



INLAND REVENUE DEPARTMENT

Notice to Hotel, Guest House, Restaurant Business or Other Similar Businesses Registered with Sri Lanka Tourism Development Authority

Ascertaining Sixty *per centum* of Inputs Sourced from Local Supplies/Sources

As per the Extraordinary Gazette Notification No. 2151/52 dated November 29, 2019, published under section 2A of the Value Added Tax Act, No. 14 of 2002 (VAT Act), VAT rate on supply of services by a hotel, guest house, restaurant or other similar businesses providing similar services, registered with the Sri Lanka Tourism Development Authority, has been revised to zero per centum (0%) with effect from December 01, 2019, if not less than sixty per centum (60%) of the total value of the inputs are sourced from local supplies/sources.

Further, as per the Extraordinary Gazette Notification No. 2152/60 dated December 06, 2019, Total value of inputs and Inputs which are sourced from local supplies/sources are defined as set out below.

1. "Total value of inputs" means the total value of the goods purchased during the taxable period which ended prior to the commencement of the taxable period immediately preceding to the taxable period for which the zero per centum (0%) Value Added Tax rate applies.
2. "Inputs which are sourced from local supplies/sources" means the total expenditure incurred for the purchase of locally produced agricultural, horticultural, fishing, animal husbandry or dairy products and any goods manufactured locally with minimum ten per centum (10%) local value addition, for the taxable period which ended prior to the commencement of the taxable period immediately preceding to the taxable period for which the zero per centum (0%) Value Added Tax rate applies.

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Commissioner General of Inland Revenue



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