

24th October 2014.

To: Clients of Tudor V. Perera & Co.

Dear Client,

Budget Proposals - Year 2015 (Taxation)

It gives us great pleasure in forwarding herewith an overview of the Budget Proposals (Taxation) announced by His Excellency the President Mahinda Rajapakse, in his capacity as the Finance Minister, in the Parliament on 24th October 2014.

However, this should not be treated as authoritative statement, since the Budget Proposals for the year 2015 are pending legislation.

The facts given are for general guidance and professional advice should be sought prior to acting on same.

Should you need further clarifications, please feel free to contact us.

Yours faithfully,
TUDOR V. PERERA & CO.

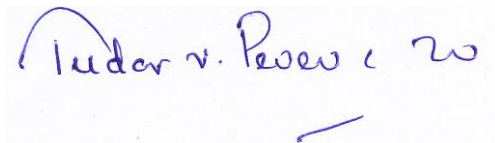


Table of Contents

1. Income Tax (IT).
2. Value Added Tax (VAT).
3. Nation Building Tax (NBT).
4. Betting and Gaming Levy.
5. Other Amendments.
6. Recovery of Tax in Arrears.
7. Technical Rectifications and Administrative Provisions.
8. Amendments to Appropriation Act No. 36 of 2013 for the Financial Year 2014.
9. Bonds Issued for Capital Infusion, Liquidity Improvements and Debt Capitalization of State Owned Business Enterprises.
10. Effective Dates of Proposals.

BUDGET PROPOSALS 2015 - TAXATION

1. Income Tax (Amendments to the Inland Revenue Act No. 10 of 2006)

1.1. Exemptions/Taxation at Concessionary Rates

1.1.1. Exemptions

1.1.1.1. Profits and income arising or accruing to any Unit Trust from investments made on or after January 1, 2015, in US Dollar deposits or US Dollar denominated securities listed in any foreign Stock Exchange.

1.1.1.2. Profits and income arising or accruing to any company, partnership or body of persons outside Sri Lanka from any payment made by way of royalty as a specific requirement of any IT/BPO Company in Sri Lanka for a period of 2 years from the commencement of such IT/BPO Company.

(Section 13 of the Inland Revenue Act will be amended)

1.1.1.3. The interest or discount accruing or arising to any person from any investment made on or after January 1, 2015 in any Corporate Debt Security, issued by the Urban Development Authority.

(Section 9 of the Inland Revenue Act will be amended)

1.1.2. Concessionary Rates

1.1.2.1. Pioneering Industry Allowance

A deduction of 10% of income tax payable by any local manufacturer who has commenced the business of manufacturing during 1970's and sustained competitiveness with imports, on the profits and income from the sale of such manufactured products in the local market.

1.1.2.2. The concessionary tax rate of maximum 16% applicable for certain categories of employment (Professionals) will be expanded to cover the other employment categories as well.

1.1.2.3. Concessionary tax rate of 12% applicable for agricultural sector will be extended to the local sugar industry.

1.1.2.4. The annual turnover limit of Rs. 500 Mn. referred to in Section 59B will be increased to Rs. 750 Mn.

1.1.2.5. One half of the profits and income from the production of films or dramas of any individual who produces an award winning cinema or a drama at an international film/drama festival will be exempt for a period of 5 years from the year in which such award is received.

(Relevant Sections and the Rate Schedule will be amended)

1.2. Tax concessions for new investments

1.2.1. The time limit to complete investments and to commence the commercial operations by new undertakings which have been approved under Section 17A of the Act, prior to 01.04.2014 and which would not be able to complete their investments prior to 01.04.2015 and commence commercial operations prior to 01.04.2016, will be extended to 01.04.2017.

The tax holiday period will be rationalized depending on the nature of the activity approved to carry out by such undertaking.

1.2.2. Any new undertaking with an investment of not less than US\$ 2 Mn. will be granted a frontloaded depreciation allowance, on the acquisition of any fixed asset on which depreciation allowance is claimable within the provisions of Section 25, where such undertaking engaged in manufacture of products for export and the exemption will be granted on the dividend distributed out of such profits or from deemed dividend tax, for a period of 5 years from the commencement of commercial operations of the new undertaking.

(Sections 10, 25 and 61 of the Inland Revenue Act will be amended)

1.2.3. The applicable tax rate on the profits and income of an existing enterprise carrying on a business of manufacture of products (other than liquor or tobacco), will be reduced by 50% up to a maximum not exceeding Rs. 500 Mn. for a period of 5 years, if such enterprise is liable for income tax at the rate of 28% and expands such enterprise in any province other than the Western Province by investing not less than Rs. 300 Mn. on or after 01.04.2015 but prior to 01.04.2017 by the acquisition of any fixed asset on which depreciation allowance is claimable within the provisions of Section 25.

