

TAX TABLE No. 03
Rates for the Deduction of Tax from Once-and-for-all Payments
(Terminal Benefits)

01. The amounts of the Once-and-for-all Payments to which this table applies are:
- a. Any sum paid in commutation of pension;
 - b. Retiring gratuity;
 - c. Any sum payable as compensation for loss of office or employment
 - d. Any sum payable from the Employees Trust Fund (ETF) (excluding the share of Investment income of the fund, after 31.03.1987);

Exemptions –

- i. Any amount paid from a Provident Fund approved by Commissioner General
 - ii. Capital sums paid to a person as compensation or a gratuity in relation to –
 - a. personal injuries suffered by the person; or
 - b. the death of another person;
 - iii. Pension or any retiring benefit paid to any public sector employee.
 - iv. Any compensation by way of death gratuity or compensation for death while on duty.
02. i. Deduct tax at 10% from the following payments
- (a) Amount received in commutation of a pension;
 - (b) Amount received as a retiring gratuity;
 - (c) Amount received as compensation for loss of office or employment under a scheme which is uniformly applicable to all employees and approved by the Commissioner General of Inland Revenue.
- ii. Deduct tax at 24%, in the circumstances referred to in para 01(c), payment under non uniform scheme.
03. In the case of uniform scheme once-and-for-all payments, deduction should not be made in the following situations:
- (i) Aggregate amount referred to in (a), (b), (c) or (d) of paragraph 01.
 - (a) Rs. 1,000,000 where the period of service or contribution is less than 20 years.
 - (b) Rs. 1,500,000 where the period of service (or contribution) is equal to or more than 20 years.

04. Please retain with you the deductions made and advise your retiring employee to obtain a direction from the PAYE Audit Branch, at Nawam Mawatha, Colombo 02. On receipt of the direction, please comply with it.

If you have not received a direction or an advice before the expiry of 90 days from the date of deduction, please remit the deductions to the Commissioner-General to the credit of Account No. 2, Peoples Bank, Union Place branch.

Please do not write your Taxpayer Identification Number (TIN) in the space provided for it on the Paying-in-Slip, please leave that space blank. You should write “Tax on Once-and-for-all Payment” in the space provided for “Type of Tax”.