



INLAND REVENUE DEPARTMENT

Notice to Taxpayers

IMPLEMENTATION OF SOCIAL SECURITY CONTRIBUTION LEVY ACT, NO. 25 OF 2022

1. Imposition

Social Security Contribution Levy (SSCL) will be imposed with effect from **October 01, 2022**, at the rate of **2.5%** by the Social Security Contribution Levy Act, No. 25 of 2022 (SSCL Act)

2. Scope of Liability (Section 2)

SSCL is payable by every person who;

- imports any article;
- carries on the business of manufacture of any article;
- carries on the business of providing a service of any description; or
- carries on the business of wholesale or retail sale of any article including importation and sale of such article other than a sale by the manufacturer of that article being a manufacturer to whom the provisions of paragraph (b) apply.

3. Registration (Section 4)

Every taxable person (persons referred in section 2), other than a taxable person who, imports any article shall be required to be registered;

i. Person whose turnover already exceeded Rs. 120 Mn

If the aggregate turnover exceeded Rs. 120,000,000 within the twelve months immediately prior to the date of operation of the SSCL Act excluding the turnover from exempted articles or services - not later than fifteen days from the date of operation of the SSCL Act

Eg: if the turnover (total turnover – turnover from exempt articles or services) for the period from 01.10.2021 to 30.09.2022 is more than Rs. 120 million, such person is required to be registered on or before October 15, 2022.

ii. Any other person

Rs. 30,000,000 for a quarter for any other person - not later than fifteen days from the date on which turnover exceeds Rs. 30 million per quarter, if the person did not fall under above item (i)

- **Persons who have Taxpayer Identification Number (TIN)**, can obtain the registration by furnishing the duly filled **Tax Type Registration Form [TPR_005(SSCL)]** (available in the IRD Web) to:-
 - Tax Type Registration Unit at the Head Office for the tax files which are dealt with the Head Office and Scout Building
 - Any Metropolitan/ Regional Office for the tax files which are dealt with Metropolitan/ Regional Office; as the case may be;

- **Other persons** (who have no TIN) are required to obtain a TIN (through e-service in the IRD Web Portal or furnishing the application form (TPR_001 or TPR_002) to Primary Registration Unit at the Head Office or any Metropolitan/ Regional Office) and required to furnish the **Tax Type Registration Form (TPR_005)** for registration for SSCL to the Tax Type Registration Unit or Metropolitan/ Regional Office.

4. Payment of SSCL (Section 17)

SSCL is payable on a self-assessment basis in three monthly installments. The due dates are as follows.

i. Due Date for Payment

Installment	Payment Date
1 st Installment	Tax due for the first month should be paid on or before the 20 th day of the second month of that relevant quarter
2 nd Installment	Tax due for the second month should be paid on or before the 20 th day of the third month of that relevant quarter
3 rd Installment	Tax due for the third month should be paid on or before the 20 th day of the month immediately succeeding the end of that relevant quarter

ii. Details to be included to Paying in Slip

Following details should be included in the paying in slip

- Payment Period Code format: **(YY/Q/0/M)**
Eg October 2022 - Payment code: 22401
- Tax Type Code: **32**

Payment could be made to any branch of Bank of Ceylon using the paying in slip stating the TIN, payment code given above with other details as usual.

Once registered for SSCL, SSCL should be paid irrespective of the turnover limit for registration.

5. Liabile Turnover (Second Schedule)

	Description		Liabile Turnover
i	Import of any article (collectible by the Director General of Customs)		100% of the Import value
ii	Manufacture of any article		85% of the turnover
iii	Providing of services	a) Supply of Financial services	100% of the Value addition attributable to financial services*
		b) Real Estate and improvements	100% of the turnover**
		c) Services other than (a) and (b)	100% of the turnover
iv	Wholesale and retail sale***	a) Sale of any article by a registered distributor**** in relation to any manufacturer or producer of any goods in Sri Lanka	25% of the turnover
		b) Wholesale or retail sale other than item (a) above including importation and sale	50% of the turnover

* Value addition attributable to financial services, calculated by applying the attributable method specified in the Gazette Notification issued under section 25C of the Value Added Tax Act, No. 14 of 2002.

** Turnover = Sale Value – Market value of the bare land to date of sale

*** Following transactions also fall under wholesale and retail sale

- Buy and sale
- Import and sale
- Produce and sale (does not include manufacture and sale)

**** Registered distributor in relation to any manufacturer or producer of any goods in Sri Lanka means any person or partnership appointed by such manufacturer or producer for the sale in the wholesale market, of such goods, at such price as may be determined by such manufacturer or producer, from time to time.

