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කො.පො.අංක 515,
බට දිසාපතිගේ පාර, කොළඹ 2, ශ්‍රී ලංකාව.

உள்ளநாட்டு இறைவரித் திணைக்களம்
உத்தரவு இறைவரித் திணைக்களம்,
கனம்.பொ.அ.க. 515,
பெரியநெடுமலை வீதி, கொழும்பு 2, இலங்கை.

DEPARTMENT OF INLAND REVENUE
Inland revenue Building
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Revenue

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My No: }

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திகதி
Date }

2006.

**Withholding Tax – Section 153,155 and 160
of the Inland Revenue Act No. 10 of 2006**

I wish to draw your attention to the following facts in relation to the deduction of withholding Tax (WHT) in terms of above sections of the Inland Revenue Act.

1. 5% WHT deductible from specified fees under Section 153 of the Inland Revenue Act No. 10 of 2006

According to the above Section of the Act 5% WHT should be deducted at the time of making payments for services and supplies received from government establishments, private institutions, individuals and organizations that engaged in commercial activities, if such payments exceed Rs. 50,000/- per month or Rs. 500,000 per year. The tax so deducted should be remitted to the Commissioner General of Inland Revenue on or before the 15th day of the following month.

The payments made for services and supplies referred to in the following examples category of will fall under the "specified fees". Please note however that such services or supplies setout in the examples do not constitute an exhaustive list of such items liable to WHT.

Examples

A. Supply of goods of both Capital and Revenue nature (including the following items) through tender agreements and quotations.

- i. Stationery/Books/Pens & Pencils/Computers.
- ii. Office furniture and equipment.
- iii. Fruits/Vegetables/Grocery items/Dry ration/Fish/Eggs/Packetted milk.
- iv. Bakery products/Cooked Meals/Bottled water.
- v. Curtain materials and Bed sheets/Bed Spreads.
- vi. Drugs purchased locally except from government drug store.
- vii. Electric goods and all types of medical and surgical instruments.

- viii. All types of vehicles and vehicle spare parts.
- ix. All types of machinery and machinery parts.
- x. All types of building materials including sand, cement, bricks, paints and asbestos sheets.
- xi. All types of sports goods & sports wear.

B. The following services provided under tender agreements and quotations

- i. Security/Maintenance/Sanitary.
- ii. Repairs and maintenance of vehicles.
- iii. Repairs and maintenance of machinery.
- iv. Hiring of vehicles.
- v. Building constructions including repairs and whitewashing.
- vi. Advisory services.
- vii. Services of stitching or tailoring.
- viii. Transport services/supply of water.
- ix. Providing labour on contract basis.
- x. All other services of similar nature.

2. 10% WHT from the payment of rent, lease rent and other payments under Section 155 of the Inland Revenue Act No. 10 of 2006.

Under the above section of the Act 10% WHT should be deducted from such payments at the time of making payments on rent lease rent or other payment for the use or occupation other than for residence. The tax so deducted should be remitted to the Commissioner General of Inland Revenue on or before the 15th day of the following month.

3. WHT under Section 160 of the Inland Revenue Act No.10 of 2006

In terms of the above section 10% WHT should be deducted from the payments of annuity or royalty and 5% WHT should be deducted from the payments of management fees or similar payments. The tax so deducted should be remitted to the Commissioner General of Inland Revenue on or before the 15th day of the following month.

Deputy Commissioner
WHT

WHT – SOME IMPORTANT POINTS TO BE NOTED

1. Please register at the WHT Branch and obtain a SP number. (if not registered already).
2. If the aggregate value of monthly payments for the goods or services received whether by tender or by quotation exceeds Rs. 50,000/-.
3. When payments are made to suppliers, - WHT be deducted at 5% or as lesser any rate directed by Commissioner General. *
4. WHT to be deducted at the rate of 10% or at lesser rate as directed by Commissioner General (If any) on rent, lease rent and other payments for the occupation of lands and buildings other than for residence.
5. WHT to be deducted at the rate of 5 percent or at the rate as directed by Commissioner General (if any) from rent, lease rent and other payments for the occupation of lands and buildings used for residence.
6. VAT exclusive value can be considered for the deduction of WHT.
7. The directions issued by the Department with regard to WHT should be applied only for the particular period and for the particular activity mentioned therewith.
8. Any tax deducted during a calendar month should be remitted on or before the 15th day of the following month.
9. Validity period of the cheque should have been extended upto 90 days.
10. Ensure that the following documents are sent along with the cheque.
 - i. Duly completed paying-in-slips including the SP number (annexure)
 - ii. Schedule for the WHT deducted. (Please prepare in the format attached)
11. A tax deduction certificate should be issued to the supplier. (format is attached)
12. If there is any objection from the suppliers against the deduction of WHT, please advise them to obtain a direction from the Department.

The procedure for applying for a direction is as follows.

- i. If the supplier is a registered taxpayer, direction should be applied from the Units/Regional Office where the income tax file is maintained.
- ii. In case of non registered tax payer direction application should be forwarded to the WHT Branch at the Head Office, along with the national identity card and the contract agreements.

Please contact for further clarifications (if any)

Deputy Commissioner WHT	011 2438092	
	011 2421241	Ext. 2123
Senior Assessor WHT	011 2422723	
	011 2421241	Ext. 2130 2133

Your Co-operation in this regard is appreciated very much.

Deputy Commissioner (WHT)

DEDUCTION OF WITHHOLDING TAX FROM SPECIFIED PAYMENTS

CERTIFICATE OF DEDUCTION

01. Name and Address of Payee :
02. The File No. of Payee :
03. The National Identity Card
Number or the Business Registration Number (If
Available) :
04. Nature of Services Rendered
Professional/Other Services.:
05. Gross Amount of Payments:
06. Date of From :
07. 5% Withholding Tax : Rs.
08. Net amount of payment : Rs.:
09. Cheque No. / Money Order No.
Name of Bank and Branch :
10. Name & Address of Payer :
11. Registered No: SP

.....
Signature of Payer.

Date:

Registration No.:

Section 131/131A/2C of the Inland Revenue Act

Year of Assessment - 2006/2007

Schedule of Deduction made in the Month of 2006/2007

Deductions from specified fees/deductions from rent etc.

SR NO.	Name & Address of Recipient	Income Tax File No./TIN of Recipient	Nature of Service	Gross Amount of Fee	Tax Deducted at 5% / 10%	NIC No. where the payee is an individual	Date of Paym ent	Tax Rati of & dire ctor (if
1.								
2.								

I certify that

* the above particulars are true and correct, and

* I have issued a Certificate of Tax deduction to each of the recipient

Cheque No. drawn on for Rs.
copy of the paying-in-slip in proof of payment of Rs. to branch of
People's Bank, being the above total of deductions shown in the Tax deducted at 5%,
10% column, is enclosed.

Name:-

Signature:

Designation:-

Date:

Address:-