1.2.4. Any company which registers with the Inland Revenue Department for tax purposes on or before December 31, 2015 with a committed investment in excess of Rs. 500 Mn., to be made in any manufacturing business (other than liquor or tobacco) within a specified period as approved by the Commissioner General of Inland Revenue will be entitled for a reduction of 50% of the applicable tax rate for a period of 7 years from the commencement of commercial operations.

1.3. ***Withholding Tax on Interest Income from Deposits***

The present withholding tax regime applicable to individuals and charitable institutions will be revised by introducing a single withholding tax rate of 2.5% irrespective of the amount of interest.

Exemption on interest income of senior citizens will be expanded by removing the exempt threshold presently applicable on interest income.

(Sections 9 and 133 of the Inland Revenue Act will be amended)

1.4. ***Deductibility of Expenses***

A triple deduction will be granted, to any person registered with the Tertiary Vocational Education Commission (TVEC) on expenditure incurred on standard skill development training (Eg. NVQ Level) provided to trainees.

(Section 25 of the Inland Revenue Act will be amended)

2. **Value Added Tax (VAT) [Amendments to Value Added Tax Act No.14 of 2002]**

2.1. ***Reduction of Tax Rate***

The present rate of VAT of 12% will be reduced to 11%.

2.2. ***Exemptions***

2.2.1. Import of machinery, equipment and spare parts by Sri Lanka Ports Authority (SLPA) to be used exclusively within specified ports (Paragraph (c) of PART II of the First Schedule will be amended).

2.2.2. Current limit of the sample value for the exemption from VAT of Rs. 25,000/- will be expanded to Rs. 50,000/- (item (xxx) of Paragraph (c) of PART II of the First Schedule will be amended).

2.3. ***VAT on Wholesale and Retail Trade***

The present threshold of value of supplies for a consecutive period of three months of any calendar year of any person or partnership carrying on a business of wholesale or retail trade for the chargeability to VAT will be reduced to Rs. 100 Mn.

2.4. ***Registration Threshold***

Threshold of liable supplies for the registration for VAT purpose will be increased to Rs. 15 Mn. per annum.

3. **Nation Building Tax (NBT) [Amendments to NBT Act No. 9 of 2009]**

3.1. ***Exemptions***

3.1.1. Threshold of liable turnover of NBT will be increased to Rs. 3.75 Mn. per quarter.

3.1.2. Import of machinery, equipment and spare parts by SLPA to be used exclusively within specified ports.

3.1.3. Current limit of the sample value for exemption from NBT of Rs. 25,000/- will be expanded to Rs. 50,000/-.

4. Betting and Gaming Levy (Amendments to Betting and Gaming Levy Act No. 40 of 1988)

4.1. Tax rate applicable for gross collection will be revised to 10%.

4.2. An entry fee of US\$ 100 will be charged per person who enters casino entertainment.

5. Other Amendments

5.1. To encourage the modernization, disposal of machinery used for more than 10 years in a BOI Company will be exempt from duty.

5.2. Cess and Customs Duty rates will be revised to strengthen the domestic value addition.

5.3. Consolidation of taxes to further simplification of tax system.

5.3.1. Excise (Special Provisions) Duty will be charged in lieu of VAT, NBT, Cess, Customs Duty and Ports and Airport Development Levy (PAL) on certain articles specified under Chapter 87 of the Customs Tariff Guide;

5.3.2. In lieu of VAT and NBT:-

(a) Excise (Ordinance) Duty will be charged on the manufacture of liquor,

(b) Customs Duty and Cess will be charged on the import of liquor, and

(c) Excise (Special Provisions) Duty will be charged on the manufacture or import of cigarettes, at the rates and in the manner specified in the relevant Gazettes, published for that purpose.

(Relevant provisions of the VAT Act and NBT Act will be amended with immediate effect)

6. Recovery of Tax in Arrears

A special refinance facility scheme which is re-payable within 5 years will be provided at 6% interest rate to facilitate the settlement of arrears in EPF/ETF and arrears in taxes up to 31.12.2010. *(Default Tax Recovery (Special Provisions) Act No.16 of 2010 will be amended)*

7. Technical Rectifications and Administrative Provisions

Necessary amendments will be made to the respective provisions of the Inland Revenue Act No. 10 of 2006, Value Added Tax Act No. 14 of 2002, Nation Building Tax Act No. 9 of 2009, Economic Service Charge Act No. 13 of 2006, Finance (Amendment) Acts, Betting and Gaming Levy Act No. 40 of 1988, Default Tax (Special Provisions) Act No. 16 of 2010, Telecommunication Levy Act No. 21 of 2011, Ports and Airports Development Levy Act No. 18 of 2011, Tax Appeals Commission Act No. 23 of 2011, Imports and Exports (Control) Act No. 1 of 1969 and Strategic Development Projects Act No. 14 of 2008 in order to streamline the revenue administration and to rectify certain ambiguities and unintended effects (including differences in translations).

