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SOCIALIST REPUBLIC OF
SRI LANKA**

Part II of February 21, 2025

SUPPLEMENT

(Issued on 21.02.2025)



INLAND REVENUE (AMENDMENT)

A

BILL

To amend the Inland Revenue Act, No. 24 of 2017

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Economic Development*

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STATEMENT OF LEGAL EFFECT

Clause 2: This clause amends section 150 of the Inland Revenue Act, No.24 of 2017 (hereinafter referred to as the “principal enactment”) and the legal effect of that section as amended is to reduce the time period within which a refund may be requested by a tax payer, from four years to two and a half years.

Clause 3: This clause amends the First Schedule of the principal enactment and the legal effect of that Schedule as amended is to increase the tax-free threshold applicable for Personal Income Tax and revise tax rates for certain gains and profits earned by individuals and companies.

Clause 4: This clause amends the Third Schedule of the principal enactment and the legal effect of that Schedule as amended is to exclude gains and profits derived from rendering certain services from the exemptions granted under that Schedule with effect from April 1, 2025.

Clause 5: This clause amends the Fifth Schedule of the principal enactment and is consequential to the amendment made by clause 3.

Inland Revenue (Amendment)

L.D.-O. 82/2024

AN ACT TO AMEND THE INLAND REVENUE ACT,
No. 24 OF 2017

BE it enacted by the Parliament of the Democratic Socialist
Republic of Sri Lanka as follows: -

1. (1) This Act may be cited as the Inland Revenue (Amendment) Act, No. of 2025. Short title and
the date of
operation

5 (2) The provisions of this Act shall come into operation
on April 1, 2025.

2. Section 150 of the Inland Revenue Act, No. 24 of 2017 (hereinafter referred to as the “principal enactment”) is hereby amended as follows: - Amendment
of section 150
of Act, No.
24 of 2017

10 (1) in paragraph (a) of subsection (2A) of that section –

(a) by the substitution for the words “not exceeding one hundred thousand rupees,” of the words and figures “not exceeding sixty thousand rupees for a year of assessment prior to April 1, 2025 or not exceeding one hundred and eighty thousand rupees for a year of assessment commencing on or after April 1, 2025;”
15 and

20 (b) in the proviso to that paragraph, by the substitution for the words “not exceeding twenty five thousand rupees for any quarter”, of the words and figures “not exceeding sixty thousand rupees for a year
25 of assessment or fifteen thousand rupees

2

Inland Revenue (Amendment)

for a quarter prior to April 1, 2025, or with effect from April 1, 2025 not exceeding one hundred and eighty thousand rupees for a year of assessment or forty five thousand rupees for any quarter”;

5

(2) in subsection (3) of that section, by the substitution for the words “A refund”, of the words and figures “Prior to April 1, 2024, a refund”; and

10

(3) by the addition immediately after subsection (3) of that section, of the following new subsection: -

“(4) With regard to any year of assessment commencing on or after April 1, 2024, a refund or credit may be made under this section only if the taxpayer applies for such refund or credit –

15

(a) within thirty months of the last date of the relevant year of assessment, where the taxpayer is required to file a tax return under this Act; or

20

(b) within the time period specified by the Commissioner-General, where such refund or credit is made on the Commissioner-General’s initiative.”.

25

3. The First Schedule to the principal enactment is hereby amended as follows: -

Amendment
of the First
Schedule to
the principal
enactment

(1) in paragraph 1 of that Schedule –

(a) in subparagraph (1C) of that paragraph, by the substitution for the words and figures

“from April 1, 2023”, of the words and figures “from April 1, 2023, but prior to April 1, 2025”;

- 5 (b) by the insertion immediately after subparagraph (1C) of that paragraph, of the following new subparagraph: -

10 “(1D) Subject to the provisions of subparagraph (2), the taxable income of a resident or non-resident individual for a year of assessment commencing from April 1, 2025 shall be taxed at the following rates: -

	<i>Taxable income</i>	<i>Tax Payable</i>
15	Not exceeding Rs. 1,000,000	6% of the amount in excess of Rs.0
20	Exceeding Rs. 1,000,000 but not exceeding Rs. 1,500,000	Rs. 60,000 plus 18% of the amount in excess of Rs. 1,000,000
25	Exceeding Rs. 1,500,000 but not exceeding Rs. 2,000,000	Rs. 150,000 plus 24% of the amount in excess of Rs. 1,500,000
30	Exceeding Rs. 2,000,000 but not exceeding Rs. 2,500,000	Rs. 270,000 plus 30% of the amount in excess of Rs. 2,000,000

