



# INLAND REVENUE DEPARTMENT

## Notice to the Taxpayers

### Calculation of Value Addition of Financial Services

Social Security Contribution Levy shall be paid by any person carrying on the business of supplying financial services on the liable turnover specified in the Second Schedule of the Social Security Contribution Levy Act, No. 25 of 2022 (SSCL Act) at the rate of 2.5%. As per sub item (a) of item 3 of Second Schedule to the SSCL Act, SSCL is payable on 100% of the **Value Addition** attributable to financial services referred to in section 3(2)(c)(i).

The **Value Addition** attribution to financial services shall be computed for the payment of SSCL on the business of supplying financial services by applying the attributable method referred to in Chapter IIIA of the Value Added Tax Act, No. 14 of 2002 as follows.

Net Profit or Loss (before income tax expenses)		XXX
<b>Add :</b> VAT and SSCL on supply of financial services charged to		
the Income Statement	XX	
Depreciation charged to the Income Statement	XX	
Emoluments Payable	XX	<u>XXX</u>
		XXX
<b>Less :</b> Economic Depreciation		<u>(XX)</u>
Total value addition prior to tax		XXX
<b>Less :</b> VAT payable as per Chapter III A of the VAT Act		(XX)
SSCL payable as per sub item (a) of item 3 of		
Second schedule to the SSCL Act*		<u>(XX)</u>
<b>Total Value Addition</b>		<u>XXX</u>

\*[VAT on supply of financial services payable at the rate of 18% and SSCL on supply of financial services payable at the rate of 2.5%]

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The computation of **Value Addition** attributable to Supply of financial services shall be as follows;

$$\text{Value Addition attributable to the financial services} = \text{Total Value Addition} - \left\{ \text{Total Value Addition} \times \frac{\text{Turnover for Non-Financial services}}{\text{Total Turnover as per Income Statement}} \right\}$$

SSCL is payable on the Value Addition attribution to financial services calculated as above at the rate of 2.5%.

### **Commissioner General of Inland Revenue**