8. Amendments to Appropriation Act No. 36 of 2013 for the Financial Year 2014

The maximum borrowing limit specified in the Appropriation Act No. 36 of 2013 is increased by Rs. 200 Bn., which includes the bonds issued for the capitalization of state enterprises and recording foreign debt disbursements. Consequential amendments will be made to Section 2(1) and Section 2(2) of the said Act. These amendments are incorporated in the Printed Estimates for 2015 which are now under submission to Parliament. The required amendments will be introduced at the Committee Stage of the Appropriation (Amendment) Bill.

9. Bonds Issued for Capital Infusion, Liquidity Improvements and Debt Capitalization of State Owned Business Enterprises

	<i>Rs. Mn.</i>		<i>Rs. Mn.</i>
	2014		2015
Ceylon Petroleum Corporation	30,690.49	Ceylon Petroleum Corporation	150,000.00
Bank of Ceylon	28,713.00	Bank of Ceylon	5,000.00
Sri Lankan Airlines	25,927.06	National Water Supply and Drainage Board	60,000.00
Mihin Lanka	6,528.23	CECB, SD&DC, SEC	3,000.00
Fisheries Corporation	208.22	Sri Lankan Airlines	19,500.00
State Trading Corporation	494.70	Agrarian Insurance Board	1,500.00
Paddy Marketing Board	5,388.64	Inventors' Fund	500.00
BCC	294.15		
Lanka Salusala	35.02		
Co-operative Wholesale Establishment	370.30		
STC Wholesale Co. Ltd.	44.48		
SL. Consumer Co-operative Socialists Federation Ltd.	65.94		
Ceylon Fertilizer Co. Ltd.	2,161.00		
Colombo Commercial Fertilizer Ltd.	667.00		

Further allocation of Rs. 60 Bn. recording of foreign debt disbursements is also included in 2014 figures.

10. Effective Dates of Proposals

Unless stated otherwise, the proposals in relation to;

- (i) Income Tax will take effect commencing from April 1, 2015.
- (ii) Value Added Tax and Nation Building Tax will be implemented with effect from January 1, 2015.
- (iii) Cess, Ports and Airport Development Levy, Custom Duty, Excise (Special Provisions) and Special Commodity Levy will take effect immediately.

