

Income Tax Rates Applicable With Effect from 01.04.2016

(1) Corporate Income Tax

Income tax rate applicable on the profits from;

- (a) Banking and financial services, insurance industry and trading activities (including any primary preparation for the adapting for sale of any article) shall be 28%.
- (b) Liquor, tobacco, lottery, betting and gaming should be 40%.
- (c) All other activities shall be 17.5%.
- (d) Other sources such as interest income, royalty, dividends etc. shall continue with the existing rate applicable depending on the source of income.

(2) Non-corporate Income Tax

(a) Personal Income Tax

- (i) Progressive income tax rates, tax free allowance, the tax deductions and tax exemptions on the profit from employment, currently applicable on personal income tax including Pay-As-You-Earn (PAYE) tax, shall be continued.
- (ii) Employment income shall be taxed at the maximum rate of 16% and the current PAYE tables could be applied for the year of assessment commencing from 01.04.2016.
- (iii) The PAYE Tax liability of an employee shall be deducted from the employee's remuneration and the provisions preventing employer settling employee's PAYE liability will be introduced.
- (iv) Maximum income tax rate applicable for individuals on the profits from any activity other than any financial, trading, liquor, tobacco, lottery, betting and gaming activity should be limited to 17.5%.
- (v) Profits from any financial or trading activity (including any primary preparation for the adapting for sale of any article) shall be limited to 24%.
- (vi) Profits from any liquor, tobacco, lottery, betting and gaming activity shall be limited to 40%.
- (vii) Income from rent, Net annual value and similar sources should be taxed up to the maximum rate of 24%.

(b) Others

Income tax rate applicable for the year of assessment 2015/2016 shall be continued.

(3) Withholding Tax on Interest

The present Withholding Tax deductible by Bank or Financial Institutions on interest from deposits at the rate of 2.5% shall be continued.