



Incorporated by
Parliament Act No. 23 of 2009

**VALUE
CREATION
2021**

FILE YOUR OWN TAX RETURN - ONLINE (INCLUDING TAX PLANNING)

International Membership



Presented by;

Athula Ranaweera

[B.Sc (Busi. Admin) Spe, FCA, FCMA, FMAAT]

athula@ranaweeraasso.lk

Activate Windows
08th November 2021
Go to Settings to activate



INDIVIDUALS INCOME TAX

Basic Tax Planning & Online Filing of Own Tax Return

CONTENT

PART A – Basic Tax Planning

- 1. Introduction to Income Tax (Imposition, Interpretations, Residency etc.)**
 - 1.1 Imposition (Charging section - Sec.2)**
 - 1.2 Income Tax Computation**
 - 1.3 Qualifying Payments & Reliefs**

- 2. Sources of Income**
 - 2.1 Assessable Income (Four Sources of Income)**
 - 2.2 Bases of Calculation of Income (Sec. 21)**

- 3. Income Tax Exempted & Excluded Income**
 - 3.1 Exempted Employment Income**
 - 3.2 Exempted Business Income**
 - 3.3 Exempted Investment Income (Including Capital Gains)**
 - 3.3.1 Exempted & Excluded Capital Gains**
 - 3.3.2 Exempted Non-capital Gain Investment Income**

PART B – Online Filing Own Tax Return

- 4. Online Return Filing**
 - 4.1 Important Highlights (Obtaining of TIN & PIN, Tax Payments)**
 - 4.2 Filing of Online Tax Returns (E-filing)**

INCOME TAX

Part A - Tax Planning

1. INTRODUCTION

- Inland Revenue Act No. 24 of 2017.
- Effective from 01.04.2018 (From Y/A 2018/19).
- 1st set of amendments brought by Inland Revenue (Amendment) Act No. 10 of 2021.

1.1 IMPOSITION (CHARGING SECTION - Sec.2)

Income Tax (I T) shall be payable for each year of assessment

by

(a) a person who has taxable income, or

(b) a person who receives a final withholding payment during the year

- *A resident person shall pay the IT on the world income while a non-resident person shall pay the IT on the income arises in /from Sri Lanka. (Sec. 4) The residency is explained in Section 69 of the Act.*
- The double tax agreements, if any, are applicable on the income arises out of Sri Lanka.
- *Taxable Income = Assessable Income less qualifying payments and reliefs as applicable under Sec. 52 read along with Fifth Schedule. (Sec. 3) Detailed below.*
- *Assessable Income = Income from employment + business + investment + other sources (Sec.4)*

Note - The assessable income from each source is to be computed after deducting exempt income, if any and brought forward claimable tax losses, if any.

1.2 INCOME TAX COMPUTATION

1.2.1 Computation Formular

Income Tax is equivalent to;

(a) (Taxable Income x Rate/s) – tax credits, if any

+

(b) Final withholding payment x Rate/s

1.2.2 Tax Computation Format - To meet the provisions of the Act, the **Tax Computation Format** could be presented as follows;

Assessable Income from Each Source;	Employment	Business	Investment	Others	Total
Income	xx	xx	xx	xx	xxx
Less;					
Exempt Income (Third Schedule)	(xx)	(xx)	(xx)	(xx)	(xx)
Final WHT Paid Income	-	(xx)	(xx)	(xx)	(xx)
Specific Exclusions	(xx)	(xx)	(xx)	-	(xx)
Especially Allowable Amounts	(xx)	(xx)	(xx)	-	(xx)
Allowable Losses	(xx)	(xx)	(xx)	-	(xx)
Add; General Disallowable Amounts	— -	— xx	— xx	— -	— xx
Assessable Income	<u>xx</u>	<u>xx</u>	<u>xx</u>	<u>xx</u>	xxx
Less; (Under Sec. 52 read along with 5th Schedule)					
(i) Qualifying Payments (To any person);					
Donations by <u>any person</u> to approved charities					(xxx)
Donations by <u>any person</u> to Government/Gov. Institutions					(xxx)
Any sum remitted to Consolidated Fund/President Fund by <u>Corporation</u>					(xxx)
Contribution to establish Samurdhi family shops by <u>Resident individual</u>					(xxx)
Film production/cinema construct, equip, upgrade costs by <u>any person</u>					(xxx)
Financial institution's <u>acquisition or merger costs</u>					(xxx)
(ii) Reliefs (For Individuals only);					
Individuals <u>Personal Allowance</u> Rs.3mn (<i>For residents & SL Citizens</i>)					(xxx)
25% <u>Repair Allowance</u> on Rent (<i>For individuals only</i>)					(xxx)
On <u>certain Expenses</u> <Rs.1.2mn (<i>For Resident individuals</i>)					(xxx)
On <u>Solar Panel cost</u> <Rs.600,000 (<i>For resident individuals</i>)					(xxx)
Taxable Income					<u>xxx</u>
Income Tax;					
By applying Relevant Rate/s as per First Schedule to the Act					xx
Less; Tax Credits					
Foreign					(xx)
Local					(xx)
Balance Tax Payable/(Overpaid)					<u>xx</u>

1.3 QUALIFYING PAYMENTS & RELIEFS (DEDUCTIONS) (Sec. 52 read along with 5th Schedule)

1.3.1 Reliefs (Only for Individuals) (5th Schedule)

(i) **Personal relief** for the residents or non-resident but citizens for each year of assessment have been **increased to Rs. 3 million** w.e.f. 01.01.2020. (Not against Capital Gains)

(ii) **25% Repair Allowance** on Rent income only for **individuals** w.e.f. 01.04.2018.

