

Tax Proposals - Interim Budget 2015

1. *Bars and Taverns Levy*

- Levied on every holder of a license in the Schedule to the Finance Act.
- It is a one off tax of Rs 250,000/-.
- Shall be paid on or before November 15, 2015.
- Collector is the Commissioner General of Excise.

2. *Casino Industry Levy*

- Levied from **persons** who engaged in the business of a Casino
- One off tax payable on or before the November 15, 2015.
- Amount is Rs.1000 million
- Collector is the Commissioner General of Inland Revenue
- Where any person is engaged in the business of more than one casino, such person shall be liable to pay the levy in respect of every such casino

3. *Super Gain Tax*

- One off tax payable by any company or any individual whose profit before income tax as per the audited financial statement for the year of assessment commencing on April 1, 2013 exceeds Rs.2000 million.
- Group of Companies :
 - ~ aggregate of the profit before income tax, as per the audited financial statement for the year of assessment commenced on April 1, 2013 of all subsidiaries and the holding company in that group of companies exceeds Rs.2000 million, at the rate of 25% on the taxable income of each company of such group of companies, for such year of assessment; or
 - ~ The profit before income tax, as per the audited financial statement for the year of assessment commenced on April 1, 2013 of any subsidiary or the holding company in a group of companies, exceeds Rs.2000 million, at the rate of 25% on the taxable profit of such company for such year of assessment.
- Rate is 25% of the taxable income of the year of assessment 2013/2014 and payable in 3 installments;
 - 1st installment on or before October 31, 2015
 - 2nd installment on or before November 30, 2015
 - 3rd installment on or before December 31, 2015

- **“taxable income”** of :
 - (a) BOI companies which have become liable for income tax after the expiry of tax holiday under section 17 of the BOI Law is the profit before income tax as per the agreement;
 - (b) Individuals or companies other than (a) is the taxable income within the meaning of Inland Revenue Act
- Collector is Commissioner General of Inland Revenue
- No subsequent adjustment made to the return of income shall be taken into account.
- No deduction on Super Gain Tax shall be given in calculating the taxable income under IRD Act or VAT Act.
- Any subsequent liquidation process of Member Company will not indemnify such company from the liability to pay the tax.

4. Mobile Telephone Operator Levy

- Levied on every person who engaged in the business of licensed mobile telephone operator for the year commencing from April 1, 2015.
- Amount Rs. 250 million and it is a one off tax.
- Shall be paid on or before November 15, 2015.
- Collector is the TRC.
- **“Licensed mobile telephone operator”** means an operator licensed under section 17 of the Sri Lanka Telecommunication Act, No 25 of 1991, other than an operator who is authorized solely to provide a pay phone services.

5. Satellite Location Levy

- Levied on persons who owns satellites and permitted to utilize the Sri Lankan satellite locations, as at March 31, 2015,.
- Amount Rs 1000 million and it is a one off tax.
- Shall be paid on or before November 15, 2015.
- Collector is the TRC.
- **“Sri Lankan satellite location”** means an orbit slot allocated to Sri Lanka by the International Telecommunication Union for the purpose of providing or obtaining services through satellites.

6. Dedicated Sports Channel Levy

- Levied on any person who carries on the business of operating an island wide dedicated sports channel under the authority of the certificate of registration issued under the Sri Lanka Rupavahini Corporation Act, No. 6 of 1982, using five or more transmitting locations as at January 29, 2015.
- Amount Rs 1000 million and it is a one off tax.
- Shall be paid on or before November 15, 2015.
- Collector is the TRC.
- “Dedicated sport channel” means a television channel of which 90% of the telecasting time is allocated for telecasting sports related programmes.

7. Mansion Tax

- Imposed on every **owner of a mansion** constructed on or after April 1, 2000, for every year commencing on or after April 1, 2015.
- Amount Rs 1 million per annum.
- Shall be paid in addition to the rates and taxes charged and levied by any local authority in the prescribed manner and shall be paid in 4 installments, respectively as follows:
 - ~ 1st installment – on or before the 15th day of July of the relevant year of assessment ;
 - ~ 2nd installment – on or before the 15th day of October of the relevant year of assessment ;
 - ~ 3rd installment – on or before the 15th day of January of the relevant year of assessment ;
 - ~ 4th installment – on or before the 15th day of April of the relevant year of assessment ;
- Collector is the Commissioner General of Inland Revenue.

- “**mansion**” means any building constructed on or after April 1, 2000 for residential purpose of which the floor area is not less than ten thousand square feet as per the building plan approved by the local authority of the local authority area wherein such building is situated and the value of such building is not less than rupees hundred and fifty million as determined by the Government chief Valuer or by an officer authorized by him.

8. Migration Tax

A Sri Lankan citizen who is migrating to a foreign country will be liable to a tax of 20% on all foreign exchange released to be taken out of the country at the time of immigration.

- The Migrating Tax will be charged with effect from 1st November 2015, from the citizens who permanently leave Sri Lanka, at the rate of Twenty per centum (20%) on the foreign exchange released to be taken out of the Country by such citizen.
- Such tax will be collected by the Commissioner General of Inland Revenue at the point of outward remittance of foreign currency and remitted to the Consolidated Fund of the General Treasury within fifteen days from the date of collection.

9. Import License of Motor Vehicle Importers

An import license fee of Rs. 1.5 million per annum is proposed to be charged on all importers engaged in the business of importing and selling motor vehicles.

- The license fee will be charged with effect from 1st January 2016, from the importers of motor vehicles (hereinafter referred to as the “importer”), at the rate of Rupees One Million Five Hundred Thousand (Rs. 1,500,000/-) per annum.
- The fee will be collected by the Commissioner General of Motor Traffic.
- The fee for the year commencing on 1st January 2016 should be paid on or before 31st December 2015 and for every year commencing on or after 1st January 2017, should be paid on or before 31st December of preceding year.
- Any person who imports a motor vehicle for his personal use will not be liable for the payment of license fee.
- Any motor vehicle will deemed to be imported for the personal use of the importer, where such motor vehicle is first registered in the name of such importer who opened the Letter of Credit and such vehicle cannot be transferred to a second owner for a period of four (4) years from the date of its first registration, unless such importer proves to the satisfaction of the Commissioner General that there is no commercial purpose involved.