

# **Guidelines to filling the Annual Statement of Withholding Tax (WHT) and Advance Income Tax (AIT)**

## **Year of Assessment 2022/2023**

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\_E**), provided under section 86 of the Inland Revenue Act) for year of assessment 2022/2023, on or before **30<sup>th</sup> April 2023**.

You are required to pay attention to the following, in submission of the Annual Statement and Schedules on WHT and AIT.

### **1. Submission of Statement of Withholding Tax (WHT) and Advance Income Tax (AIT) and Schedules**

#### **i. Method of filing**

##### **a) E – filing**

In terms of Section 113 (1A) of the Inland Revenue Act, No. 24 of 2017 (IRA), as amended by the Inland Revenue (Amendment) Act No. 10 of 2021, with effect from April 1, 2021, e-filing of Annual Statement (file tax Returns electronically ) is mandatory for,

(a) companies incorporated in Sri Lanka (all resident limited liability companies);

(b) companies incorporated outside Sri Lanka (all non-resident limited liability companies); and for

(c) public corporations.

Therefore, such entities are not entitled to furnish their Annual Statement of Withholding Tax in manually by using the printed specified forms for this year of assessment and thereafter.

Other withholding agents not referred in above are also entitled to submit their Annual Statement electronically. Further, as provided in Section 113(4) of the IRA, that other withholding agents shall continue the filling of Annual Statement electronically, if such persons have already filed their Annual Statement electronically in previous year of assessment.

Arrangements have been made for e-filing via IRD web portal. Please refer Annexure 1 (Guide for submitting WHT Statement through e-service) for additional information.

Click below link to registration and activation of WHT tax type -

<http://www.ird.gov.lk/en/Lists/Latest%20News%20%20Notices/Attachments/489/Tax%20Type%20Registration-Activation-%20English.pdf>

**b) Manual filing**

Withholding agents` who (other than a mandatory persons) wish to submit their Annual Statement in printed specified forms they can get the Statement from IRD head office (Customer Supporting and Promotion Unit) or any Regional Office. Duly completed statement can be furnished to the Central Document Management Unit (CDMU) at the IRD Head Office through registered post or by hand.

**c) Submit Schedules for withholding tax and advance income tax by considering followings.**

- a. If the aggregate number of withholdees liable for WHT / AIT is greater **than 20**;
  - i. It is compulsory that you submit your Schedules through e-service/upload to the system. (You may refer Annexure II – How to prepare and verify the WHT schedule).
  - 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 “Nanasala”, established in the IRD Head Office Ground Floor 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 the IRD Head office and get the assistance of IRD officers stationed at the IRD "**Nanasala**", or at any **IRD Regional office**.
- b. If the aggregate number of withholdees liable for WHT / AIT is **equal or less than 20**, you have an option to submit hard copies or soft copies of the Schedules.

Hard copies of Annual Statement should be submitted to the **Central Document Management Unit (CDMU) of the IRD Head Office**. However, if you have any difficulty in submitting the Annual Statement to the Head Office, you may submit your Annual Statement to the nearest Regional Office of the IRD. **If you have submitted Annual Statement through e-service, you are not required to submit a hard copy of the same.**

**2. Completion of the Statement of Withholding Tax and Advance Income Tax**

**2.1 PART I – Summary of Withholding Tax (WHT) Deductions**

PART – I Enter detail of withholding tax deducted on payments made to a non-resident person and payments made related to rewards or winning from lottery/ betting/ gambling, or sales of gems at auctions.

**2.2 PART II- Summary of Advance Income Tax (AIT) Deductions**

PART – II Enter detail of withholding tax/ advance income tax deducted on payments made to the resident person.

## 2.3 PART III – Monthly payment summary

In this section, you are required to declare monthly liability on PART – I and PART – II separately with the details of payment/s made by you to IRD under the payment codes 43 and 44.

Before submission of the statement and schedules you have to ensure that the following conditions are fulfilled.

- i. Statement cage IA(d) + IIA(d) = Statement Cage IIIA (f)
- ii. Statement cage III (a) + cage III (c) = schedule 1 (cage of Amount of WHT/AIT deducted )
- iii Statement cage III (b) + cage III (d) + cage III (e) = schedule 2A (cage of Amount of WHT / AIT deducted ) + schedule 2B (cage of Amount of WHT/AIT deducted )

*Note 1: If the withholding agent has difficulties identifying the resident person and non-resident person's payments related to interest or dividend, then the withholding agent can declare the total amount in PART II of the statement without separating resident and non-resident persons.*

## 2.4 Part IV - Declaration

### Part (A)

Where the statement or part of the statement is prepared by an approved accountant, or any other person for a payment other than a full time employee of the taxpayer, fill part (A) and attach the certificate/s issued by such person.

### Part (B) Declaration of the Withholding Agent

In terms of section 126(4) of the IRA, a taxpayer or the taxpayer's duly authorized agent, shall sign the statement, attesting to its accuracy and completeness. Therefore, the Managing Director/ Head of the Department/ President or Active partner/ Director of Finance/Director/ Secretary/ Trustee/Accountant/ Administration Officer/ Principal Officer/Duly Authorized shall sign (and date) the Annual statement indicating his/her name and designation under Part (B) of the Part IV of the Annual Statement.