Exceeding Rs. 2,500,000	Rs. 420,000 plus 36% of the amount in excess of Rs. 2,500,000
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- 5 (c) by the repeal of item (c) of subparagraph (2) of that paragraph and the substitution therefor, of the following item: -

10 “(c) the type of business income referred to in subparagraph (4) shall be taxed at the rate of –

- (i) 40%, prior to April 1, 2025; and
- (ii) 45%, with effect from April 1, 2025; and”;

- 15 (d) by the addition immediately after subparagraph (5) of that paragraph, of the following new subparagraph: -

20 “(6) Notwithstanding anything to the contrary in the provisions of subparagraph (1D), an individual’s following gains and profits shall be taxed at the maximum rate of 15% with effect from April 1, 2025: –

- 25 (a) the gains and profits earned or derived from any service rendered in or outside Sri Lanka to any person to be utilized outside Sri Lanka, where the payment for such services is received in foreign currency

and remitted through a bank to Sri Lanka;

5 (b) the gains and profits earned or derived from any foreign source where such gains and profits are earned or derived in foreign currency and remitted through a bank to Sri Lanka.”;

(2) in paragraph 4 of that Schedule –

10 (a) in subparagraph (1) of that paragraph, by the substitution for the words and figures “subparagraphs (2), (2A), (2B) and (3)”, of the words and figures “subparagraphs (2), (2A), (2B), (2C) and (3)”;

15 (b) in subparagraph (2B) of that paragraph, by the substitution for the words and figures “commencing on or after April 1, 2023,” of the words and figures “commencing on or after April 1, 2023, but prior to April 1, 2025,”;

20 (c) by the addition immediately after subparagraph (2B) of that paragraph, of the following new subparagraph: -

25 “(2C) Such part of the following gains and profits of a company which includes in its taxable income for any year of assessment commencing on or after April 1, 2025, the gains and profits of a company shall be taxed at
30 the following rates: -

- 5 (a) gains and profits earned or derived from any service rendered in or outside Sri Lanka to any person to be utilized outside Sri Lanka, where the payment for such services is received in foreign currency and remitted through a bank to Sri Lanka -15%;
- 10 (b) gains and profits earned or derived from any foreign source where such gains and profits are earned or derived in foreign currency and remitted through a bank to Sri Lanka – 15%;
- 15 (c) gains and profits from conducting betting and gaming – 45%; and
- 20 (d) gains and profits from the manufacture and sale or import and sale of any liquor or tobacco product other than the export of such product – 45%.”; and
- 25 (3) by the repeal of item (d)(ii) of subparagraph (1) of paragraph 10 of that Schedule, and the substitution therefor, of the following item: -
- “(ii) interest or discount paid –
- (a) with effect from January 1, 2023, but prior to April 1, 2025 - 5%;
- 30 (b) with effect from April 1, 2025 – 10%.”.

4. The Third Schedule to the principal enactment is hereby amended in paragraph (u) of that Schedule as follows: -

Amendment
of the Third
Schedule to
the principal
enactment

- 5 (1) in subparagraph (iii) of that paragraph, by the substitution for the words and figures “on or after January 1, 2020;”, of the words and figures “on or after January 1, 2020, but prior to April 1, 2025;”; and
- 10 (2) in subparagraph (iv) of that paragraph, by the substitution for the words and figures “on or after January 1, 2020;”, of the words and figures “on or after January 1, 2020, but prior to April 1, 2025;”.

5. The Fifth Schedule to the principal enactment is hereby amended in subparagraph (a) of paragraph 2 as follows: -

Amendment
of the Fifth
Schedule to
the principal
enactment

- 15 (1) in item (iii) of that subparagraph, by the substitution for the words and figures “April 1, 2022; and”, of the words and figures “April 1, 2022;”;
- 20 (2) in item (iv) of that subparagraph, by the substitution for the words and figures “April 1, 2023;”, of the words and figures “April 1, 2023, but prior to April 1, 2025; and”; and
- (3) by the addition immediately after item (iv) of that subparagraph, of the following new item: -
- “(v) Rs. 1,800,000, for each year of assessment commencing on or after April 1, 2025.”.

25 6. In the event of any inconsistency between the Sinhala and Tamil texts of this Act, the Sinhala text shall prevail.

Sinhala text
to prevail in
case of
inconsistency