(iii) A **resident individual** is entitled to enjoy a **relief on following expenses** (incurred on or after 01.01.2020) up to **Rs. 1.2 million** per Y/A;

- **Health** expenditure including medical insurance,
- **Educational** expenditure incurred locally (own education or of children's education),
- **Interest on housing** loans,
- Contribution to a **local pension scheme**,
- Expenditure on **purchase of CSE listed equity/security or Treasury Bills/Bonds**.

(iv) Any **resident individual** who has acquired **solar panels** to fix on his premises and connected to the national grid is entitled to claim a relief up to Rs. 600,000 for each Y/A on account of;

- the **total expenditure** on such solar panels **or**
- the amounts **paid to a bank** in respect of any loan obtained to acquire such solar panels.

*(It covers only the **panels & not the entire solar system** and out of lenders **only the banks**? Presume that these are drafting errors)*

1.3.2 Qualifying Payments (Applicable to any person) (5th Schedule)

(i) **Donations** by **any person** to approved charities [5th Sch. item(1)(a)] (w.e.f. 01.04.2018),

(ii) **Donations** by **any person** to Government/Governmental Institutions [5th Sch. item(1)(b)] (w.e.f. 01.04.2018),

(iii) **Contribution made by a resident individual** (in money or otherwise) to establish a shop for a female individual who is from a Samurdhi beneficiary family as recommended and confirmed by the Department of Samurdhi Development. [5th Sch. item (1)(d)], (w.e.f. 01.04.2021)

(iv) **Expenditure incurred** on or after 01.04.2021, **by any person**;

- in the **production of a film** at a cost of not less than Rs. 5 million,
- in the **construction and equipping of a new cinema** at a cost of not exceeding Rs. 25 million,
- in the **upgrading of a cinema** at a cost of not exceeding Rs. 10 million,

Provided that the maximum deduction of 1/3rd of the taxable income of the Y/A, with the C/F & claiming facility subject to 1/3rd restriction. [5th Sch. item (1)(f)] (w.e.f. 01.04.2021).

(v) Any **profit sum** (*changed w.e.f. 01.04.2019*) **paid to Consolidated Fund** (w.e.f. 01.04.2019) or to the **President Fund** (w.e.f. 01.04.2018) by a **public corporation** [5th Sch. item(1)(c)],

(vi) **Expenditure incurred by any financial institution** by way of cost of acquisition or merger of any other financial institution and as confirmed by the CBSL can be claimed as a qualifying payment over a period of 3 years of assessment (1/3rd per Y/A). Any balance unclaimed amount due to the limitation of AI could be carried forward and claim immediately after 3 years. [5th Sch. item (1)(e)] (w.e.f. 01.04.2021)

2. **SOURCES OF INCOME (Sec. 3)**

2.1 **Sources** - There are **four (4) Sources** of Assessable Income

- (i) **Employment** - Individual's Employment Income (EI) is the **gain and profit from the employment**.
- (ii) **Business** - A person's income from a business for a year of assessment shall be the person's gains and profits from conducting the **business** for the year.
- (iii) **Investment (*inclusive of capital gains*)** - A person's **income from an investment** for a Y/A shall be the person's **gains and profits** from that investment for the year. [Section 7(1)].
- (iv) **Other Sources** - A person's income from other sources for a year of assessment shall be that person's **gains and profits** from any source whatsoever for the year, not including profits of a casual and non-recurring nature. In deciding whether **Casual and Non-recurring nature**, the intention at the time of entering the transaction is important.

2.2 **Bases of Calculation of Income (Sec. 21)**

Out of the two bases of calculation of income, applicable base for each income is as follows;

Taxpayer	Employment Income	Business Income	Investment Income	Other Income
Individual	Cash Basis	Accrual Basis	Cash Basis	Proper Basis*
Other Persons	N/A	Accrual Basis	Proper Basis*	Proper Basis*

3. **EXEMPTED & EXCLUDED INCOME**

3.1 **Exempted Employment Income (Sec. 09 read along with Third Schedule)**

- Capital sums paid to a person as **compensation** or a **gratuity** in relation to; : personal injuries suffered by the person; or : the death of another person.
- The **pension** of a person where the pension income is paid by the Government of Sri Lanka or a department of the Government of Sri Lanka.
- An amount paid to an employee at the time of retirement from; : any pension fund or the income portion (interest on or after April 1, 1987) of ETF; : a **provident fund** approved by the CG or a regulated provident fund. (Capital + Interest)
- The income of an individual entitled to **privileges** to the extent provided for **by**: : a diplomatic immunities law or a similar law;

: an Act giving effect to the Convention on the Privileges and Immunities of the United Nations and the Convention on the Privileges and Immunities of the Specialised Agencies of UN; or

: regulations made under this Act relating to an international organisation, or a law or Act referred to in subparagraph (i) or (ii).

- Benefits received or derived by an employee of the government of Sri Lanka from a **road vehicle permit** issued to that employee.

3.2 Exempted Business Income (Third Schedule to the Act)

Industry/Legislation	To Whom	Effective date	Exemption period
Strategic Development Projects (SDP) [Sec.9(3)-IR Act]	Both	As approved	As approved
Realization Gain on land or building sold to REIT	Both	01.04.2021	Open
Non-resident's certain service income from the SL Airlines Ltd	Non-residents	01.04.2018	Open
Agro-farming	Both	01.04.2019	5 Years
IT & Enabled Services	Both	01.01.2020	Open
Local/foreign services to be utilized outside SL	Both	01.01.2020	Open
Vocational Educational Institute expansion (doubling students)	Both	01.04.2021	5 Years
Gold, gems, jewellery exports & gem processing for export	Both	01.04.2021	Open
Non-resident's laboratory & standards certification services	Non-residents	01.01.2020	Open
Recycling & sale of such recycled construction materials	Both	01.04.2021	10 Years
Businesses commenced after successful vocational education	Both	01.04.2021	5 Years
Boat and ship building	Residents	01.04.2021	7 Years
Solar or wind power projects not less than 100 MW	Both	01.04.2021	7 Years
Construct communication towers & install appliances	Residents	01.01.2021	5 Years
Letting out bonded warehouses for offshore businesses	Both	01.04.2021	Open

3.3 Exempted Investment Income

3.3.1 Exemptions & Exclusions on Capital Gains

• Tax Exempted Capital Gains

- (a) Gain on realisation of principals place of residence, if it is owned continually for 3 years immediately before disposal and lived-in minimum of 2 years during that 3 years.

