



Tax Alert

Value Added Tax (VAT)

June 2022



Tax Alert

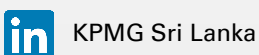
Increase of VAT Rate

- The rate of VAT on the import and/or supply of goods or supply of services is revised from 8% to 12% from 01 June 2022 as per the Gazette Notification No 2282/26 dated 31 May 2022.
- The zero (0%) VAT rate granted from 01 December 2019, for the supply of services by a hotel, guest house, restaurant or other similar businesses providing similar services, registered with the Sri Lanka Tourism Development Authority, is removed and will be liable at the rate of 12%.
- Certain fabrics which have been identified under the Gazette Notification No 2095/20 dated 01 November 2018 will continue to be subject to VAT at zero rate (0%).
- The above notification replaces the Gazette Notification No 2151/52 dated 29 November 2019.
- Further, the rate of VAT on Financial Services will remain at 18%.

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INLAND REVENUE DEPARTMENT

Notice to VAT Registered Persons

Change of Value Added Tax (VAT) Rate

As per the [Extraordinary Gazette Notification No. 2282/26](#) dated May 31, 2022, published under section 2A of the Value Added Tax Act, No. 14 of 2002, VAT rate has been revised with effect from **June 01, 2022** as set out below.

Description	VAT Rate
<p>(a) Import of goods (Fabrics) Import of fabrics set out in the H.S. Code and description specified in Column I and II of Schedule of the Extraordinary Gazette Notification No. 2095/20 dated November 1, 2018</p>	<p>Zero per centum (0%)</p>
<p>(b) Standard Rate Import and/or supply of goods or supply of services, other than import of goods as referred to under above paragraph [paragraph (a)]</p> <p>Including, supply of services by a hotel, guest house, restaurant or other similar businesses providing similar services, registered with the Sri Lanka Tourism Development Authority, (for which VAT rate on such supply was at 0% from December 01, 2019)</p>	<p>Twelve per centum (12%)</p> <p>Twelve per centum (12%)</p>

Further, VAT Rate applicable on **Supply of Financial Services** remains unchanged at **Eighteen per centum (18%)**

Commissioner General of Inland Revenue



TAXES - FOR A BETTER FUTURE



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The Gazette of the Democratic Socialist Republic of Sri Lanka
EXTRAORDINARY

අංක 2282/26 - 2022 මැයි මස 31 වැනි අඟහරුවාදා - 2022.05.31
No. 2282/26 - TUESDAY, MAY 31, 2022

(Published by Authority)

PART I : SECTION (I) — GENERAL

Government Notifications

**ORDER UNDER SECTION 2A OF VALUE ADDED TAX ACT, No. 14 OF 2002 AS AMENDED
BY ACT, No. 06 OF 2005**

BY virtue of the powers vested in me by Section 2A of the Value Added Tax Act, No. 14 of 2002, as amended by Act, No. 06 of 2005, I, Ranil Wickremesinghe, Minister of Finance, Economic Stabilization and National Policies do by this Order declare that :

1. The Value Added Tax shall be charged ;
 - (a) On import of goods set out in the H. S. Code and description specified in Column I and II of Schedule of the *Extraordinary Gazette Notification* No. 2095/20 dated November 01, 2018, at the rate specified in the corresponding entry in Column III of such Schedule ; and
 - (b) On the import and/or supply of goods or supply of services, other than the import of goods as referred to under sub-paragraph (a) of this paragraph, at the rate of twelve per centum (12%)
2. The Order made under Section 2A of the Value Added Tax Act, No. 14 of 2002, as amended by Act, No. 06 of 2005 and published in the *Extraordinary Gazette Notification* No. 2151/52 dated November 29, 2019 is hereby rescinded.
3. This Order shall come into effect from June 01, 2022.

RANIL WICKREMESINGHE, M. P.,
Minister of Finance, Economic Stabilization
and National Policies.

Ministry of Finance, Economic Stabilization and National Policies,
Colombo 01,
May 31, 2022.

