



INLAND REVENUE DEPARTMENT

Notice to Registered Persons for SVAT

Abolition of Simplified Value Added Tax (SVAT) Scheme and Introduction of Risk-Based Refund Scheme (RBRS)

In terms of the Value Added Tax Act, No. 14 of 2002 (as amended), **SVAT Scheme** will be **abolished** with effect from **1st October 2025**, and **replaced** by a **Risk-Based Refund Scheme**.

The **Risk-Based Refund Scheme** aims to facilitate timely and efficient VAT refunds, for **eligible exporters** and **projects**. Under this scheme, refunds will be issued within **45 days** from the **last day of the month after expiry of such taxable period** or from the **date of furnishing** a proper VAT return and relevant schedules for the relevant taxable period, whichever is later, depending on the **VAT Registrant's risk categorization**.

If any notice (**Notice 2**) is issued for **non-submission of schedules** or **schedule errors**, 45 days will be counted from the date of compliance with the Notice 2.

Refunds will be issued to eligible VAT registrants for taxable periods commencing **on or after 1st October 2025**, based on a risk-based rating system. **Eligible VAT Registrants** will be evaluated based on their **compliance behavior, including timely registration, accurate reporting, and on time payments**, using a scientific, statistically sound risk-rating methodology. Based on this assessment, eligible VAT Registrants will be **classified into three categories**: Low, Medium or High risk. This classification will determine how refunds are processed:

- **Low and Medium Risk taxpayers:** Refunds will be processed and issued more quickly without prior verification. Audit of tax returns will be carried out post refund.
- **High Risk taxpayers:** Refunds will be issued subject to pre-verification before being processed.

Eligible VAT Registrants for VAT refunds under the new scheme

- **Exporters:** Direct export value should exceed 50% of total supply in the preceding calendar year.
- **Projects:** Approved projects under Section 22(7) of the VAT Act.
- **Suppliers to projects:** Supplier to Special Projects (SP) approved by the Minister and Strategic Development Projects (SDP), where such supplies constitute more than 50% of total supplies.

For further information, refer to the FAQ using the below link:

www.ird.gov.lk/Latest News & Notices/VAT31072025_SVAT_Repeal_FAQs_QG.pdf

Commissioner General of Inland Revenue



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