(b) Gains received by a resident individual on capital assets that does not exceed Rs. 50,000 per asset and does not exceed Rs 600,000 per year.

(c) Gains on shares quoted in any official list published by any stock exchange licensed by the Securities Exchange Commission (SEC) Sri Lanka.

• **Capital Gains Excluded for taxation**

(a) Transfer to a spouse/ex-spouse

(b) Transfer on death

(c) Transfer to an associate (refer Sec. 196)/charitable institution (refer Sec. 195)

(d) Transfer by way of a gift

(e) Transfer of assets of a business to an associate

3.3.2 Exemptions on Non- Capital Gain Income

Industry	To Whom (resident/NR)	Effective date	Exemption period
Dividends paid by a resident company, which are covered under item (oo) of 3rd Schedule.	3 rd Schedule (oo)	3 rd Schedule (oo)	3 rd Schedule (oo)
Dividends & disposal gains on shares in a non-resident Co. (having ≥ 10% shares/control) [3rd Sch. (r)]	Both	w.e.f. 01.04.2018	Open
Dividends & gains (capital gains & business income) on the realization of units or amounts derived as gains from the realization of capital assets of a business or investment by a unit holder, from Real Estate Investment Trust (REIT) listed in the CSE. [3rd Schedule (rr)]	Both	01.04.2021	Open
Interest Earned by any charitable institution , only if it applies for the purpose of providing care for children, the elderly or disabled in a home maintained by such institution. [3rd Schedule (i)]	Both	01.04.2018	Open
Interest Earned by any person outside SL (<u>overseas lenders</u>) on any <u>loan granted to any person in Sri Lanka</u>	Non-resident	01.04.2018	Open
Interest Earned by any person on <u>any foreign currency</u> deposits in any commercial/specialised bank with CBSL approval on or after 01.01.2020	Both	01.01.2020	Open
Interest Earned by any person from <u>any Special Deposit Account</u> under Foreign Exchange Act in Rs./foreign currency on or after 08.04.2020	Both	08.04.2020	Open
Interest Earned by any welfare society	Both	01.04.2021	Open

Interest Earned by any multi-national company on any FC deposit in bank, to cover its import expenses for that year of assessment, on or after 01.04.2021	Both	01.04.2021	Open
Any interest, discount or realization gain of a non-resident person on any FC Sovereign Bond	Non-resident	01.04.2018	Open
Interest or discount paid or allowed to any person on any FC Sovereign Bond & SL Development Bonds	Both	01.04.2018	Open
Realization Gains of SL international sovereign bonds by a commercial bank/authorized dealer making aggregate investment \geq USD 100 mn on or after 01.04.2021.	Both Banks	01.04.2021	Open
Interest or discount earned on or after 01.04.2021 by any Samurdhi community-based banks from security/treasury bonds or treasury bills.	Both	01.04.2021	Open

Part B – Filing of Tax Return

4. Individual Income Tax Return – E-filing for the Y/A 2020/2021

4.1 A few important highlights

What a Year of Assessment is (Y/A)?	Period starting from 01 st April of a year and ending by 31 st March of the immediate subsequent year. Eg, Y/A 2020/21,
Who should File an income tax return?	Every person chargeable with Income Tax.
What is the minimum income of an individual to be liable to income tax?	Depends on the availability of tax reliefs & qualifying payments (QP). Taxable Income = AI – Relief & QP
What are the Reliefs available?	As detailed in para 1.3.1 above.
What are the QPs available?	As detailed in para 1.3.2 above.
When to pay IT?	Self-Assessment basis in 4 quarterly instalments (within 1 1/2 months from end of each quarter) + Final (on or before 30 th September of immediate subsequent Y/A)
How to pay IT?	By way of WHT (AIT) or on self-assessment basis.
What WHT is on remuneration?	APIT (Advance Personal Income Tax)
Is APIT mandatory?	Non-residents :- Mandatory. Residents :- Optional.
What are the other WHTs applicable to any person?	<ul style="list-style-type: none"> • Winnings from a lottery, reward, betting or gambling – 14% Final WHT. • Gems sold by any person in a NGJA auction – 2.5% Final WHT.
What are the other WHTs applicable only to non-resident person?	<ul style="list-style-type: none"> • Services fee (land, sea, air transport or telecommunication) – 2% Final WHT.

