

TAX TABLE NO. 04
Rates for the deduction of Tax from any profits from Employment made to Non-resident Employees who are Non- citizens in Sri Lanka

The deduction of tax should be made from all non - resident and non - citizen employees.

1. Tax Deduction on Regular Gains and Profits from Employment

In the case of any non-resident employee who is not a citizen in Sri Lanka, on any regular gains and profits from employment (cash and non-cash benefits), Table 4.1 should be applied.

Table 4.1: Tax to be deducted on Regular Gains and Profits from Employment of Non - resident, Non - citizen Employees

Monthly regular profits from employment (Taxable)	Tax
1. Monthly regular profits from employment up to Rs. 41,667/-	6% of monthly regular profits from employment
2. Monthly regular profits from employment exceeding Rs. 41,667/- but not exceeding Rs. 83,333/-	12% of monthly regular profits from employment less Rs. 2,500/-
3. Monthly regular profits from employment exceeding Rs. 83,333/- but not exceeding Rs. 125,000/-	18% of monthly regular profits from employment less Rs. 7,500/-
4. Monthly regular profits from employment exceeding Rs. 125,000/- but not exceeding Rs. 166,667/-	24% of monthly regular profits from employment less Rs. 15,000/-
5. Monthly regular profits from employment exceeding Rs. 166,667/- but not exceeding Rs. 208,333/-	30% of monthly regular profits from employment less Rs. 25,000/-
6. Monthly regular profits from employment exceeding Rs. 208,333/-	36% of monthly regular profits from employment less Rs. 37,500/-

2. Tax Deduction on Lump-sum Payments from Employment (Period: Second three-month period of the Y/A 2022/2023)

In the case of any **non-resident employee who is not a citizen** in Sri Lanka, on lump-sum payments (bonus etc.) from employment, Table 4.2 should be applied.

Following steps should be adhered to in computing the tax liability on the lump-sum payments.

Tax Computation

The tax computation should be made as set out below;

Gross Monthly Income already paid in the second three-month period in the Y/A 2022/2023 x No. of months	(A)	xxxxxxxxxx
Gross Monthly Income payable in the second three-month period in the Y/A 2022/2023 x No. of months	(B)	xxxxxxxxxx
Lump-sum Payment paid/payable during the current month	(C)	<u>xxxxxxxxxx</u>
Cumulative Expected Income in the second three-month period of the Y/A 2022/2023	(D)	<u>XXXXXXX</u>

Tax payable for the month on the lump-sum payments should be computed on the cumulative gains and profits in accordance with the Table 4.2.

Table 4.2: Tax to be deducted on Lump-sum Payments from Employment of Non - resident, Non - citizen Employees

Cumulative expected Income for the second three-month period in the Y/A 2022/2023 (Rs.)	Tax
1. $(D) \leq 125,000$	$[(D) \times 6\%] - [\text{Aggregated tax as per Table 4.1 for each month in (A) and (B)}]$
2. $125,000 < (D) \leq 250,000$	$[(D) \times 12\%] - [7,500 + \text{Aggregated tax as per Table 4.1 for each month in (A) and (B)}]$
3. $250,000 < (D) \leq 375,000$	$[(D) \times 18\%] - [22,500 + \text{Aggregated tax as per Table 4.1 for each month in (A) and (B)}]$
4. $375,000 < (D) \leq 500,000$	$[(D) \times 24\%] - [45,000 + \text{Aggregated tax as per Table 4.1 for each month in (A) and (B)}]$
5. $500,000 < (D) \leq 675,000$	$[(D) \times 30\%] - [75,000 + \text{Aggregated tax as per Table 4.1 for each month in (A) and (B)}]$
6. $(D) > 675,000$	$[(D) \times 36\%] - [112,500 + \text{Aggregated tax as per Table 4.1 for each month in (A) and (B)}]$

Example 01

Mr. Xing is a non- resident, non-citizen employee of a private company and his regular profits (remuneration) for each month is Rs 200,000 from employment (including non-Cash Benefits) and such remuneration for January 2023 will be paid. He will receive a bonus payment of Rs. 300,000 also in January 2023. Further, he expects to be Sri Lanka till end of February 2023 of the year of assessment 2022/2023.

Tax liability on the bonus should be computed as follows:

Tax Computation

		Rs.
Gross Monthly Income already paid in the second three-month period of the Y/A 2022/2023 ($200,000 \times 1$)	(A)	200,000
Gross Monthly Income payable in the second three-month period of the Y/A 2022/2023 ($200,000 \times 1$)	(B)	200,000
Lump-sum Payment payable during January 2023	(C)	<u>300,000</u>
Cumulative Expected Income for the second three-month period of the Y/A 2022/2023	(D)	700,000

As the **(D)** falls in the range of **(D) > 675,000**, the following formula should be applied in computing the amount of tax deductible in January 2023 on the bonus.

$$\begin{aligned}
 & [(D) \times 36\%] - [112,500 + \text{Aggregated tax as per Table 4.1 for each month in (A) and (B)}] \\
 & = [700,000 \times 36\%] - [112,500 + (35,000 \times 1) + (35,000 \times 1)] \\
 & = 252,000 - 182,500 \\
 & = 69,500
 \end{aligned}$$

Tax payable on the bonus paid in the January 2023 is Rs. 69,500.00