TAX RATES 2015/2016

	CORPORATE INCOME TAX	MISCELLANEOUS <i>Contd....</i>
	<u>Rate</u>	<u>Rate</u>
	<ul style="list-style-type: none"> • Unit Trust, Mutual Funds and Unit Trust Management Companies 10% • Venture Capital Companies 12% • Company (other than the above and any holding Company, a subsidiary company or associate company of a group of companies) where the taxable income of which does not exceed Rs. 5 Mn. 12% • Any company (including a group company) which become QPC prior to 01.04.2011, for five years from the beginning of the year of assessment becoming QPC and taxable income of which exceed Rs. 5 Mn, but commences after 01.04.2006 33.33% • Other Companies 28% • Company listed after 01.04.2013 and before 31.03.2017 with 20% of shares to public - tax rate will be reduced by 50% for 3 years. 	<ul style="list-style-type: none"> • Operation and maintenance of facilities for storage, development of software or supply of labour - Maximum 10% (individual) 10% (companies) 10% • On qualified export profits (subject to a maximum of 15% for individuals) - Deemed exports (subject to a maximum of 15% for individuals) 12% - Services rendered in Sri Lanka to a person or partnership outside Sri Lanka by any resident company 15% • Transshipment agency fees in foreign currency 15% • Partnership tax on divisible profits and other income of a partnership business, if divisible profits exceeds Rs. 1,000,000/- (on the excess) 8% • Non citizen carrying on the profession or vocation of entertainer or artiste 12% • Petroleum exploration 12% • 3% of funds received by NGOs 28% • Lottery or betting or gaming activity, liquor or tobacco products 40% • Profits and income from educational services 10% • Any undertaking engaged in manufacture or providing service of which turnover does not exceed Rs. 500 Mn. (other than holding or subsidiary) 12% • Export or supply to exporter with domestic value addition 65% or more & exported under Sri Lankan brand name - Individual maximum 10% - Company 10% • Profits and income of newly setup branch of a Commercial Bank dedicated to development banking 24% • Profits and income from activities carried out as research and development - Person other than a Company 16% - Company 20% • Organic Tea in Bulk - Non Traditional 12% • Manufacturer of tea in joint venture with tea exporter in value added form with Sri Lankan brand name 12% • Handloom Industry 12% • Health Care Services 12% • Unspecified rate 28% • Poultry Farming 10% • Supply of goods/provision of services for foreign ships for payment in foreign currency 12% • Sale of any product manufactured in Sri Lanka for payment in foreign exchange earning account (Deemed Exports) 12%
INDIVIDUAL INCOME TAX		
Tax free allowance (Resident Individuals) Rs. 500,000/-	<u>Rate</u>	
First Rs. 500,000/- of taxable income	4%	
Next Rs. 500,000/- of taxable income	8%	
Next Rs. 500,000/- of taxable income	12%	
Next Rs. 500,000/- of taxable income	16%	
Next Rs. 1,000,000/- of taxable income	20%	
Balance taxable income	24%	
Excluded from Statutory Income (If WHT has been paid) - Interest & Dividends		
Employment Income of Government and Private Sector subject to PAYE Tax		
Tax deducted under PAYE Scheme will be treated as final		
Tax free allowance deductible will be Rs. 600,000/- per annum		
Maximum rate of tax for employment income	16%	
TAX ON TERMINAL BENEFITS FROM EMPLOYMENT (RETIRING GRATUITY ETC.) UNDER UNIFORM BASIS		
<ul style="list-style-type: none"> • On the first Rs. 5 Mn. of the sum where the period of service or contribution is not less than 20 years Exempt • On the first Rs. 2 Mn. of the sum where the period of service or contribution is less than 20 years Exempt • On the next Rs. 1,000,000/- 5% • On the balance 10% • Compensation under Voluntary Retirement Scheme (in the opinion of CGIR) up to Rs. 2 Mn. Exempt • Compensation under Labour Commissioner approved retrenchment scheme up to Rs. 2 Mn. Exempt • Non-uniform compensation for loss of employment under normal rates (subject to maximum rate) 16% 		
Employment income from Government Service - Payee system applied and such tax will be final, unless there is other source of income		
DIVIDEND TAX		
<ul style="list-style-type: none"> • Tax on dividend distributed by a resident company 10% • If 10% of distributable profits of the previous year is not distributed, tax on the difference between the 33 1/3% of such distributable profit and the amount distributed 15% • In the case of non-resident companies, a sum equal to remittances made out of profits chargeable to income tax 10% 		
	WITHHOLDING TAX	
	<ul style="list-style-type: none"> • If the interest is paid or credited to - Company 10% <li style="padding-left: 20px;">- Partnership 8% • If the interest is paid or credited to an individual or charitable institution 2.5% • Interest paid to Senior Citizens (from State Banks) Exempt • Interest or discount on corporate debt security 10% • Dividends 10% • Government rewards or shares of fines 10% • Lottery prizes in excess of Rs. 500,000/- 10% • Winnings from betting or gambling 10% • Treasury Bills, Treasury Bonds etc. (only in the hand of the primary dealers) 10% • Annuities & Royalties 10% • Management fees or similar payments (persons & partnerships not liable to ESC). 5% • On remuneration/benefit paid to Directors/Chairperson/ Board of Directors or an individual having more than one employment or aggregate of such amount - If monthly benefit does not exceed Rs. 25,000/- per month 10% - If exceed Rs. 25,000/- per month 16% 	
	MISCELLANEOUS	
	<ul style="list-style-type: none"> • Clubs and Associations 10% • ETF, EPF or other provident of pension funds 10% • Charitable Institutions 10% • Cooperative Societies Exempt • Entrepot Trade 10% 	

