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SOCIALIST REPUBLIC OF
SRI LANKA**

Part II of September 23, 2022

SUPPLEMENT

(Issued on 27.09.2022)



VALUE ADDED TAX (AMENDMENT)

A

BILL

to amend the Value Added Tax Act, No. 14 of 2002

*Ordered to be published by the Minister of Finance,
Economic Stabilization & National Policies*

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STATEMENT OF LEGAL EFFECT

Clause 2 : This clause amends section 2 of the Value Added Tax Act, No. 14 of 2002 (hereinafter referred to as the “principal enactment”), and the legal effect of that section as amended is to increase the VAT rate–

(i) from 8% to 12% with effect from June 1, 2022 to August 31, 2022; and

(ii) from 12% to 15% with effect from September 1, 2022,

on the value of goods or services supplied, or goods imported.

Clause 3 : This clause amends section 10 of the principal enactment and the legal effect of that section as amended is to decrease the threshold of registration for VAT from Rs. 300 million to Rs. 80 million *per annum* with effect from October 1, 2022.

Clause 4 : This clause amends Part II of the First Schedule to the principal enactment in order to remove the VAT exemption on condominium residential apartments with effect from October 1, 2022.

Value Added Tax (Amendment)

L. D.— O. 16/2022

AN ACT TO AMEND THE VALUE ADDED TAX ACT, NO. 14 OF 2002

BE it enacted by the Parliament of the Democratic Socialist Republic of Sri Lanka as follows:-

1. This Act may be cited as the Value Added Tax (Amendment) Act, No. of 2022. Short title

5 2. Section 2 of the Value Added Tax Act, No.14 of 2002 (hereinafter referred to as the “principal enactment”) is hereby amended as follows:- Amendment of section 2 of Act, No.14 of 2002

10 (1) in item (v) of sub-paragraph (v) of subsection (1) of that section by the substitution for the words and figures “November 30, 2019; and” of the words and figures “November 30, 2019;”;

15 (2) in item (vi) of sub-paragraph (v) of subsection (1) of that section by the substitution for the words and figures, “commencing on or after January 1, 2020” of the words and figures “commencing on or after January 1, 2020 but ending on or before May 31, 2022;”; and

20 (3) by the insertion immediately after the item (vi) of subparagraph (v) of subsection (1) of that section of the following:-

25 “(vii) for the period commencing on June 1, 2022 and ending on June 30, 2022 and for any taxable period commencing on or after July 1, 2022 but ending on August 31, 2022 at the rate of twelve *per centum* (of which the tax fraction is 3/28); and

“(viii) for the period commencing on September 1, 2022 and ending on September 30, 2022 and for any taxable period commencing on or after October 1, 2022 at the rate of fifteen *per centum* (of which the tax fraction is 3/23).”.

3. Section 10 of the principal enactment is hereby amended in subsection (1) of that section as follows:-

Amendment
of section 10
of the
principal
enactment

(1) by the substitution in paragraph (vi), for the words and figures, “on or after January 1, 2020, carries on” of the words and figures “on or after January 1, 2020 but on or before September 30, 2022, carries on”;

(2) by the insertion immediately after paragraph (vi), of the following:-

“(vii) on or after October 1, 2022, carries on or carries out any taxable activity in Sri Lanka shall be required to be registered under this Act, if-

(a) at the end of any taxable period of one month or three months, as the case may be, the total value of the taxable supplies of goods or services or goods and services of such person, made in Sri Lanka in that taxable period of one month or three months, as the case may be, is twenty million rupees or more; or

(b) in the twelve months period then ending, the total value of the taxable supplies of goods or services or goods and services of such person, made in Sri Lanka has exceeded eighty million rupees; or

- 5 (c) at any time, there are reasonable grounds to believe that the total value of the taxable supplies of goods or services or goods and services of such person, made in Sri Lanka, in the succeeding one month or three months taxable period, as the case may be, is likely to exceed twenty million rupees or in the succeeding twelve months period is likely to exceed eighty million rupees.”.
- 10

4. The First Schedule to the principal enactment is hereby amended in Part II thereof as follows:-

Amendment
of the First
Schedule to
the principal
enactment

- 15 (1) by the substitution in sub-item (d) of item (xi) of paragraph (b) of that PART, by the substitution for the words and figures “if such supply has taken place on or after December 1, 2019, by any person,”, of the words and figures “if such supply has taken place on or after December 1, 2019, but on or before September 30, 2022, by any person,”; and
- 20

- (2) by the addition immediately after sub-item (d) of item (xi) of paragraph (b), of the following:-

25 “(e) if such supply has taken place on or after October 1, 2022, by any person, other than any lease or rent of residential accommodation or supply of any condominium residential accommodation.”.

5. In the event of any inconsistency between the Sinhala and Tamil texts of this Act, the Sinhala text shall prevail.

Sinhala text
to prevail in
case of
inconsistency

