



**PARLIAMENT OF THE DEMOCRATIC
SOCIALIST REPUBLIC OF
SRI LANKA**

VALUE ADDED TAX (AMENDMENT)

A

BILL

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

Presented by the Minister of Finance on 20th of August, 2019

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Ordered by Parliament to be printed

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STATEMENT OF LEGAL EFFECT

Clause 2 : This clause amends section 6 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 make provisions to determine the value of goods imported and enabling the Minister to prescribe the manner by which the value of goods specified by him is to be determined.

Clause 3 : This clause amends section 22 of the principal enactment and the legal effect of that section as amended is to increase the amount of tax due on local sale of certain garments by export oriented companies.

Clause 4 : This clause amends section 26 of the principal enactment and the legal effect of that section as amended is to change the date of VAT payment.

Clause 5 : This clause amends Part II of the First Schedule to the principal enactment in order to give effect to the budget proposals of 2018 exempting the VAT imposed on the supply of condominium housing units where the registered agreement to sale relating to such supply is executed prior to April 1, 2019 and to extend the exemption applicable on locally produced rice products to rice bran oil.

Value Added Tax (Amendment)

L.D.—O. 5/2019

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 2019. Short title.

5 2. Section 6 of the Value Added Tax Act, No.14 of 2002 (hereinafter referred to as the “principal enactment”) is hereby repealed and the following section is substituted therefor:- Amendment of section 6 of Act, No. 14 of 2002.

10 “The value of goods imported. 6. (1) The value of goods imported, other than the goods as prescribed by regulation shall be the aggregate of –

(a) the value of the goods determined for the purpose of custom duty increased by ten *per centum*; and

15 (b) the amount of any custom duty payable in respect of such goods with the addition of any surcharge, cess, any Ports and Airports Development Levy payable under the Finance Act, No. 11 of 2002, and any excise duty payable under the Excise (Special Provisions) Act, No. 13 of 1989 on such goods.

20 (2) The Minister may, from time to time, prescribe by regulation, the manner by which the value of goods specified in the regulation made under subsection (1) is to be determined. Any such regulation made by the Minister shall be approved by the Cabinet of Ministers and

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published in the *Gazette*. Such regulation shall be placed before the Parliament for approval and shall be effective only upon it being approved by the Parliament.”.

- 5 **3.** Section 22 of the principal enactment is hereby amended in paragraph (a) of the first proviso to subsection (1) thereof, by the repeal of subparagraphs (iii) and (iv) and the substitution therefor the following:-

Amendment of section 22 of the principal enactment.

10 “(iii) rupees seventy five for any period commencing on or after August 16, 2018 but prior to July 1, 2019 and rupees hundred for any period commencing on or after July 1, 2019, for each such garment other than panties, socks, briefs and boxer shorts identified under the Harmonized Commodity Description and Coding System Numbers for custom purposes;

15 (iv) rupees seventy five for any period commencing on or after August 16, 2018 but prior to July 1, 2019 and rupees hundred for any period commencing on or after July 1, 2019, for six pieces of panties, socks, briefs and boxer shorts, identified under the Harmonized Commodity Description and Coding System Numbers for custom purposes.”.

- 25 **4.** Section 26 of the principal enactment is hereby amended in subsection (1A) thereof by the substitution for the words and figures “January 1, 2013” of the words and figures “January 1, 2013, but prior to July 1, 2019”.

Amendment of section 26 of the principal enactment.

- 5.** Paragraph (b) of PART II of the First Schedule to the principal enactment is hereby amended as follows:-

Amendment of the First Schedule to the principal enactment.

(1) in item (xi) of that paragraph –

30 (a) by the substitution in sub-item (b) for the words and figures “on or after November 1, 2016 but prior to the date of commencement

of this (Amendment) Act by any person” of the words and figures “on or after November 1, 2016 but prior to April 1, 2019, by any person”;

- 5 (b) by the substitution in sub-item (c) for the words “rupees fifteen million.” of the following:-

“rupees twenty five million; or

- 10 (iii) is relating to a sale of any condominium housing unit and where there is an agreement to sell in respect of such supply which is executed in terms of the Notaries Ordinance (Chapter 107) prior to
15 the date of commencement of this (Amendment) Act; or

- 20 (iv) is a supply of a condominium housing unit of a condominium housing project in respect of which a certificate of conformity has been issued by the relevant Local Authority prior to the date of commencement of this
25 (Amendment) Act in respect of such supply.”;

- (2) by the repeal of item (xxvi) and the substitution therefor of the following:-

- 30 “(xxvi) locally produced dairy products other than powdered milk containing added sugar or other sweetening matter, out of locally produced fresh milk in so far

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5 as such milk is produced in Sri Lanka
and locally produced rice products
containing rice produced in Sri Lanka
and, (with effect from July 1, 2019)
locally produced rice bran oil made out
of locally produced rice;”.

6. 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.