Can a WHT non liable person pay WHT?	Yes, if needed <u>may make</u> requests to the agents for AIT (Advance Income Tax) deduction on such payments.
What tax returns to be filed?	Estimated Return – on or before 15 th August of the Y/A. Final Return – On or before 30 th November of immediate subsequent Y/A.
How to file tax returns?	<ul style="list-style-type: none"> • Manual (For individuals only) • Online (For individuals optional, but for entities mandatory)
What are the initial requirements to process online filing?	(i) Obtaining of a TIN . (Online/manually) (ii) Obtaining of PIN (Online)
What are the requirements to obtain an individual's <u>TIN</u>?	<p>If manually;</p> <ul style="list-style-type: none"> • Application for Taxpayer Registration (TPR_002) • Application for Tax Type Registration (TPR_005) • Salary Slip • NIC Copy • Documents to prove the residential address. <p>Within a day, can collect the TIN.</p> <p>If Online;</p> <ul style="list-style-type: none"> • Log in to IRD Web & click access to e-service. • Click “Taxpayer Registration” link, fill the application and upload scanned copies of the above documents. <p>Within about 5 days receive the TIN through email.</p>
What are the requirements to obtain <u>PIN</u>?	<p>Online;</p> <ul style="list-style-type: none"> • Log in to IRD Web & click access to e-service. • Click “PIN Request” link, fill the form and submit & receive the acknowledgement. • Download the acknowledgement & email it to pr@ird.gov.lk along with the NIC copy. <p>Within about 5 days receive the PIN through email.</p>
Even after receiving the hard copy of tax return, can we file online return?	Yes, no issue.

4.2 Online Return Filing

Home :: e-Services :: Access to e-Services

Access to e-Services

You, or people you authorize, can log in and use different e-Services for registering, filing your returns, checking your tax balance and transaction history, paying taxes, requesting a refund, lodging an appeal or an objection, or requesting for a clearance certificate.

To be able to use the e-Services, you will need to be a registered Taxpayer with a Taxpayer Identification Number (TIN), and register for e-Services to request for a Personal Identification Number (PIN). You can do these below.

Click on [Taxpayer Registration](#) : To register as a Taxpayer and obtain your TIN

Click on [PIN Request](#) : To request a PIN to be able to use the e-Services

Click on [Authorisation of Staff/Tax Agent](#) : To authorise staff/Tax agent to act on your behalf for tax matters

Click on [Verify Authenticity of Certificate](#) : To view and verify Certificates issued by the Inland Revenue Department

Proceed to Login:

To use the e-Services, you must have a Taxpayer Identification Number (TIN) and a Personal Identification Number (PIN)

Select your tax profile

Individual Taxpayer

Corporate/Partnership Taxpayer

Tax agent

Proceed to Login

Last updated: 12-01-2021

Privacy Disclaimer Feedback Sitemap Contact Us FAQs

- Individual Income Tax return comprised with following:
 1. Main Return
 2. Schedule 01 - Employment Income
 3. Schedule 02 - Business Income
 4. Schedule 03 - Investment Income
 5. Schedule 04 - Other Income
 6. Schedule 05 - Qualifying payments & Expenditure relief
 7. Schedule 06 – Final Withholding Payments
 8. Schedule 07 – Withholding tax
 9. Schedule 08 – Tax Calculation

10. Schedule 09 – Tax credits
11. Schedule 10 - Losses
12. Statement of Assets & Liabilities
13. Declaration
14. Confirmation

Procedure of e-filing the IIT

- First, log into the Individual Taxpayer’s profile in RAMIS through the PIN.
- Select “IIT” from the “Return/Schedule Management” field and require to **tick** the respective **year of assessment** to continue when click the proceed.
- The “Main return” page is linked to the schedules.
- We can access to each schedule by:
 1. Clicking the schedule links shown in respective value cage of the main return, **or**
 2. Clicking the “Next” button in the bottom of the main return page.

Schedule 01 – Employment Income

Part I – Details of Employment income

- Include two tables to enter the details of current employment income and the terminal benefits respectively.
- Filling the cages below the table including the relevant details (Type, Employer name & TIN No, remuneration), require clicking “ADD” button to feed the details to the table.

(Same procedure is applied for the table of terminal benefits.)

Part II – Employment Income – Exempt amounts

- Fill this cage by the exempt employment income amount, if any. (Applied the same structure as above).

Part I – Details of employment income

Type	Employer/company name	TIN of the employer	Remuneration (Rs.)
Total remuneration (Cage 105)			Rs. 0.00

Type: 101 Primary Employment
 Employer/company name: 102
 TIN of the employer: 103
 Remuneration (Rs.): 104

Type	Employer/company name	TIN of the employer	Terminal benefits (Rs.)
------	-----------------------	---------------------	-------------------------

Schedule 02 – Business Income

Part I – Details of Business income (Composed with 03 tables for business income of sole proprietorship, partnership & trust respectively.)

A. Business income from sole proprietorship ⓘ

<input type="checkbox"/>	Activity code	Nature of the business	Gains and profits (Rs.)
Total business income from sole proprietorship (Cage 204)			Rs.0.00

Add Remove Update Reset

Activity code 201 <Select a value> ▾

Nature of the business 202

Gains and profits (Rs.) 203

B. Partner's business income from partnership ⓘ

<input type="checkbox"/>	Activity code	Partnership name	TIN of the partnership	Gains and profits (Rs.)
--------------------------	---------------	------------------	------------------------	-------------------------

- Enter the Activity code, Nature of business, Gains & profits fields and click “**ADD**” button. (Please note that the activity codes are available in the IRD website: *Useful Information* → *Economic Activity Codes*)

Part II – Business Income – Exempt amounts

- Fill this cage by the exempt business income amount, if any. (Applied the same structure as above).

Schedule 03 – Investment Income

Part I – Details of investment income

- Include 3 tables.
 - Table A** – Investment income of an individual (Rent, Interest, Commission etc.)
 - Table B** – Investment income from partnership
 - Table C** – Investment income from Trust

Part II – Reliefs for Investment Income

- Include the reliefs on investment income. The only relief for investment income is the 25% relief on total (gross) rental income.
- Include Exempt investment income amount in the “317” cage.

