



**PARLIAMENT OF THE DEMOCRATIC
SOCIALIST REPUBLIC OF
SRI LANKA**

VALUE ADDED TAX (AMENDMENT)

**A
BILL**

to amend the Value Added Tax Act, No. 14 of 2002

*Presented by the Minister of Finance, Economic Stabilization and
National Policies on 11th of January, 2024*

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STATEMENT OF LEGAL EFFECT

Clause 2 : This clause amends section 2 of the Value Added Tax Act, No. 14 of 2002 (hereinafter referred to as the “principal enactment”), and the legal effect of that section as amended is to increase the VAT rate from 15% to 18% *per centum* on the value of goods or services supplied, or goods imported.

Clause 3 : This clause amends section 10 of the principal enactment and the legal effect of that section as amended is to decrease the threshold of registration for VAT from rupees eighty (80) million to rupees sixty (60) million *per annum* with effect from January 1, 2024.

Value Added Tax (Amendment)

L.D.-O. 74/2023

AN ACT TO AMEND THE VALUE ADDED TAX ACT, NO. 14 OF 2002

BE it enacted by the Parliament of the Democratic Socialist Republic of Sri Lanka as follows: -

1. This Act may be cited as the Value Added Tax Short title
(Amendment) Act, No. of 2024.

5 2. Section 2 of the Value Added Tax Act, No. 14 of 2002 Amendment
(hereinafter in this Act referred to as the “principal of section 2
enactment”) is hereby amended, in sub-paragraph (v) of Act,
subsection (1) of that section as follows: - No.14 of
2002

10 (1) by the substitution in item (vii), for the words and
figures “at the rate of twelve *per centum* (of which
the tax fraction is 3/28); and”, of the words and
figures “at the rate of twelve *per centum* (of which
the tax fraction is 3/28);”;

15 (2) by the substitution in item (viii), for the words and
figures “for any taxable period commencing on or
after October 1, 2022 at the rate of fifteen *per centum*
(of which the tax fraction is 3/23).”, of the words
and figures “for any taxable period commencing
20 on or after October 1, 2022 but ending on December
31, 2023 at the rate of fifteen *per centum* (of which
the tax fraction is 3/23); and”; and

(3) by the addition immediately after the item (viii) of
the following new item:-

25 “(ix) for any taxable period commencing on
or after January 1, 2024 at the rate of
eighteen *per centum* (of which the tax
fraction is 9/59).”.

3. Section 10 of the principal enactment is hereby amended in subsection (1) of that section as follows:-

Amendment
of section 10
of the
principal
enactment

5 (1) by the substitution paragraph in (vii), for the words and figures “(vii) on or after October 1, 2022,” of the words and figures “(vii) on or after October 1, 2022 but on or before December 31, 2023,”;

(2) by the addition immediately after paragraph (vii), of the following paragraph:-

10 “(viii) on or after January 1, 2024, carries on or carries out any taxable activity in Sri Lanka shall be required to be registered under this Act, if-

15 (a) at the end of any taxable period, the total value of the taxable supplies of goods or services or goods and services of such person, made in Sri Lanka in that taxable period has exceeded fifteen million rupees; or

20 (b) in the twelve months period then ending, the total value of the taxable supplies of goods or services or goods and services of such person, made in Sri Lanka has exceeded sixty million rupees; or

25 (c) at any time, there are reasonable grounds to believe that the total value of the taxable supplies of goods or services or goods and services of such person, made in

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Sri Lanka, in the succeeding taxable period, is likely to exceed fifteen million rupees or in the succeeding twelve months period is likely to exceed sixty million rupees.”.

4. In the event of any inconsistency between the Sinhala and Tamil texts of this Act, the Sinhala text shall prevail.

Sinhala text
to prevail in
case of
inconsistency

