

**INSTRUCTIONS - FILING OF VAT RETURNS**

**(1) PART II OF THE VAT RETURN - OUT PUT TAX**

- (i) Value of taxable supplies and the VAT payable on such taxable supplies should be declared in cage B in cage 1 respectively.
- (ii) Value of suspended supplies made by a Registered Identified Supplier (RIS) to Registered Identified Purchasers (RIPs) should be declared in cage D and the value of suspended VAT on such supplies should be declared in cage D1.
- (iii) Total of the cages ( 1 + D 1 ) should be shown in cage 3.
- (iv) Cage A or cage C are relevant only for the taxable periods prior to 01.01.2011
- (v) Zero rated supplies should be declared in cage E
- (vi) exempt or excluded supplies should be declared in cage F
- (vii) No. of pieces of garments sold in the local market with the approval of Board of Investment (BOI), on which 25/- per piece has been paid should be declared in cage G .

**(2) PART III OF THE VAT RETURN - INPUT TAX**

- (i) Total value of Imports, imported under deferred or upfront basis should be declared in cage H
- (ii) VAT deferred on imports should be declared in cage 4
- (iii) VAT paid on upfront basis should be declared in cage 5
- (iv) Value of local purchases should be declared in cage I and relevant input VAT should be declared in cage 6
- (v) Value of local purchases purchased under suspended VAT basis should be declared in cage J and the VAT suspended thereon should be declared in cage K
- (vi) Aggregate of the input VAT declared in cage 4, 5 and 6 should be declared in cage 7
- (vii) Show the input credit not connected to a taxable supply or not allowable under the law in cage 8 even the purchase had been made under suspended terms.  
**Any disallowed input credit on suspended purchase should not be included in the total input tax declared in cage 7**
- (viii) The difference between cages 7 and 8 should be declared in cage 9 .
- (ix) Claim of input VAT on apportionment basis is permitted only on input VAT incurred on Common Overheads relevant to the mix of taxable, exempted/ excluded supplies

**(x) Other Restrictions**

Effective from 1.1.2011 the input claimable is limited to 100% of the output tax declared. If there is any input which can not be claimed due to the above restriction, it should be entered in cage 14 to be carried forward to the subsequent taxable periods. In the return of the immediately subsequent month, such input tax should be entered in cage 10 and such input should be added to the input claimable in the subsequent taxable period.

However, the above restriction is not applicable to-

- a) Zero rated suppliers
- b) Deemed exporters (Suspended supplies made to exporters by manufacturers who has been accorded RIP/RIS status , and service providers who has been accorded RIP/RIS and provide value added services to exporters )
- c) persons who are having suspended supplies more than 50% of the total taxable supplies.
- d) Persons registered under Section 22(7) during its project implementation period.

If the total supplies of the registered persons fall under above a), b) or c) categories, input restriction does not apply up to the amount of such supplies.

## **PART VI of the VAT Return**

### **Calculation of the Tax payments / refunds etc.**

- (i) Excess of input VAT over the actual output to be paid , {(i. e a refund) ,  $(13 - 1) > 0$  } should be declared in cage 15. Before releasing the refund , the amount in cage R will be checked.
- (ii) Excess of output VAT over the input VAT { ( I .e tax payable),  $( 3 - 13 )$  } should be declared in cage 16.
- (iii) VAT paid by installments should be declared in cage O and the withholding VAT in cage P ( if any )
- (iv) Value of SVAT Credit Vouchers received in respect of Suspended supplies declared in Cage D should be declared in Cage "R".

- (v) Input tax which could not be absorbed as at 31.12.2010; if any, should be declared in cage L
- (vi) If the taxable period is one month, 10% of the value mentioned in cage "L" or 5% of the net tax payable excluding tax on suspended supplies (cage 16 – cage D1) , whichever is the lower is claimable as a tax credit. If the taxable period is a quarter, 30% of the value indicated in cage "L" or 5% of the net tax payable excluding tax on suspended supplies (cage 16 – cage D1) , whichever is the lower is claimable as a tax credit. It should be entered in cage Q.
- (vii) The aggregate amount of input tax that has been absorbed, in respect of each taxable period after 01.01.2011 mentioned in cage "Q" should be entered in cage "M"
- (viii) When completing cage "N" , enter unabsorbed balance , if any .(Cage "L" – cage "M").  
Once all unabsorbed input credits have been claimed, the value in cage N will be Zero.

Few [illustrations](#) are attached herewith.

For further clarification please contact the officers of the VAT Branch , VAT Refund Branch, SVAT Unit , Tax Payers Service Unit or Secretariat Branch.

*S Kandedara*

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**Commissioner General of Inland Revenue**