The screenshot shows a web-based tax form interface. At the top, there are input fields for 'Activity code' (310), 'Trust name' (311), 'TIN' (312), and 'Gains and profits (Rs.)' (313). Below these is a section for 'Total investment income(cage 304 + cage 309 + cage 314)' with a value of 315. A red header bar reads 'Part II - Reliefs for investment income'. Below this is a section for 'Relief for rent income (25% of the total rent income from sole proprietorship and partnership)' with a value of 316. Another red header bar reads 'Exempt amounts/gains and profits for Investment Income'. Below this is a section for 'Exempt amounts' with a value of 317. At the bottom right, there are buttons for 'Save draft', 'Next', 'Back', and 'Cancel'. The footer contains the text: 'Department of Inland Revenue, Sri Lanka, Chittampalam A. Gardiner Mawatha, Colombo 02. © 2014, All rights reserved by Inland Revenue Department - Sri Lanka' and 'Activate Win Go to Settings t'.

Schedule 04 – Other Income

- Includes the income earned by an individual other than from employment, business and investments.
- **Note:** This schedule also includes the same structure as in employment income.

Schedule 05 – Qualifying Payments & Expenditure Relief

Part A: Qualifying Payments – IR Act No. 24 of 2017

- Includes the donations made for:
 - Approved Charity
 - Government
 - Other Specified Institutions

Part B: Qualifying Payments – IR Act No. 10 of 2006

- Enter the brought forward **Qualifying Payments** under the previous Act.

B - Brought forward qualifying payments as per Inland revenue Act No. 10 of 2006			
Description	B/F amount (Rs.)	Deductible amount(Rs.)	C/F amount (Rs.)
A. Donation to government	506.A	507.A	508.A
B. Investment made in a project of government's development plan	506.B	507.B	508.B
C. Investment in production of films	506.C	507.C	508.C
D. Expenditure on films produced on or after 01.04.2008	506.D	507.D	508.D
E. Un-deducted balance of investment in the purchase of shares	506.E	507.E	508.E
F. Expenditure on construction and equipping of a cinema	506.F	507.F	508.F
G. Expenditure on upgrading of a cinema	506.G	507.G	508.G
H. Expenditure on construction of houses for low income families	506.H	507.H	508.H
I. construction or purchase of a houses otherwise than out of a loan	506.I	507.I	508.I
J. Investment made under Section 16 C or investment in high tech	506.J	507.J	508.J
K. Investment made under Section 16 D	506.K	507.K	508.K
Total deductible qualifying payments B/F from previous Y/A (total of 507)		509	
Total deductible qualifying payments (504 + 509)		510	
Enter amount in cage 510 in to cage 100 of the Return			

Part C: Expenditure Relief

- There are five types of **Expenditure Reliefs** that are allowable to deduct.
 - Health expenditure
 - Educational expenditure
 - Housing loan interest
 - Contributions made to any local pension scheme
 - Expenditure for purchase of shares listed in CSE

- Note: Incurred amount up to Rs.1.2Mn can be deducted from Total Assessable Income for a year of assessment.

Schedule 06 – Final Withholding Payments

Part A – Includes the WHT which deducted by withholding agent

Part B – Includes the WHT which failed to deduct by withholding agent.

Schedule 07 – Withholding Tax

- Include two tables

Table A – WHT / AIT deducted by withholding agent

Table B – WHT which failed to deduct by the withholding agent

Withholding tax						
A - Advance income tax / withholding tax deducted by the withholding agent						
<input type="checkbox"/>	Source/type	TIN of the Withholding Agent	AIT/WHT certificate No.	Amount received (Rs.)	Date of payment	AIT/ WHT deducted by the withholding agent (Rs.)
Total AIT/WHT deducted (Total of Cage 706)						Rs. 0.00

Source/type
 TIN of the Withholding Agent

AIT/WHT certificate No.
 Amount received (Rs.)

Date of payment
 AIT/ WHT deducted by the withholding agent (Rs.)

[Activate W](#)
[Go to Settings](#)

Total AIT/WHT deducted (Total of Cage 706)

Schedule 08 – Tax Calculation

- This schedule is for the calculating of tax amount in accordance with the taxable income.
- It should enter the relevant taxable amount in the relevant cages to calculate the tax for the year of assessment.

Part A – Taxable Income for the year of assessment.

Part B – Tax on terminal benefits

Part C – Tax on gain of realization of investment assets

Part D – Tax on gain of realization of investment assets from partnership

Part E – Tax on products tobacco, liquor (40% rate)

Tax on balance taxable income (on progressive rate)

Part E – Tax on final withholding payments (WHT not deducted) - Connecting from Schedule 06.

Tax calculation				
A. Enter taxable income from cage 120 of the Return ⓘ				
		801	0.00	
		.1	.2	.3
		Income (Rs.)	Rate	Tax (Rs.)
B. ⓘ Total terminal benefits from cage 110 of schedule 1		802	0.00	
Terminal benefits under special rate		803a.1	0%	803a.3
		803b.1	6%	803b.3
		803c.1	12%	803c.3
Terminal benefits under normal rate		804a.1	6%	804a.3
		804b.1	12%	804b.3
		804c.1	18%	804c.3
		804.1		804.3
Total tax on terminal benefits (803a.3 + 803b.3 + 803c.3 + 804.3)				805
Enter amount in Cage 805 in to Cage 130 of the Return				
C. Tax on gain on realization of investment assets (from Schedule 3) ⓘ		806.1	10%	806.3
D. Tax on gain on realization of investment assets from partnership (from Schedule 3) ⓘ		807.1	10%	807.3
Enter total amount from Cage 806.3 and 807.3 in to Cage 140 of the Return				
E. Tax on taxable income from betting & gaming, manufacture & sale or import and sale of any liquor, tobacco product		808.1	40%	808.3
Tax on taxable income to be taxed at progressive Income tax rates ⓘ		809a.1	6%	809a.3
		809b.1	12%	809b.3
		809c.1	18%	809c.3
		809.1		809.3
Tax on balance taxable income (Total of 808.3 to 809.3)				810
Enter amount in Cage 810 in to Cage 150 of the Return				
F. Tax on final withholding payments (WHT not deducted) (Cage 614 of Schedule 6)		811		0.00
Enter amount in Cage 811 in to Cage 160 of the Return				

Activate Wi
Go to Settings t

Schedule 09 – Tax Credits

- Include the tax credits (foreign tax credits, APIT, AIT, ESC, Partnership tax etc.)

