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உள்ளநாட்டு இறைவரித் திணைக்களம்
INLAND REVENUE DEPARTMENT

ලේකම් අංශය
14 වන මහල

செயலகம்
14வது மாடி

Secretariat
14th Floor

දේශීය ආදායම් ගොඩනැගිල්ල
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உள்ளநாட்டு இறைவரித் திட்டம்
சேர் சிற்றம்பலம் ஏ காடினர் மாவத்தை
த.பெ.இல, 515.கொழும்பு - 2இலங்கை

Inland Revenue Building
Sir Chittampalam A Gardiner Mawatha
P.O. 515, Colombo 2 - Sri Lanka

ෆැක්ස් }
பக்ஸ் } 011 - 2337777 / 2338569
Fax }

දුරකථන }
தொலைபேசி } 011- 2135402/2135410/ 2135412
Telephone } /2135413

E-Mail - tpl@ird.gov.lk / itp@ird.gov.lk
Web: www.ird.gov.lk

Circular No.: SEC/2024/E/01

January 04, 2024

To Suppliers of Tea, Rubber and Coconut Products

Registration under Value Added Tax and Simplified Value Added Tax Scheme for Certain Industries

1. Removal of Exemption

As per the amendment made to the Value Added Tax Act, No. 14 of 2002 (VAT Act) by the Value Added Tax (Amendment) Act, No. 32 of 2023, exemption of VAT for certain goods and services are removed and made liable for VAT with effect from 01.01.2024.

Accordingly, among the goods made liable for VAT, tea (excluding green leaf), rubber (excluding latex) and coconut products are included.

Hence, persons engages in manufacture and supply of tea, rubber and coconut products (other than exempted goods and services) are required to register for VAT on or after 01.01.2024 when the value of taxable supply is reached or likely to reach the registration threshold as stipulated in section 10 of the VAT Act (Existing registration threshold for a quarter Rs. 20 Mn).

2. Obtaining Registration under Simplified Value Added Tax Scheme

Persons eligible to be registered under Simplified Value Added Tax Scheme (SVAT Scheme) are specified in the Extraordinary Gazette Notification No. 1986/9 dated 27.09.2016 (SVAT Gazette) issued under paragraph (e) of subsection (2) of section 2 of the VAT Act.

i. Registration as a Registered Identified Supplier (RIS)

Any person registered for VAT can be registered as a RIS under SVAT Scheme.

ii. Registration as a Registered Identified Purchaser (RIP)

In terms of item (v) of subparagraph (a) of Paragraph 1 of the SVAT Gazette, any manufacturer who supplies goods (liable to VAT) manufactured by himself in Sri Lanka, to exporters to be utilized for manufacture of goods for export, where the value of such supplies and zero rated supplies exceed fifty *per-centum* of his total supplies is entitled to register as Registered Identified Purchaser (RIP).

Accordingly, a manufacturer of tea, rubber or coconut products, who supplies more than 50% of his supplies to an exporter, is eligible to register as a RIP.

As per the item (e) of note to Paragraph 2 of the said Gazette Notification in granting RIP status, a verification should be made from the computer system of the IRD as to whether the supplies of such person to exporter is more than 50% of his total supplies.

Accordingly, such manufacturer is required to prove his supplies by submitting the VAT returns in order to obtain the registration as RIP.

However, considering the requests made by Colombo Tea Traders Association, it has been decided to grant the registration as RIP based on the certified records on supplies for the preceding six months from the respective institutions as stated below, to confirm the percentage of sales to exporters by each manufacturer of such goods.

Product	Certifying Institution
Tea	Sri Lanka Tea Board
Rubber	Rubber Development Department
Coconut	Coconut Development Authority

Any manufacturer of tea, rubber or coconut products who is eligible to register as RIP is required to submit detailed breakup of supplies during preceding six months which has been obtained from the respective institution in the format set out in the annexure.

For further detail on SVAT, please refer to the Web Portal of the Inland Revenue Department (IRD) and the Gazette Notification on the operation of SVAT Scheme which is in the IRD Web Portal.



W. A. S. Chandrasekera
Commissioner General of Inland Revenue

W.A. Sepalika Chandrasekera
Commissioner General of Inland Revenue
Inland Revenue Department
Sir Chittampalam A. Gardiner Mawatha
Colombo - 02.

Annexure

Details of Supplies by the Manufacturer

1. Name of the Manufacturer:
2. Taxpayer Identification Number (TIN):
3. Details of supplies:

Serial No.	Month	Supplies to Exporter/ Local Seller			
		Name of the Exporter	Value of Supply (Rs.)	Name of the Local Supplier	Value of Supply (Rs.)
	December 2023				
	November 2023				
	October 2023				
	September 2023				
	August 2023				
	July 2023				

Certification by the relevant Institution,

I certify that above details are accurate as per the record of this institution

Name of the Authorized Person:

Name of the Institution:

Signature:

Date: