

**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: Y/A 2023/2024 and onwards)**

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

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

Cumulative expected Income for the Y/A (Rs.)	Tax
1. $(D) \leq 500,000$	$[(D) \times 6\%] - [\text{Aggregated tax as per Table 4.1 for each month in (A) and (B)}]$
2. $500,000 < (D) \leq 1,000,000$	$[(D) \times 12\%] - [30,000 + \text{Aggregated tax as per Table 4.1 for each month in (A) and (B)}]$
3. $1,000,000 < (D) \leq 1,500,000$	$[(D) \times 18\%] - [90,000 + \text{Aggregated tax as per Table 4.1 for each month in (A) and (B)}]$
4. $1,500,000 < (D) \leq 2,000,000$	$[(D) \times 24\%] - [180,000 + \text{Aggregated tax as per Table 4.1 for each month in (A) and (B)}]$
5. $2,000,000 < (D) \leq 2,500,000$	$[(D) \times 30\%] - [300,000 + \text{Aggregated tax as per Table 4.1 for each month in (A) and (B)}]$
6. $(D) > 2,500,000$	$[(D) \times 36\%] - [450,000 + \text{Aggregated tax as per Table 4.1 for each month in (A) and (B)}]$

### Example 01

Mr. Rogers 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 April, 2023 will be paid. He will receive a bonus payment of Rs. 800,000 also in April, 2023. Further, he expects to be in Sri Lanka till the end of August, 2023 of the year of assessment 2023/2024. He will terminate the employment and expects to leave Sri Lanka at the end of August, 2023 of the year of assessment 2023/2024.

Tax liability on the bonus should be computed as follows:

### Tax Computation

		Rs.
Gross Monthly Income already paid in the Y/A 2023/2024 ( $200,000 \times 1$ )	(A)	200,000
Gross Monthly Income payable in the Y/A 2023/2024 ( $200,000 \times 4$ )	(B)	800,000
Lump-sum Payment payable during April, 2023	(C)	<u>800,000</u>
Cumulative Expected Income for the Y/A 2023/2024	(D)	1,800,000

As the (D) falls in the range of  $1,500,000 < (D) \leq 2,000,000$ , the following formula should be applied in computing the amount of tax deductible in April, 2023 on the bonus.

$$\begin{aligned}
 & [(D) \times 24\%] - [180,000 + \text{Aggregated tax as per Table 4.1 for each month in (A) and (B)}] \\
 & = [1,800,000 \times 24\%] - [180,000 + (35,000 \times 1) + (35,000 \times 4)] \\
 & = 432,000 - 355,000 \\
 & = 77,000
 \end{aligned}$$

Tax payable on the bonus paid in the April, 2023 is Rs. 77,000.00