Schedule 9 Tax credit	
Foreign tax credit ⓘ	901 <input type="text"/>
ESC deductible (Cage 920 of Schedule 9 A)	902 <input type="text"/>
APIT paid on Employment income - primary employment (Attach APIT-T 10 Certificate) ⓘ	903A <input type="text"/>
	903B <input type="text"/>
	903C <input type="text"/>
APIT paid on Employment income - secondary employment (Attach APIT-T 10D Certificate) ⓘ	904A <input type="text"/>
	904B <input type="text"/>
	904C <input type="text"/>
Tax paid for terminal benefits (Attach PAYE T-13 certificate) ⓘ	905 <input type="text"/>
Partner's share of partnership tax - (enter amount in cage 925 of Schedule 9 B)	906 <input type="text"/>
AIT from the partnership - (Enter amount in Cage 726 of Schedule 7 C)	907 <input type="text"/>
Advance income tax credit - (Enter amount in Cage 710 of Schedule 7 A)	908 <input type="text"/>
Tax paid on gain on realization of investment assets (CGT) ⓘ	909 <input type="text"/>
Tax paid on gain on realization of investment assets from the partnership ⓘ	910 <input type="text"/>
Installment payments and AIT/WHT paid by withholder - (Enter amount in Cage 934 of Schedule 9C)	911 <input type="text"/> 0.00
Total tax credits (Total of cage No. 901 to 911)	912 <input type="text"/> 0.00

Enter amount in cage 912 in to cage 180 of the Return

- Need to enter the amounts in the relevant cage as specified in the return.
- ESC – Cages are available to declare brought forward amounts as well (can claim 1+2 years).

Schedule 9A – Economic service charge	
Un-deducted balances – balance of Economic Service Charge brought forward as a sole proprietor from the previous years	
2018/2019	2019/2020
914 <input type="text"/> ⓘ	915 <input type="text"/> ⓘ
Un-deducted balance – balance of Economic Service Charge brought forward as a partner of the partnership from the previous years	
2018/2019	2019/2020
916 <input type="text"/> ⓘ	917 <input type="text"/> ⓘ
Total ESC un-deducted balance (914+915+916+917)	
	918 <input type="text"/>
Total tax payable after deducting foreign tax credit - (amount in Cage 170 of the Return – amount in Cage 901 of Schedule 9)	
	919 <input type="text"/>
ESC Deductible (amount in cage 918 or amount in cage 919 whichever is lower) Enter amount in to cage 902 of Schedule 9	
	920 <input type="text"/>
Total excess ESC carried forwarded (918 - 920) (any balance in relation to Y/A 2018/2019) (Please refer the guide)	
	921 <input type="text"/>

- Partners share of Partnership Tax - Include the taxpayer's partnership tax details (brought forward and current year amounts).
- Schedule 9C – Include self-assessment payments by the taxpayer within the Y/A.

Schedule 9B – Partners share of partnership tax

Balance partner's share of partnership tax brought forward from 2019/2020

Partner's share of partnership tax paid for 2020/2021

Total partner's share of partnership tax (922+923)

Deductible amount of partnership tax for the Y/A 2020/2021

Excess partner's share of partnership tax carried forwarded (924 – 925) (any balance in relation to the Y/A 2020/2021)

Schedule 9C – Instalment payment and AIT/WHT paid by withholder

	Payment date	Amount paid (Rs.)
1st Installment	<input type="text" value="927a"/>	<input type="text" value="927b"/>
2nd Installment	<input type="text" value="928a"/>	<input type="text" value="928b"/>
3rd Installment	<input type="text" value="929a"/>	<input type="text" value="929b"/>
4th Installment	<input type="text" value="930a"/>	<input type="text" value="930b"/>
Final Payment	<input type="text" value="931a"/>	<input type="text" value="931b"/>
Total self-assessment payment (927+928+929+930+931)		<input type="text" value="932"/>
AIT/WHT paid by withholder (Enter amount in Cage 614 of Schedule 6B and 721 of Schedule 7B)		<input type="text" value="933"/> 0.00
Total installment payments and AIT/WHT payments		<input type="text" value="934"/> 0.00

Enter amount in cage 934 in to cage 911 of Schedule 9.

Buttons: Save draft, Next, Back, Cancel

Schedule 10 – Losses

- Includes the losses from four sources of income (Employment, Business, Investment and Other Income).
- Note: Exempt losses can be deducted only through exempt income.

Part IA - Business Losses (Applicable tax rate for profit - 40%)

<input type="checkbox"/> Y/A	Loss (Rs.) (B/F & current year)	40% Rate	Progressive Rates	Investment Income (Rs.)	Capital Gain (Rs.)	Exempt Income (Rs.)	Total Deduction (Rs.)	C/F Loss (Rs.)

Buttons: Add, Remove, Update, Reset

Y/A Loss (Rs.) (B/F & current year)

Deductible loss from the profit of Y/A 2020/2021

40% Rate Progressive Rates

Investment Income (Rs.) Capital Gain (Rs.)

Exempt Income (Rs.) Total Deduction (Rs.)

C/F Loss (Rs.)

