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நிதி, திட்டமிடல் அமைச்சு
MINISTRY OF FINANCE AND PLANNING

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திகதி } 04th Nov. 2013
Date }

All Secretaries
Heads of Departments
Chairmen of Corporates, Boards and Institutions

**DEDUCTION OF PAYE TAX FROM PUBLIC SERVANTS
WHO ARE LIABLE TO PAY PAYE TAX**

1. A clarification has been sought from the Tax Interpretation Committee of the Department of Inland Revenue (IRD) regarding the deduction of personal emolument of public servants who are liable to pay PAYE Tax.
2. Accordingly all employees earning over Rs. 50,000 per month personal emolument (not specifically exempted referred to in item 3 of the circular No Sec/2013/07 dated 1.9.2013 issued by IRD – refer website www.inlandrevenue.gov.lk) are liable to pay this tax. The tax is deductible as per the rates specified in the PAYE tables issued by the IRD.
3. Public servants who receive allowance for attending Board Meetings, Procurement committees, Technical committees, Project Management or engaged in another job in the public service are liable to pay 10 percent of such total monthly allowance less than Rs. 25,000 per month and 16 percent of the total allowance in excess of Rs. 25,000 per month from each place of such payments. However, if the total monthly receipts including the main employment are less than Rs 50,000 per month such tax is not deductible, subject to the confirmation of the same by the main employer.

4. Chief Accountants are required to deduct tax on such allowances at the time of payment of such allowance and remit on or before the 15th day of the immediately subsequent month to the Commissioner General Inland Revenue.
5. Recovery actions should be initiated immediately for those who have not comply the above deductions.
6. Appropriate adjustments should be made in collective agreements and negotiated at the end of current agreement by those institutions which do not still comply with the directives given by the COPE.
7. Should you have any clarification on tax matters, please do not hesitate to write the Chairman of the Tax Interpretation Committee of the Department of Inland Revenue.

Yours faithfully,



P B Jayasundera
Secretary

Copy : Commissioner General – Inland Revenue Department
Chairman, Tax Interpretation Committee – Inland Revenue Department