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SOCIALIST REPUBLIC OF
SRI LANKA**

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SUPPLEMENT

(Issued on 10.02.2020)



VALUE ADDED TAX (AMENDMENT)

A

BILL

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

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and Policy Development*

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STATEMENT OF LEGAL EFFECT

Clause 2 : This clause amends section 3 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 amount for Vat liability on wholesale and retail sale.

Clause 3 : This clause amends section 10 of the principal enactment and the legal effect of that section as amended is to increase the registration threshold for VAT liability to Rs. Seventy five million for a quarter and Rs. Three hundred million *per annum* and the consequential changes relating thereto.

Clause 4 : This clause amends section 12 of the principal enactment and the legal effect of that section as amended is to provide for voluntary registration under this Act, for persons as described in that section.

Clause 5 : This clause amends Part II of the First Schedule to the principal enactment in order to exempt the VAT imposed on the supply of condominium housing units and information technology and enabled services.

Value Added Tax (Amendment)

L. D.— O. 60/2019

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 2020. Short title.

5 2. Section 3 of the Value Added Tax Act, No. 14 of 2002 (hereinafter referred to as the “principal enactment”) is hereby amended in paragraph (f) of subsection (1) as follows:- Amendment of section 3 of Act, No.14 of 2002.

10 (1) by the substitution in sub-paragraph (iv), for the words and figures “on or after November 1, 2016,” of the words and figures “on and after November 1, 2016, but ending on or before December 31, 2019; and”;

 (2) by the insertion immediately after sub-paragraph (iv) of the following new sub-paragraph :-

15 “(v) seventy five million, for any such period of three months commencing on and after January 1, 2020.”.

3. Section 10 of the principal enactment is hereby amended as follows :- Amendment of section 10 of the principal enactment.

20 (1) in subsection (1) of that section-

 (a) by the substitution in paragraph (v), for the words and figures “on or after April 1, 2016, carries on” of the words and figures “on and after April 1, 2016, but prior to January 1, 2020, carries on”;

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(b) by the insertion immediately after paragraph (v), of the following new paragraph:-

5 “(vi) on and after January 1, 2020, carries on or carries out any taxable activity in Sri Lanka shall be registered under this Act, if—

10 (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, has seventy five million rupees; or

20 (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 three hundred million rupees; or

25 (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 in Sri Lanka, in the succeeding one month or three months taxable period, as the case may be, is likely to exceed seventy five million rupees or in the succeeding twelve months period is likely to exceed three hundred million rupees.”;

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(2) in subsection (2) of that section-

5 (a) by the substitution in sub-paragraph (c), for the words and figures “on or before November 1, 2016; and” of the words and figures “on or before November 1, 2016;”;

10 (b) by the substitution in sub-paragraph (d), for the words and figures “on or after November 1, 2016,” of the words and figures “on and after November 1, 2016 but ending on or before December 31, 2019; and”;

(c) by the insertion immediately after sub-paragraph (d) of that section of the following new sub-paragraph:—

15 “(e) Seventy five million, for any such period of three months commencing on and after January 1, 2020.”.

4. Section 12 of the principal enactment is hereby repealed and the following section substituted therefor:-

Replacement of section 12 of the principal enactment.

20 “Voluntary registration. 12. Notwithstanding the provisions of sections 3 and 10, any person who supplies goods or services and carries on a taxable activity or who imports any taxable goods may make an application in the specified form to the Commissioner-General, for registration under this Act,-

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(a) for any taxable period prior to January 1, 2013:

(4) by the insertion immediately after the renumbered item (Liii) of the following:—

5 “(Liv) commencing with January 1, 2020
information technology and, enabled
services as may be prescribed;”.

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.