MISCELLANEOUS <i>Contd....</i>	ECONOMIC SERVICE CHARGE <i>Contd....</i>	BETTING & GAMBLING LEVY																																																														
<table border="0"> <tr> <td></td> <td style="text-align: right;"><u>Rate</u></td> </tr> <tr> <td>• Mini hydro projects or alternative energy source</td> <td style="text-align: right;">12%</td> </tr> <tr> <td>• New company listings on or after 01.04.2013 and more than 20% of its shares offered to the public - Rate of tax will be reduced by</td> <td style="text-align: right;">50%</td> </tr> <tr> <td>• Pilots and identified professional employees (maximum)</td> <td style="text-align: right;">16%</td> </tr> <tr> <td>• Professionals providing professional services - Profit</td> <td></td> </tr> <tr> <td> below 25Mn.</td> <td style="text-align: right;">12%</td> </tr> <tr> <td> 25 Mn. - 35 Mn.</td> <td style="text-align: right;">14%</td> </tr> <tr> <td> above 35 Mn.</td> <td style="text-align: right;">16%</td> </tr> </table>		<u>Rate</u>	• Mini hydro projects or alternative energy source	12%	• New company listings on or after 01.04.2013 and more than 20% of its shares offered to the public - Rate of tax will be reduced by	50%	• Pilots and identified professional employees (maximum)	16%	• Professionals providing professional services - Profit		below 25Mn.	12%	25 Mn. - 35 Mn.	14%	above 35 Mn.	16%	<table border="0"> <tr> <td></td> <td style="text-align: right;"><u>Rate</u></td> </tr> <tr> <td>• Persons granted exemptions/concessionary rates/others</td> <td></td> </tr> <tr> <td> - Who are exempt from income tax (including tax holiday Companies)</td> <td style="text-align: right;">0.25%</td> </tr> <tr> <td> - Who during certain periods are incurring losses</td> <td style="text-align: right;">0.25%</td> </tr> <tr> <td> - Who are subject to tax under concessionary rates</td> <td style="text-align: right;">0.25%</td> </tr> <tr> <td> - Who are engaged in wholesale or retail trade other than products manufactured or produced by the seller (excepting distributors of dealers in motor vehicles or liquor)</td> <td style="text-align: right;">0.25%</td> </tr> <tr> <td> - Who carry out primary conversion of any tea, rubber or coconut plantation including desiccated coconut, coconut oil or fiber, copra and sheet rubber, but excluding any conversion which produces any alcoholic beverage</td> <td style="text-align: right;">0.25%</td> </tr> <tr> <td>• Advertising Agents</td> <td></td> </tr> <tr> <td> - Prior to 01st April 2011</td> <td style="text-align: right;">1%</td> </tr> <tr> <td> - On or after 01st April 2011</td> <td style="text-align: right;">0.25%</td> </tr> <tr> <td>• Any other businesses including of which the turnover is defined by Notice published in the Gazette (including dealers in motor vehicles, liquor, tobacco and petroleum)</td> <td style="text-align: right;">1%</td> </tr> <tr> <td>Turnover as gazetted in respect of the following:</td> <td style="text-align: right;">1%</td> </tr> <tr> <td>• Freight forwarders on gross commission</td> <td></td> </tr> <tr> <td>• Garment exporters CMP/CMT Values (on NFE Basis)</td> <td></td> </tr> <tr> <td>• Gem/Diamond Exporters on CMP Values</td> <td></td> </tr> <tr> <td>• Primary dealer of securities on sale proceeds over aggregation of invest on purchase of securities & interest paid or discount allowed</td> <td></td> </tr> </table>		<u>Rate</u>	• Persons granted exemptions/concessionary rates/others		- Who are exempt from income tax (including tax holiday Companies)	0.25%	- Who during certain periods are incurring losses	0.25%	- Who are subject to tax under concessionary rates	0.25%	- Who are engaged in wholesale or retail trade other than products manufactured or produced by the seller (excepting distributors of dealers in motor vehicles or liquor)	0.25%	- Who carry out primary conversion of any tea, rubber or coconut plantation including desiccated coconut, coconut oil or fiber, copra and sheet rubber, but excluding any conversion which produces any alcoholic beverage	0.25%	• Advertising Agents		- Prior to 01st April 2011	1%	- On or after 01st April 2011	0.25%	• Any other businesses including of which the turnover is defined by Notice published in the Gazette (including dealers in motor vehicles, liquor, tobacco and petroleum)	1%	Turnover as gazetted in respect of the following:	1%	• Freight forwarders on gross commission		• Garment exporters CMP/CMT Values (on NFE Basis)		• Gem/Diamond Exporters on CMP Values		• Primary dealer of securities on sale proceeds over aggregation of invest on purchase of securities & interest paid or discount allowed		<table border="0"> <tr> <td>• Business of book maker</td> <td></td> </tr> <tr> <td> - Betting business done through agents</td> <td style="text-align: right;">Rs. 2,000,000/-</td> </tr> <tr> <td> - If live telecast facilities are used</td> <td style="text-align: right;">Rs. 500,000/-</td> </tr> <tr> <td> - If live telecast facilities are not used</td> <td style="text-align: right;">Rs. 25,000/-</td> </tr> <tr> <td>• Business of gaming</td> <td style="text-align: right;">Rs. 100,000,000/-</td> </tr> <tr> <td colspan="2">In lieu of all indirect taxes other than above 10% all inclusive levy will be charged on gross collection monthly.</td> </tr> <tr> <td colspan="2">US\$ 100/- per person entering Casino Entertainment.</td> </tr> </table>	• Business of book maker		- Betting business done through agents	Rs. 2,000,000/-	- If live telecast facilities are used	Rs. 500,000/-	- If live telecast facilities are not used	Rs. 25,000/-	• Business of gaming	Rs. 100,000,000/-	In lieu of all indirect taxes other than above 10% all inclusive levy will be charged on gross collection monthly.		US\$ 100/- per person entering Casino Entertainment.	
	<u>Rate</u>																																																															
• Mini hydro projects or alternative energy source	12%																																																															