## 3. Completing the Withholding Tax / Advance Income Tax Schedules

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

This Schedule should be filled by a person who has deducted WHT/AIT on payment of interest or discount. If the number of records exceeds more than 25,000 per month, you are required to prepare the schedules monthly wise.

1. **Serial No** –Serial number should start from 1 and also same number, should not be repeated at any time. If more than one version of files / monthly wise files are prepared (due to inadequate capacity (ie. file capacity exceed 10MB)), the subsequent versions / subsequent month should follow the correct sequence of the serial numbers.

2. **Type of Tax (WHT/AIT)** – Enter relevant tax type (WHT/AIT)
3. **Investment type** – Select the appropriate type of investment from the list below.

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

4. **Withholdee's Name** – The name of the withholdee should be stated in English and the maximum number of letters are limited to 100.
5. **Withholdee's Address** – The address of the withholdee should be stated in English. Commas should not be used at any time and instead, leave a space in between. Maximum number of letters are limited to 100.
6. **Withholdee's TIN /NIC** – State the valid Taxpayer Identification Number / National Identity card number of the withholdee. Instances where the withholdee has not provided the TIN/ NIC, this cage to be left blank.
7. **Account No./Certificate No.** –State the account number or the Reference number of document and such number should not exceed 30 digits.
8. **Value of investment (Rs)** - State the face value of the investment of which the interest is paid for this year of assessment. This cage should contain only 15 digits including 2 decimals.
9. **Value of interest/discount paid (Rs)** – The value of the interest paid in the year of assessment should be included here. If the interest is paid periodically, the interest paid for each period to be declared separately. This cage should contain only maximum of 15 digits (including 2 decimals).
10. **Rate of WHT/AIT (%)** – The rate applied for deduction of WHT/AIT should be stated here.
11. **Amount of WHT/AIT deducted (Rs)** – The value of the WHT/AIT deducted should be stated here. This cage should contain only maximum of 15 digits (including 2 decimals).
12. **Month of payment deducted** - Select the appropriate month of payment from the dropdown list.
13. **WHT/AIT Certificate Number** – State the number/s of the Withholding Certificate/s which has been issued by you to the withholdee. This cage should contain only maximum of 30 digits.

If you have not issued a WHT/AIT certificate to the withholdee, this cage should be left blank

14. **Total** - The cumulative amount of Column 10 should be stated here.

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

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

**Schedule 2A** – Payments made to residents persons other than interest and discount

**Schedule 2B** – Payments made to non-residents persons other than interest and 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 version of files are prepared (due to inadequate capacity (ie. file capacity exceed 10MB)), the subsequent versions should follow the correct sequence of the serial numbers.
2. **Type of Tax (WHT/AIT)**- Enter relevant tax type (WHT/AIT)
3. **Type of payment** – Select the appropriate type of payment from the list below.

CHARGE  
COMMISSION  
CONSULTATION  
DIVIDEND  
GEM AUCTION  
LAND, SEA OR AIR TRANSPORT OR TELECOMMUNICATION SERVICE PAYMENT TO  
NONRESIDENT  
MANAGEMENT SERVICE FEE  
NATURAL RESOURCE PAYMENT  
OTHERS  
INSURANCE PREMIUM  
RENT  
ROYALTY  
SERVICE FEE  
TEACHING OR LECTURING  
TECHNIAL FEE  
THE PAYMENT ON ANY SERVICE RENDERED ON THE BASIS OF AUTOMATED SERVICE OTHERS  
WINNINGS FROM LOTTERY/REWARD/BETTING OR GAMBLING

4. **Withholdee's Name** – The name of the withholdee should be stated in English and the maximum number of letters are limited to 100.
5. (a). **Withholdee's Address** – The address of the withholdee should be stated in English. Commas should not be used at any time and instead, leave a space in between. Maximum number of letters are limited to 100.  
(b). **Withholdee's Country (For Schedule 2B)** – Include the Country of resident of the withholdee.

6. ***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 or NIC, leave this cage blank.
7. ***Month of payment*** – Select the appropriate month of payment from the dropdown list.
8. ***Total amount paid*** - The total value (including the tax) of payment made according to the withholding tax certificate/s given to withholdee should be stated here. It should contain only maximum of 15 digits (including 2 decimals).
9. ***Rate of WHT/AIT (%)*** – The tax rate applied for calculating the WHT/ AIT should be stated here.
10. ***Amount of WHT/AIT deducted (Rs)*** - The value of the withholding Tax/ Advance income Tax deducted from payments should be stated here. This cage should contain only maximum of 15 digits (including 2 decimals).
11. ***WHT/AIT Certificate Number*** – The withholding tax/ advance income tax certificate number issued by you to the withholdee should be stated here. This cage should contain only maximum of 30 digits. If you have not issued a WHT/AIT certificate to the withholdee, this cage should be left blank.

*Note II: If the number of shareholders is more than 1000, then you can declare the details as a single record.*

If you come across any difficulties relating to;

- **Further clarification:** You may contact IRD call center by dialing 1944 and get assistance or you may keep a voice record and get a ticket number or sent an email to [callcentreservice@ird.gov.lk](mailto:callcentreservice@ird.gov.lk)