

Tax & Foreign Exchange Regulations Alert

27 June 2020

Tax concessions for small and medium scale entrepreneurs

The Department of Government Information has issued a notice summarizing the decisions taken by the Cabinet of Ministers on 24 June 2020. The Cabinet of Ministers have decided to provide the following tax concessions to the small and medium scale entrepreneurs as part of the post COVID – 19 economic uplifting programme.

Given below are the said tax concessions which are applicable with immediate effect pending legislation:-

- **Any income tax in arrears on the assessments issued up to the Y/A 2018/2019 will be cancelled/waived** upon the satisfaction of the Commissioner General of Inland Revenue that there is no willful evasion.
- **No additional income tax assessments** will be issued to small and medium scale entrepreneurs who have paid tax by submitting an income tax return for the Y/A 2019/2020.
- **Extending the period of validity for the bank guarantee or the non-refundable deposit** which is to be submitted to the Tax Appeals Commission upon submitting an appeal.
- **Granting an extension of period for payment of taxes in arrears** that have been agreed with the Department of Inland Revenue.
- **Suspending the implementation of the injunction orders** issued to the banks until 30 April 2021.
- **Extending the period for payment and/or filing of any tax returns** falling due during the period 01 March 2020 - 30 June 2020 to 31 December 2020. Tax payments/returns so paid/filed will be considered as paid/filed by the statutory deadline.

Please note that the above proposals may be subject to change upon legislation.

Amendment to the Foreign Exchange Regulations under Foreign Exchange Act No. 12 of 2017

The Cabinet of Ministers have arrived at the following decisions on 24 June 2020:-

- The Gazette Notification No.2169/3 dated 02 April 2020 which suspended certain outward repatriation of foreign currency up to 01 July 2020 will be further extended for 06 months from 02 July 2020. (Please refer PwC Alert on Gazette No.2169/3)
- A new Gazette Notification to be issued revising the existing Gazette Notification No.2170/4 dated 08 April 2020.

How we can help?

For a deeper discussion of how this issue might affect your business, please contact **PwC Sri Lanka's Tax Team**

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