Statement of Assets & Liabilities

- Includes Assets and Liabilities which are owned by the taxpayer.
- **Assets as at 31.03.2021**
Part 1: includes immovable and movable properties to declare
- **Liabilities as at 31.03.2021**
Includes the liabilities which are held by the taxpayer.
- **Part 2**
Table 01 – For the assets acquired or gifts received during the Y/A
Table 02 – For the assets which are disposed during the Y/A

Declaration

- If the return is prepared by another person (any other person including an approved accountant), the **part A** of the declaration form should be filled.
- If not, **Part B** should be filled by the taxpayer.

Declaration

Whether the return or part of the return is prepared by an approved accountant or any other person for a payment?
 Yes No
(If "Yes" fill PART -A and attach the certificate/s issued by such person.)

Part – A : Details of approved accountant/any other person

Name :

Designation :

Telephone number :

Mobile:

Email:

Date of the certification

* If more than one person involved, use a separate sheet to fill the above details and attach to the return

PART – B : Declaration of the tax payer
I declare to the best of my knowledge and belief that all particulars furnished in the Return of Income are true, correct and complete. I am aware that making an incorrect, false, or misleading statement is an offence.

Full name of the declarant :

Telephone number:

Mobile:

Email:

NIC number/Passport number

Date:

- Return of income specified under section 126 of the inland revenue act, No. 24 of 2017, by the commissioner general of inland revenue
- Declare income and other particulars for the year of assessment ended 31st March, 2021.
- Attach tax computation, accounts if relevant & any other documents required to be submitted
- Duly completed return of income and attached documents should be submitted to the inland revenue department on or before 30th November, 2021.
- Penalties are imposed on any person who has not submitted a return or submitted an incorrect return
- Penalties and interest shall be imposed for non-payment of taxes on due dates.
- If marked "YES" for above in section 02, attach a separate certificate/s issued by the approved accountant or any other person issued by specifying the extent to which he was involved, the documents examined by him and the information relied upon by him. Such certificate shall deemed to be part and parcel of the return of income.

Save draft Back Next Cancel

A draft format of a declaration under Part A is given below;

Certificate to comply with Section 126(5) of the Inland Revenue (Amendment) Act No. 10 of 2021

As per the agreed upon assignment with the taxpayer, I/we have assisted in preparing the tax return of for the year of assessment by relying on the information and documents provided by the taxpayer and state that we have not verified the accuracy or completeness of such documents and information.

Confirmation

- This depicted a summary of the whole process done.
- If there is any error, we can correct by using “**amend**” button which allows to go back to the main return.
- Taxpayer is allowed to upload the supporting documents with reference to his declared income sources.
- If the computation is accurately done, we can submit it by using “**submit**” button **after getting a printout/saving as a PDF of the summery output.** (Do not Submit without taking a print/saving as a PDF).
 - Upon submitting, we receive an acknowledgement. Advisable to take a printout of the same/save as a PDF immediately.

FOR FURTHER CLARIFICATIONS PLEASE COMMUNICATE WITH US

Thank You!

ATHULA RANAWEERA (BSc., FCA, FCMA, FMAAT)
Managing Partner: Ranaweera Associates (Chartered Accountants)
Managing Director - Assent Advisory Partners (Pvt) Ltd.
Assent Secretarial Consultants (Pvt) Ltd.
+94 777 305 123,
athula@ranaweeraasso.lk athula@assentadvisory.lk
For timely tax topics you may follow: - Ranaweera Associate's Tax Talk YouTube Channel





APPLICATION FORM FOR TAXPAYER REGISTRATION

(For Individual and Proprietorship)

All fields marked with * are Mandatory

Please fill up the form using **BLOCK LETTERS**

SECTION A (For Sri Lanka Citizen)

National Identity Card Number (NIC) * :

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

Name with Initials (English)* :

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

(Sinhala) :

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

(Tamil) :

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

SECTION B (For Foreigner)

Passport No. * :

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

Date Expiry of Passport * :

D	D	/	M	M	/	Y	Y	Y	Y
---	---	---	---	---	---	---	---	---	---

Date of Arrival to Sri Lanka * :

D	D	/	M	M	/	Y	Y	Y	Y
---	---	---	---	---	---	---	---	---	---

Country of Issuance of Passport * :

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

SECTION C

Salutation * : Rev. Prof. Dr. Mr. Ms.

Full Name of Applicant (English) * :

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

(Sinhala) :

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

(Tamil) :

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

Date of Birth * :

D	D	/	M	M	/	Y	Y	Y	Y
---	---	---	---	---	---	---	---	---	---

Country of Birth :

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

Gender * : Male Female Nationality * :

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

Preferred Language * : Sinhala Tamil English

IRD will use this preferred language to send letters, notices, forms and returns

Preferred Mode of Alert * : SMS Email

Source of Income * : Employment Business Rent Interest/Dividend Other

Occupation /Others :

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

PERMANENT ADDRESS

(English) *

Premises No. : Unit No. :

Address :

Postal Code :

(Sinhala)

Premises No. : Unit No. :

Address :

Postal Code :

(Tamil)

Premises No. : Unit No. :

Address :

Postal Code :

Province * : District * :

Divisional Secretariat* : Grama Niladhari Division * :

RESIDENTIAL ADDRESS

(English) *

Premises No. : Unit No. :

Address :

Postal Code :

(Sinhala)

Premises No. : Unit No. :

Address :

Postal Code :

(Tamil)

Premises No. : Unit No. :

Address :

Postal Code :

Province * : District * :

Divisional Secretariat* : Grama Niladhari Division * :

FOREIGN ADDRESS

Address (English) :

Country :

CONTACT DETAILS *

Please fill in at least 1 contact

Mobile : Office :

Home : Email :

BANK INFORMATION

Bank Name :

Account Number :

FAMILY INFORMATION

Civil Status : Single Married

SPOUSE INFORMATION

If marital status is married, please fill in spouse and child information.

