Vehicle Importers Licence fee' imposed under the Finance Act No.10 of 2015.

The Levy should be paid by every importer who imports a motor vehicle at the time of opening a Letter of Credit (LC) at any bank, at the following rates;

- i. Motor Cycle and Three Wheelers - Rs. 2,000/- per vehicle
- ii. Motor Cars - Rs. 15,000/- per vehicle
- iii. All other vehicles - Rs. 10,000/- per vehicle

The bank in which the LC is opened should collect such levy and remit to the Commissioner General as follows;

- (i) for the period from the 1<sup>st</sup> day to the 15<sup>th</sup> day of any month on or before the end of that month; and
- (ii) for the period from the 16<sup>th</sup> day to the end of the month on or before the 15<sup>th</sup> day of the subsequent month.

The clearance of any vehicle is not permitted by the Director General of Customs unless the Vehicle Entitlement Levy is paid.

#### 3. Stamp Duty under Stamp Duty ( Special Provisions) Act, No. 12 of 2006 :

- **The following instruments are exempt from Stamp Duty (SD) with effect from January 1, 2016**

- (i) Any claim, demand, or request presented for the payment of any sum of money in respect of any transaction entered into during any period (on or after January 1, 2016) by using any credit card for payment other than in foreign currency.
- (ii) Any share certificate issued consequent to the issue, transfer or assignment of any number of shares of any company.

- **The rate of SD is increased on the following instrument with effect from January 1, 2016**

Any claim, demand or request presented for the payment of any sum of money (excluding any finance or service charge due) in respect of any transaction entered into during any period on or after January 1, 2016, by using any credit card for payment in foreign currency - for every Rs. 1000 or part thereof of such sum of money is Rs. 25.00

#### 4. The land lease tax imposed under section 5 of the Land (Restrictions on Alienation) Act, No. 38 of 2014 on the leasing of lands to foreigners is removed on transactions entered into on or after January 1, 2016.

For further clarification, please contact:

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Inland Revenue Web Site - [www.ird.gov.lk](http://www.ird.gov.lk)

PLEASE MAKE PAYMENTS IN TIME

Commissioner General of Inland Revenue



## TAXES - FOR A BETTER FUTURE