

# Alert on Value Added Tax & Nation Building Tax (Amendment) Bills

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**pwc**



## Value Added Tax

### 1. The value of goods imported

(Section 6)

The tax base on which VAT is Calculated on imports remains unchanged i.e value for customs Duty x 110% + customs Duty + ports and air ports Development Levy + any excise (Special Provisions) Duty.

However the Minister now has the power to amend the above base by Gazette notification.

### 2. Garments and fabrics

(Section 22)

VAT on garments sold by a garment manufacturer, under BOI agreement to the local market is recovered at

Rs 100 for each such garment other than panties, socks, briefs and boxer shorts (before Rs. 75)

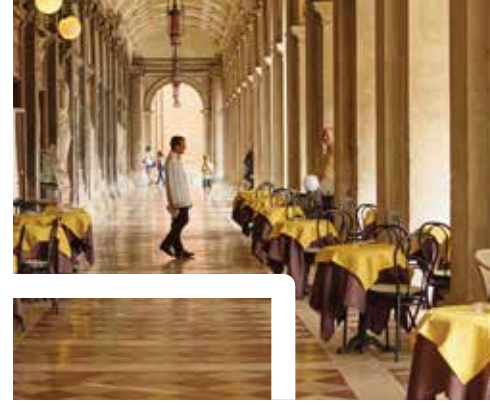
Rs 100 for six pieces of panties, socks briefs and boxer shorts (Before Rs 75)

### 3. Date of VAT payment

(Section 26)

Effective from 1 July 2019 all the VAT registered persons (manufacturers importers, service providers and wholesale and retail traders) are required to pay VAT monthly as follows.

Period	Due date
Tax payable for the 1st month of the quarter	Not later than the 20th day of the 2nd month of that quarter
Tax payable for the 2nd month of the quarter	Not later than the 20th day of the 3rd month of that quarter
Tax payable for the quarter after making deductions for the amount paid for the 1st month and the 2nd month of that quarter	Not later than 20 day of the month allowing the end of the taxable period.



## 4. Exemptions

(First schedule part II)

### i Condominium Housing Unit

The time period given for the exemption of the supply (other than lease or rent) of condominium housing unit of a condominium housing project where the maximum price of a single unit does not exceed Rs.15mn has been extended from 16 August 2018 to 31 March 2019.

Effective 1st April 2019 the supply (other than lease or rent) of the following condominium units are exempt

- condominium housing unit of a condominium housing project where the maximum price of a single unit does not exceed Rs 25Mn, or
- sale of any condominium housing unit and where the selling agreement is executed in terms of the notaries ordinance prior to the date of commencement of this (amendment) Act or
- where the certificate of conformity has been issued by the relevant local authority prior to the date of commencement of this (Amendment)

Supply (other than rent or lease) of a housing unit which is not a condominium housing unit will continue to be exempt;

### ii Rice bran oil

With effect from 1 July 2019, locally produced rice bran oil made out of locally produced rice is exempt from VAT



## Nation Building Tax

### 1. Removal of exemptions

The exemption granted to-

- Whole sale or retail sale of imported cigarettes insofar as such cigarette are sold by the importer himself, and
- Sale of manufactured cigarettes by the manufacturer.

has been removed with effect from 1 July 2019

### 2. Restriction of exemption

The exemption granted to importation of gem stones for the purpose of re-export upon being cut and polished has been restricted to persons who are registered with the National Gem and Jewelry Authority.

### 3. New exemptions

- Palm oil manufactured locally out of imported palm oil subjected to the special commodity levy
- Importation of Lucerne (alfalfa) meal and pellets
- Importation of yachts and other vessels for pleasure or sports, rowing boats and canvas
- On or after 1 July 2019, services of a construction contractor or a sub-contractor insofar as such services are in respect of constructing any building road, bridge, water supply, drainage or sewerage system, harbor, airport or any infrastructure project in telecommunication or electricity.
- Services provided on or after 1 July 2019, by a hotel, guest house restaurant or other similar business, registered with the Ceylon Tourist Board where the payment for such service is received in foreign currency through a bank in Sri Lanka.

## **Let's Talk**

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