



INLAND REVENUE DEPARTMENT

Notice to the Taxpayers

Implementation of Tax Proposals made for Income Tax on the Instruction of the Ministry of Finance

As instructed by the Ministry of Finance, new tax proposals made for Income Tax and approved by the Cabinet of Ministers, will be implemented subject to formal amendments to relevant legislation.

- 1) Income from Agriculture, Fisheries and Livestock shall be exempted from income tax, with effect from the year of Assessment 2019/2020.
- 2) Income Tax Rate applicable on construction industry shall be reduced from 28% to 14%, with effect from the year of Assessment 2019/2020.
- 3) Religious institutions shall fully be exempted from income tax, with effect from December 01, 2019.
- 4) Tax free threshold of the employment income of all public and private sector employees for the purpose of the Pay-As-You-Earn (PAYEE) shall be increased from Rs. 100,000 to Rs. 250,000 per month and the excessive personal income shall be liable for income tax at the progressive rate of 06%, 12% and 18% for each tax slab of Rs. 250,000, with effect from January 01, 2020.
- 5) Interest income up to Rs. 250,000 per month shall be exempted from the Withholding Tax (WHT), with effect from January 01, 2020.
- 6) Income of an individual up to Rs. 3,000,000 per annum from any source of income shall be exempted from income tax and the excess income to that amount shall be liable for income tax at the progressive rates of 06%, 12% and 18% for each tax slab of Rs. 250,000, with effect from January 01, 2020.
- 7) Income earned from the supply of services for the receipt of foreign currency shall be exempted from income tax, with effect from December 01, 2019.
- 8) Income from the Information Technology and enabling services shall be exempted from all taxes, with effect from the year of Assessment 2019/2020.

For any further clarification, please contact:

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Commissioner General of Inland Revenue



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