6. Furnishing SSCL Returns (Section 8)

Due Date for Furnish Returns: on or before the 20th day of the following month of the end of that relevant quarter.

Quarter	Due Date
1 st Quarter (first day of January to the thirty-first day of March)	Twentieth day of April
2 nd Quarter (first day of April to the thirtieth day of June)	Twentieth day of July
3 rd Quarter (first day of July to the thirtieth day of September)	Twentieth day of October
4 th Quarter (first day of October to the thirty-first day of December)	Twentieth day of January

Submit to:

- i. The relevant Metropolitan/Regional Office of the Inland Revenue Department (IRD) or
- ii. Central Document Management Unit (CDMU) of the IRD, 1st Floor of Head Office

7. Turnover (Section 3)

Turnover has been defined with respective category of persons to whom SSCL Act applies, as follows:-

- a) Arising from the **importation from any article** means, the value of that article ascertained for Value Added Tax under section 6 of the Value Added Tax Act, No. 14 of 2002, not including the value of any exempted article referred to in Part IA of the First Schedule to the SSCL Act; (CIF Value + Customs Duty + Cess + PAL + Excise or any other duty payable to Customs + 10% of CIF Value)
- b) With reference to **any manufacturer**, turnover for the relevant quarter means the sum receivable whether received or not, in that quarter, of any article manufactured and sold in Sri Lanka by such person other than an exempted article referred to in Part IA of the First Schedule to the SSCL Act;
- c) With reference to a person carries on the business of providing a service of any description turnover for relevant quarter defined as follows,
 - i. **Business of providing any financial services**
turnover for the relevant quarter means the sum receivable whether received or not, from the supply in Sri Lanka of any financial services by any person carrying on the business of supplying any financial services in Sri Lanka but does not include the exempted services referred to in Part II of the First Schedule to the SSCL Act;
 - ii. **Business of real estate and improvement thereon**,
turnover for the relevant quarter means the value of any service arising from the business of real estate and improvement ascertained under subsection (7) of section 5 of the Value Added Tax Act, No. 14 of 2002 for the said Act but does not include the exempted services referred to in Part II of the First Schedule to the SSCL Act;
 - iii. **Providing any service** other than the services referred to in above (i) and (ii) turnover for the relevant quarter means the sum receivable, whether received or not, from the provision of service in Sri Lanka other than any exempted service referred to in Part II of the First Schedule to the SSCL Act.
- d) With reference to the person who carries on the **business of wholesale or retail sale** of any article including importation and sale of such article other than a sale by the manufacturer of that article being a manufacturer, the relevant turnover means the sum receivable, whether received or not, from the wholesale or retail sale of any article in Sri Lanka other than any exempted article referred to in Part IB of the First Schedule to the SSCL Act.

For the purpose of paragraph (b), (c) and (d) the turnover does not include –

- any bad debt incurred by such a person in that quarter.
- any value added tax under the Value Added Tax Act, No. 14 of 2002 paid for that relevant quarter
- any rebate paid under the Export Development Rebate in relation to any international event as approved by the Minister

Any bad debt subsequently collected should be taken to the turnover of the period in which such bad debt is so collected.

8. Credit and Refund Mechanism (Section 36)

No input credit or refund mechanism is available in the Act. However, levy or penalty paid in excess of any amount which such person was liable to pay for any relevant quarter; shall be treated as an advance payment made for any quarter succeeding the relevant quarter.

9. Penalties for Non-Compliance

- (a) Failure to apply for registration within the due period - Penalty of a sum not exceeding Rs. 25,000
- (b) Failure to furnish Return - Penalty of a sum not exceeding Rs. 50,000
- (c) Default of payment -
 - i. 10% of the amount in default; and
 - ii. an additional 2% for each additional month of default.

The total amount payable as penalty shall not exceed 100% of the levy in default.

10. Cancellation of Registration (section 10)

A registered person can make an application to the Commissioner General to cancel his registration at any time after the lapse of period of twelve months from the date of registration, if –

- the registered person has ceased the business referred to in section 2
- the aggregate turnover of such registered person during each immediately preceding four quarters of the relevant quarter does not exceed hundred and twenty million rupees

11. Further Clarifications

For further clarifications, if any, you may send an email via: tpl@ird.gov.lk or contact any of the following officers via the following telephone Nos.

Deputy Commissioner General (Tax Policy, Legislation & International Affairs) - 0112135300

Senior Commissioner (Secretariat) - 0112135410

Commissioner (Tax Policy & Legislation) - 0112135412

Senior Deputy Commissioners (Tax Policy & Legislation) - 0112135441/34/38/33/35/32

Commissioner General of Inland Revenue



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