

Amendments to the Value Added Tax (VAT), Nation Building Tax (NBT) and Share Transaction Levy (STL)

Value Added Tax (VAT), Nation Building Tax (NBT) and Share Transaction Levy (STL), shall be amended as follows:

1. Value Added Tax (VAT)

- (i) VAT rate shall be increased to 15%.
- (ii) Threshold for the registration for VAT shall be Rs.3 million per quarter or Rs.12 million per annum.
- (iii) Wholesale and retail trade (other than by a manufacturer or importer) shall be liable for VAT and the tax shall be charged only on liable supplies. The restriction on exempt supplies (deemed VAT) shall be removed. Threshold for the VAT liability of wholesale and retail trade shall be reduced to Rs.3 million per quarter or Rs.12 million per annum.
- (iv) Following supplies which are currently exempted shall be liable for VAT.
 - a) Supply of Telecommunication services,
 - b) Import or supply of telecom equipment or machinery, high tech equipment including copper cables for telecom industry,
 - c) The issue of licenses to local telecom operators by TRC,
 - d) Supply of healthcare services
 - e) Supply of goods or services to any specified projects other than housing projects
- (v) Amendments to the VAT Act shall be implemented with effect from 02.05.2016.

2. Nation Building Tax (NBT)

- (i) NBT rate currently applicable should be remained unchanged at 2%.
- (ii) Threshold for the registration for NBT should be Rs.3 million per quarter.
- (iii) The present threshold of Rs.25 million per quarter should be reduced to Rs.3 million per quarter, except for any locally procured agricultural produce in the preparation for sale.
- (iv) The present exemptions on the following articles or services should be removed.
 - a) Telecommunication service,
 - b) Supply of electricity,
 - c) Lubricants
 - d) Supply of goods or services to any specified projects other than housing projects
- (v) Amendments to the NBT Act shall be implemented with effect from 02.05.2016.

3. Share Transaction Levy

Share Transaction Levy shall be re-imposed with effect from 01.04.2016 at the rate of 0.3 percent from every buyer and seller, on the turnover of every share trading transaction, which is conducted through a Stock Exchange.