Full Name of Spouse :

NIC of Spouse :

TIN of Spouse (if any) :

CHILD INFORMATION:

No	Name	NIC (if Any)	Date of Birth	Gender

INDIVIDUAL BUSINESS

If you have more than one proprietorships please fill in Appendix A

Name of Business * :

Registration No. * :

Principal Activity of Business * :

Date of Commencement * : / /

BOI Registered * : Yes No

BOI Start Date : / /

BOI Expiry Date : / /

Is it your Primary Business * : Yes No

ADDRESS *
(English)

Premises No. : Unit No. :

Address :

 Postal Code :

if you wish to register tax type, please also fill in **APPLICATION FOR TAX TYPE REGISTRATION**

If application is submitted by an authorized person, please specify the name of the authorized person

Name :

National Identity Card / Passport No. :

Designation :

AUTHORIZATION *

I do hereby certify that the particulars furnished by me in this application are true and correct.

Name :

Designation :

National Identity Card / Passport No. :

Signature :

Date : / /

Note: This form to be submitted along with supporting documents (If any) to the Help Desk at the nearest IRD branch.



APPLICATION FOR TAX TYPE REGISTRATION

All fields marked with * are Mandatory
Please fill up the form using BLOCK LETTERS

Taxpayer Identification Number (TIN) :

NIC / Business Reg. No. / Institute Reg. No.* :

If Tax Type Registration is together with TIN, TIN is not applicable. Please provide NIC / Business Reg. No./ Institute Reg. No. instead

Tax Type * : Income PAYE VAT NBT WHT
 ESC Stamp Duty VAT on FS

INCOME TAX Corporate Individual Partnership

Premises No. :

 Unit No. :

Address :

Postal Code :

Total Profit / Income for a Year : **Rs.**

Effective Date on Which Registration is requested :

PAY-AS-YOU-EARN (PAYE)

Premises No. :

 Unit No. :

Address :

Postal Code :

Number of Employees whose emoluments exceed PAYE threshold :

Effective Date on which Registration is requested :

NATION BUILDING TAX (NBT)

Premises No. :

 Unit No. :

Address :

Postal Code :

Total Turnover for Previous Quarter : **Rs.**

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

Total Turnover for Previous Year : **Rs.**

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

Effective Date on which Registration is requested :

D	D	/	M	M	/	Y	Y	Y	Y
---	---	---	---	---	---	---	---	---	---

WITHHOLDING TAX (WHT)

Premises No. :

--

 Unit No. :

--

Address :

--

--

	Postal Code :	
--	---------------	--

Withholding Tax Category :

- | | | | |
|--|---|--|--|
| <input type="checkbox"/> Interest | <input type="checkbox"/> Rewards | <input type="checkbox"/> Annuities | |
| <input type="checkbox"/> Management Fees | <input type="checkbox"/> Shares of Fines | <input type="checkbox"/> Rent | |
| <input type="checkbox"/> Royalty Fees | <input type="checkbox"/> Lottery of Prizes | <input type="checkbox"/> Others | |
| <input type="checkbox"/> Debt Securities | <input type="checkbox"/> Betting and Gambling | <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td style="width: 100px; height: 20px;"></td></tr></table> | |
| | | | |

Effective Date on Which Registration is requested :

D	D	/	M	M	/	Y	Y	Y	Y
---	---	---	---	---	---	---	---	---	---

VALUE ADDED TAX (VAT)

Tax Type Address

Premises No. :

--

 Unit No. :

--

Address :

--

--

	Postal Code :	
--	---------------	--

VAT Liabile Business Activity :

--

Effective Date on Which Registration is requested :

D	D	/	M	M	/	Y	Y	Y	Y
---	---	---	---	---	---	---	---	---	---

Date of First Transaction on Taxable Supplies up to now / :

D	D	/	M	M	/	Y	Y	Y	Y
---	---	---	---	---	---	---	---	---	---

Estimated Date to make Taxable Supplies :

D	D	/	M	M	/	Y	Y	Y	Y
---	---	---	---	---	---	---	---	---	---

Total Taxable Supply up to now : **Rs.**

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

Estimated value of taxable supplies in the next twelve months : **Rs.**

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

Address of Business Operation :

Premises No. : Unit No. :
Address :

 Postal Code :

VAT Registration Type : With Supply Basis Strategic Development Project
 Without Supply Basis (22(7)) Deemed Supply Registration (10(C))
 Special Project

Register for Cash Basis (For 22(7) and 10(C)) : Yes No

If you are registering for Sec 22(7) or Special Project or Strategic Development Project, please fill in APPLICATION FORM FOR SEC 22(7) / SP / SDP as well

VALUE ADDED TAX ON FINANCIAL SERVICES (VAT on FS)

Tax Type Address

Premises No. : Unit No. :
Address :

 Postal Code :

Financial Year : January – December April - March

Liabile Business Activity :

Total value of supplying of Financial Services for 3 months : **Rs.**

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

Total value of supplying of Financial Services for 12 months : **Rs.**

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

Effective Date on which Registration is requested :

D	D	/	M	M	/	Y	Y	Y	Y
---	---	---	---	---	---	---	---	---	---

If you wish the Department to send letters to different address for each of different tax matters, please first check with officer whether you are eligible before you fill in the Tax Type address above.

If application is submitted by an authorized person, please specify the name of the authorized person

Name :

National Identity Card / Passport No. :

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

Designation :

AUTHORIZATION *

I do hereby certify that the particulars furnished by me in this application are true and correct.

Name :

Designation :

National Identity Card / Passport No. :

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

Signature :

Date :

D	D	/	M	M	/	Y	Y	Y	Y
---	---	---	---	---	---	---	---	---	---

Note: This form to be submitted along with supporting documents (If any) to the Help Desk at the nearest IRD branch.