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உள்ளாட்டு இறைவரித் திணைக்களம்

DEPARTMENT OF INLAND REVENUE

ලේකම් අංශය

14 වන මහල

செயலகம்

14 வது மாடி

Secretariat

14th Floor

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කු.පෙ. 515, කොළඹ 2- ශ්‍රී ලංකාව

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29/12/2015

Migrating Tax imposed in terms of PART VIII of the Finance Act, No. 10 of 2015

Instructions to Individuals (leave the country permanently) and Banks and Financial Institutions (responsible in obtaining clearance prior to remittances)

(1) Applicability of the provisions of the Finance Act and the individuals liable to tax :

In terms of PART VIII of the Finance Act, No. 10 of 2015, with effect from November 1, 2015, Migrating Tax is levied, from **any citizen of Sri Lanka who permanently leaves Sri Lanka**, at the rate of **20%** on the **foreign exchange released to be taken out of the country** by such citizen.

As instructed by the Ministry of Finance, the citizens subject to Migrating Tax and the scope of liability are set out below:

- (i) Migrating Tax is applicable on a person who is a citizen and who permanently leaves Sri Lanka on or after November 1, 2015. Accordingly, foreign exchange taken out of the country on or after November 1, 2015 by a person who has permanently left the country prior to November 1, 2015 is not liable for Migrating Tax.
- (ii) In terms of the Part VIII of Finance Act No.10 of 2015, tax should be charged on the **total foreign exchange released to be taken out of the country time to time, including the Migration Allowance approved by the Controller of Exchange.**

(2) Liability :

The tax is payable (as per the above instructions) on the total foreign exchange released by the Central Bank to be taken (Migrating allowance or any other) out of the country by any citizen who leaves the country for:

- (i) Permanent Residency (PR) in a foreign country on or after November 1, 2015 irrespective of the time in which such foreign exchange is taken out.
- (ii) Temporary residency (TR) and obtains PR in a foreign country on or after November 1, 2015.

(3) Procedure

- (i) Every bank is instructed to advise their customers to obtain the clearance certificate issued by the Commissioner General of Inland Revenue confirming the payment of Migrating tax prior to remittances irrespective of the amount [the exclusion of the clearance (present practice applied by banks) where the remittances does not exceed Rs 1,000,000/- does not apply).
- (ii) The clearance certificate will be issued by the Commissioner of Tax Payer Service Unit of the Department of Inland Revenue to citizens where the liability to Migrating tax arises.

All other cases (where the relevant citizen who has obtained PR and had already left the country prior to November 1, 2015 and therefore not liable to Migrating tax but may or may not be liable to other taxes on money taken out of the country) the clearance will be issued by the relevant Branch/ Regional office in which the file is dealt with. The taxpayer is required to submit the following documents to the Unit/ Branch or the Regional office.

- (a) Letter issued by the Central Bank of Sri Lanka confirming the total foreign exchange released to be taken out of the country;
 - (b) Date of migrating (to confirm whether the citizen had permanently left the country prior to November 1, 2015 or after that date);
 - (c) The amount of the Migrating allowance and any other allowances permitted to be taken out of the country.
 - (d) Any other information / details required as specified in the Departmental website relating to issuance of clearance.
- (iii) If such citizen had left the country prior to November 1, 2015, and remitting the money subsequently, clearance should be obtained only to confirm whether taxes on the earnings (if any) are paid.

However, even though there is no liability to migrating tax, still the clearance is obtainable to ensure that tax payable (if any) on such remittances are finalized. The clearance certificate on such cases will be issued by the relevant Branch / Regional office if there is a file and if there is no file maintained, the clearance will be issued by the Tax Payer Service Unit.

Any citizen leaves the country permanently on or after November 1, 2015, should obtain a clearance certificate issued by the Commissioner General of Inland Revenue after paying the relevant Migrating tax due to the Commissioner General of Inland Revenue.

Any further clarification kindly contact the Senior Commissioner/ Commissioner of Tax Payer Service Unit on 011 2134170, 011 2134171 or visit Departmental Web Site www.ird.gov.lk



Kalyani Dahanayake
Commissioner General of Inland Revenue

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