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The Gazette of the Democratic Socialist Republic of Sri Lanka
EXTRAORDINARY

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PART I : SECTION (I) — GENERAL

Government Notifications

INLAND REVENUE ACT, NO. 10 OF 2006

Regulation under Section 212

REGULATIONS made by the Minister of Finance under Section 212 read with Sub-sections (3), (3A) and (4) of Section 104 and Sub-sections (3) and (4) of Section 104A of the Inland Revenue Act, No. 10 of 2006.

RAVI KARUNANAYAKE,
Minister of Finance.

Ministry of Finance,
Colombo 01,
31st March 2016.

REGULATIONS

The Regulations made by the Minister of Finance under Section 212, read with Sub-sections (3) and (4) of Section 104 of the Inland Revenue Act, No. 10 of 2006 and published in the Part 1 of the *Gazette Extraordinary* No. 1823/5 of August 12, 2013, is hereby amended by the deletion of regulations 9 and 10 thereto and the substitution therefor of the following regulations with effect from April 1, 2015.

1. By the deletion of Regulation 9 thereto, and the substitution therefor the following Regulation:

“9. Disclosures by the Director/Principal Officer/Precedent Partner.

Every associated undertaking that carries out transactions or categories of transactions with associated undertakings whose aggregate value is rupees one hundred million or more for each year of assessment as recorded in the financial statements shall submit reports along with the Income Tax Return.

The above reports shall contain the following disclosures relating to transfer pricing:

(a) The record of transaction/s or categories of transactions entered into with associated undertaking/s and other information as per the format specified under Section 107(2)(a) of the Inland Revenue Act;



- (b) Transfer Pricing Policy Statement describing the strategies and policies influencing the determination of transfer price;
- (c) Management perception of risk factors involved, if any;
- (d) The amounts or appropriate proportions of outstanding items pertaining to associated undertaking balances and the provisions made for doubtful debts due from such associated undertaking/s at the Balance Sheet date;
- (e) Any other material information pertaining to transaction/s with associated undertaking/s that are necessary for understanding the financial statements or are required to be disclosed under any other law or under any accounting standard.

Provided that, the above associated undertaking makes transaction/s with any associated undertaking where aggregate value of such transaction/s or categories of transition is Sri Lankan rupees ten million or less, the above disclosure requirements may be restricted to paragraph (a)”

2. By the deletion of Regulation 10 thereto and the substitution therefor the following Regulation:

“10. Certificate of the Director/Principal Officer/Precedent Partner on transfer pricing

- (a) Director/Principal Officer/Precedent Partner of every associated undertaking, that carries out transaction/s or categories of transactions with associated undertaking/s whose aggregate value is rupees one hundred million or more for each year of assessment as recorded in the financial statements, shall be require to submit the certificate (on transfer pricing) to the Commisisoner General of Inland Revenue along with the Income Tax Return.
- (b) This same certificate needs to be copied to the partners of the partnership. In the case of a company, it is to be included in the annual report or to be copied to the shareholders of the company.
- (c) The Director’s/Principal Officer’s/Precedent Partner’s Certificate shall be in the following format;

Certificate of the Director/Principal Officer/Precedent Partner on Transfer Pricing

It is certified that the company/partnership has complied with the Transfer Pricing Regulations issued under Section 104 of the Inland Revenue Act, No. 10 of 2006. The information pursuant to these Regulations is given in approved accountant certificate produced under Section 107(2)(a) of the said Inland Revenue Act. I/We believe that the record of transaction/s entered into with associated undertaking/s during the period from..... to..... are at arm’s length, not prejudicial to the interests of the company/partnership and not carried out for profit shifting purposes.

Records and information of all transactions have been submitted to the, approved accountant who reviewed the transfer pricing records and [no adverse remarks have been made] [adverse remarks have been made]* in the certificate done by the approval accountant.

.....
Place

.....
For and on behalf of the Board of
Directors/Principal Officer/Precedent Partner.

* Delete whichever is not applicalbe.”

Note : The submission of record and information of transaction/s to the approved accountant may not be required, in relation to a company/partnership which makes transaction/s with any associated undertaking where the aggregate value of such transaction/s is Sri Lankan rupees ten million or less.