• New company listings on or after 01.04.2013 and more than 20% of its shares offered to the public - Rate of tax will be reduced by	50%																																																															
• Pilots and identified professional employees (maximum)	16%																																																															
• Professionals providing professional services - Profit																																																																
below 25Mn.	12%																																																															
25 Mn. - 35 Mn.	14%																																																															
above 35 Mn.	16%																																																															
	<u>Rate</u>																																																															
• Persons granted exemptions/concessionary rates/others																																																																
- Who are exempt from income tax (including tax holiday Companies)	0.25%																																																															
- Who during certain periods are incurring losses	0.25%																																																															
- Who are subject to tax under concessionary rates	0.25%																																																															
- Who are engaged in wholesale or retail trade other than products manufactured or produced by the seller (excepting distributors of dealers in motor vehicles or liquor)	0.25%																																																															
- Who carry out primary conversion of any tea, rubber or coconut plantation including desiccated coconut, coconut oil or fiber, copra and sheet rubber, but excluding any conversion which produces any alcoholic beverage	0.25%																																																															
• Advertising Agents																																																																
- Prior to 01st April 2011	1%																																																															
- On or after 01st April 2011	0.25%																																																															
• Any other businesses including of which the turnover is defined by Notice published in the Gazette (including dealers in motor vehicles, liquor, tobacco and petroleum)	1%																																																															
Turnover as gazetted in respect of the following:	1%																																																															
• Freight forwarders on gross commission																																																																
• Garment exporters CMP/CMT Values (on NFE Basis)																																																																
• Gem/Diamond Exporters on CMP Values																																																																
• Primary dealer of securities on sale proceeds over aggregation of invest on purchase of securities & interest paid or discount allowed																																																																
• Business of book maker																																																																
- Betting business done through agents	Rs. 2,000,000/-																																																															
- If live telecast facilities are used	Rs. 500,000/-																																																															
- If live telecast facilities are not used	Rs. 25,000/-																																																															
• Business of gaming	Rs. 100,000,000/-																																																															
In lieu of all indirect taxes other than above 10% all inclusive levy will be charged on gross collection monthly.																																																																
US\$ 100/- per person entering Casino Entertainment.																																																																
CAPITAL ALLOWANCES		CONSTRUCTION INDUSTRY GUARANTEE FUND LEVY																																																														
<table border="0"> <tr> <td>a) Information technology equipments and calculating equipments including software (other than locally manufactured)</td> <td style="text-align: right;">25%</td> </tr> <tr> <td>b) Commercial vehicles, furniture</td> <td style="text-align: right;">20%</td> </tr> <tr> <td>c) Machinery and equipments not referred to in (a) & (b) above (acquired or assembled) and plant etc. not referred to in item (d)</td> <td style="text-align: right;">33.33%</td> </tr> <tr> <td>d) Plant, machinery or equipments used in health care, printing on paper, gem cutting and polishing, packaging of any commodity, rice milling, ships</td> <td style="text-align: right;">33.33%</td> </tr> <tr> <td>e) Qualified building, constructed on or after 01.04.2011</td> <td style="text-align: right;">10%</td> </tr> <tr> <td>f) Industrial or hotel building acquired from a person who has used such building in any trade or business</td> <td style="text-align: right;">6.67%</td> </tr> <tr> <td>g) Purchase of locally developed of software</td> <td style="text-align: right;">100%</td> </tr> <tr> <td>h) Any bridge, railway track, reservoirs, electricity, water distribution line and toll roads (constructed or acquired)</td> <td style="text-align: right;">6.67%</td> </tr> <tr> <td>i) High-tech plant, machinery or equipment acquired on or after 01.04.2012 for energy efficiency purposes/power generation out of alternative sources.</td> <td style="text-align: right;">100%</td> </tr> <tr> <td>j) Technology upgrading or new technology</td> <td style="text-align: right;">50%</td> </tr> <tr> <td>k) Broker-Back office to be in complaint with CSE requirements</td> <td style="text-align: right;">100%</td> </tr> <tr> <td>l) Any export industry (60% or more turnover from exports)</td> <td style="text-align: right;">50%</td> </tr> <tr> <td>m) Scientific, industrial, agricultural research through any institution</td> <td style="text-align: right;">300%</td> </tr> </table>	a) Information technology equipments and calculating equipments including software (other than locally manufactured)	25%	b) Commercial vehicles, furniture	20%	c) Machinery and equipments not referred to in (a) & (b) above (acquired or assembled) and plant etc. not referred to in item (d)	33.33%	d) Plant, machinery or equipments used in health care, printing on paper, gem cutting and polishing, packaging of any commodity, rice milling, ships	33.33%	e) Qualified building, constructed on or after 01.04.2011	10%	f) Industrial or hotel building acquired from a person who has used such building in any trade or business	6.67%	g) Purchase of locally developed of software	100%	h) Any bridge, railway track, reservoirs, electricity, water distribution line and toll roads (constructed or acquired)	6.67%	i) High-tech plant, machinery or equipment acquired on or after 01.04.2012 for energy efficiency purposes/power generation out of alternative sources.	100%	j) Technology upgrading or new technology	50%	k) Broker-Back office to be in complaint with CSE requirements	100%	l) Any export industry (60% or more turnover from exports)	50%	m) Scientific, industrial, agricultural research through any institution	300%		<table border="0"> <tr> <td></td> <td style="text-align: right;"><u>Rate</u></td> </tr> <tr> <td>- Less than Rs. 15 Mn.</td> <td style="text-align: right;">Exempt</td> </tr> <tr> <td>- Not less than Rs. 15 Mn. but less than Rs. 50 Mn.</td> <td style="text-align: right;">0.25%</td> </tr> <tr> <td>- Not less than Rs. 50 Mn. but less than Rs. 150 Mn.</td> <td style="text-align: right;">0.5%</td> </tr> <tr> <td>- Rs. 150 Mn. or more</td> <td style="text-align: right;">1%</td> </tr> </table>		<u>Rate</u>	- Less than Rs. 15 Mn.	Exempt	- Not less than Rs. 15 Mn. but less than Rs. 50 Mn.	0.25%	- Not less than Rs. 50 Mn. but less than Rs. 150 Mn.	0.5%	- Rs. 150 Mn. or more	1%																										
a) Information technology equipments and calculating equipments including software (other than locally manufactured)	25%																																																															
b) Commercial vehicles, furniture	20%																																																															
c) Machinery and equipments not referred to in (a) & (b) above (acquired or assembled) and plant etc. not referred to in item (d)	33.33%																																																															
d) Plant, machinery or equipments used in health care, printing on paper, gem cutting and polishing, packaging of any commodity, rice milling, ships	33.33%																																																															
e) Qualified building, constructed on or after 01.04.2011	10%																																																															
f) Industrial or hotel building acquired from a person who has used such building in any trade or business	6.67%																																																															
g) Purchase of locally developed of software	100%																																																															
h) Any bridge, railway track, reservoirs, electricity, water distribution line and toll roads (constructed or acquired)	6.67%																																																															
i) High-tech plant, machinery or equipment acquired on or after 01.04.2012 for energy efficiency purposes/power generation out of alternative sources.	100%																																																															
j) Technology upgrading or new technology	50%																																																															
k) Broker-Back office to be in complaint with CSE requirements	100%																																																															
l) Any export industry (60% or more turnover from exports)	50%																																																															
m) Scientific, industrial, agricultural research through any institution	300%																																																															
	<u>Rate</u>																																																															
- Less than Rs. 15 Mn.	Exempt																																																															
- Not less than Rs. 15 Mn. but less than Rs. 50 Mn.	0.25%																																																															
- Not less than Rs. 50 Mn. but less than Rs. 150 Mn.	0.5%																																																															
- Rs. 150 Mn. or more	1%																																																															
		STAMP DUTY																																																														
		Specified Instruments																																																														
		<table border="0"> <tr> <td>• Affidavit</td> <td style="text-align: right;">Rs. 50/-</td> </tr> <tr> <td>• Policy of Insurance</td> <td style="text-align: right;">Rs. 1/- for every Rs. 1,000/-</td> </tr> <tr> <td>• Notary Warrant</td> <td style="text-align: right;">Rs. 2,000/-</td> </tr> <tr> <td>• Periodic license to carry on trade, business etc.</td> <td style="text-align: right;">Rs. 2,000/- or 10% of license fee whichever is less</td> </tr> <tr> <td>• Any license issued authorizing the holder to carry on any trade or business for sale of liquor</td> <td style="text-align: right;">Rs. 20,000/-</td> </tr> <tr> <td>• Claim or demand of money on usage of credit cards</td> <td style="text-align: right;">Rs. 15/- for Rs. 1,000/- or part</td> </tr> <tr> <td>• Share Certificate</td> <td style="text-align: right;">Rs. 5/- for Rs. 1,000/- or part</td> </tr> <tr> <td>• Mortgage</td> <td style="text-align: right;">Rs. 1/- for Rs. 1,000/- or part</td> </tr> <tr> <td>• Promissory Note</td> <td style="text-align: right;">Rs. 1/- for Rs. 1,000/- or part</td> </tr> </table>	• Affidavit	Rs. 50/-	• Policy of Insurance	Rs. 1/- for every Rs. 1,000/-	• Notary Warrant	Rs. 2,000/-	• Periodic license to carry on trade, business etc.	Rs. 2,000/- or 10% of license fee whichever is less	• Any license issued authorizing the holder to carry on any trade or business for sale of liquor	Rs. 20,000/-	• Claim or demand of money on usage of credit cards	Rs. 15/- for Rs. 1,000/- or part	• Share Certificate	Rs. 5/- for Rs. 1,000/- or part	• Mortgage	Rs. 1/- for Rs. 1,000/- or part	• Promissory Note	Rs. 1/- for Rs. 1,000/- or part																																												
• Affidavit	Rs. 50/-																																																															
• Policy of Insurance	Rs. 1/- for every Rs. 1,000/-																																																															
• Notary Warrant	Rs. 2,000/-																																																															
• Periodic license to carry on trade, business etc.	Rs. 2,000/- or 10% of license fee whichever is less																																																															
• Any license issued authorizing the holder to carry on any trade or business for sale of liquor	Rs. 20,000/-																																																															
• Claim or demand of money on usage of credit cards	Rs. 15/- for Rs. 1,000/- or part																																																															
• Share Certificate	Rs. 5/- for Rs. 1,000/- or part																																																															
• Mortgage	Rs. 1/- for Rs. 1,000/- or part																																																															
• Promissory Note	Rs. 1/- for Rs. 1,000/- or part																																																															
		Lease or hire of any property																																																														
		<table border="0"> <tr> <td>• Thereof, of the aggregate rent or hire</td> <td style="text-align: right;">Rs. 10/- for Rs. 1,000/- or part of the aggregate rent or hire</td> </tr> </table>	• Thereof, of the aggregate rent or hire	Rs. 10/- for Rs. 1,000/- or part of the aggregate rent or hire																																																												
• Thereof, of the aggregate rent or hire	Rs. 10/- for Rs. 1,000/- or part of the aggregate rent or hire																																																															
		(payable for the whole terms comprised in the lease or hire agreement shall be deemed to be the aggregate of the hire or lease payable for the first 20 years of such terms)																																																														
		<table border="0"> <tr> <td>• A receipt or discharge given for money or property (including remuneration)</td> <td></td> </tr> <tr> <td> - Up to and including Rs. 25,000/-</td> <td style="text-align: right;">Exempt</td> </tr> <tr> <td> - Above Rs. 25,000/-</td> <td style="text-align: right;">Rs. 25/-</td> </tr> </table>	• A receipt or discharge given for money or property (including remuneration)		- Up to and including Rs. 25,000/-	Exempt	- Above Rs. 25,000/-	Rs. 25/-																																																								
• A receipt or discharge given for money or property (including remuneration)																																																																
- Up to and including Rs. 25,000/-	Exempt																																																															
- Above Rs. 25,000/-	Rs. 25/-																																																															
ECONOMIC SERVICE CHARGE																																																																
(applicable if quarterly turnover exceeds Rs. 50 Million)																																																																
Chargeability - ESC is payable only on the turnover of any business, the profits of which are not liable to income tax or incurring losses during that period.																																																																
<table border="0"> <tr> <td>• Enterprises to which the Board of Investment of Sri Lanka Law, No. 4 of 1978 is applicable (liable to pay income tax)</td> <td></td> </tr> <tr> <td> - Apparel exporters</td> <td rowspan="3" style="font-size: 3em; vertical-align: middle;">}</td> </tr> <tr> <td> - Board of Investment house</td> </tr> <tr> <td> - Manufacturers of textiles for apparel exporters</td> </tr> </table>	• Enterprises to which the Board of Investment of Sri Lanka Law, No. 4 of 1978 is applicable (liable to pay income tax)		- Apparel exporters	}	- Board of Investment house	- Manufacturers of textiles for apparel exporters	0.1%																																																									
• Enterprises to which the Board of Investment of Sri Lanka Law, No. 4 of 1978 is applicable (liable to pay income tax)																																																																
- Apparel exporters	}																																																															
- Board of Investment house																																																																
- Manufacturers of textiles for apparel exporters																																																																
		NATION BUILDING TAX (NBT)																																																														
		<table border="0"> <tr> <td>• On liable turnover</td> <td style="text-align: right;">2%</td> </tr> <tr> <td> (wholesale or retail</td> <td style="text-align: right;">- 50% of the turnover)</td> </tr> <tr> <td> (Distributors</td> <td style="text-align: right;">- 25% of the turnover)</td> </tr> <tr> <td>• Threshold</td> <td style="text-align: right;">Rs. 15 Mn. p.a. or Rs. 3.75 Mn. per p.q.</td> </tr> </table>	• On liable turnover	2%	(wholesale or retail	- 50% of the turnover)	(Distributors	- 25% of the turnover)	• Threshold	Rs. 15 Mn. p.a. or Rs. 3.75 Mn. per p.q.																																																						
• On liable turnover	2%																																																															
(wholesale or retail	- 50% of the turnover)																																																															
(Distributors	- 25% of the turnover)																																																															
• Threshold	Rs. 15 Mn. p.a. or Rs. 3.75 Mn. per p.q.																																																															
		SHARE TRANSACTION LEVY																																																														
		<table border="0"> <tr> <td>• On the turnover (of the buyer and the seller)</td> <td style="text-align: right;">0.3%</td> </tr> </table>	• On the turnover (of the buyer and the seller)	0.3%																																																												
• On the turnover (of the buyer and the seller)	0.3%																																																															