පාර්ලිමේන්තු ප්‍රකාශන මාලා අංක: 35

අමාත්‍යාංශයේ නම : මුදල්, ආර්ථික ස්ථායීකරණ සහ ජාතික ප්‍රතිපත්ති අමාත්‍යාංශය

පාර්ලිමේන්තුවේ ක්‍රම සහ විධි පිළිබඳ කාරක සභාව විසින් සභාගත කරන ලද වාර්තාව සම්බන්ධයෙන් ස්ථාවර නියෝග අංක 124(6) යටතේ ගරු අමාත්‍යවරයාගේ නිරීක්ෂණ හා ගනු ලබන පියවර පාර්ලිමේන්තුව වෙත ඉදිරිපත් කිරීම

பாராளுமன்ற வெளியீட்டுத் தொடர் இலக்கம் : 35

நிறுவனத்தின் பெயர் :

நிதி, பொருளாதார உறுதிப்பாடு மற்றும் தேசிய கொள்கைகள் அமைச்சு

பாராளுமன்றத்தின் வழிவகைகள் பற்றிய குழுவினால் முன்வைக்கப்பட்ட அறிக்கை தொடர்பாக நிலையியற் கட்டளை இலக்கம் 124(6) இன் கீழ் கௌரவ அமைச்சரின் அவதானிப்புக்களும் அது தொடர்பாக எடுக்கப்படும் நடவடிக்கைகளும் பாராளுமன்றத்திற்கு சமர்ப்பித்தல்.

Parliamentary Series No : 35

Name of the Ministry :

Ministry of Finance, Economic Stabilization and National Policies.

Submission of observations of Hon. Minister and steps taken with regard to the reports tabled by the Committee on Ways and Means in terms of Standing Order No. 124(6)

Actions taken on the recommendations given by the Second Report of the Committee on Ways and Means

<table>
<tr><th colspan="3">Department of Inland Revenue</th></tr>
<tr><th>No.</th><th>Recommendations</th><th>Action taken</th></tr>
<tr><td>5.3.1</td><td>It is recommended making the tax policy of the country fair, transparent and accountable by systematically including individuals with sufficient income to be taxed but currently not within the tax base rather than merely increasing tax rates</td><td>Agree with the recommendation.

Increasing tax rates is a short-term strategy and the Department is already taking measures to open income tax files for non-tax payers to expand the tax base.

Accordingly, the progress of registering taxpayers up to 31.05.2024 is presented in Annexure 01.
Efforts have already been made to increase the number of tax filers by adopting the following measures in the process of registering taxpayers.

I) Registration of all persons above 18 years of age with the Inland Revenue Department has already been commenced, and action is being taken to identify tax-liable individuals through this process and register them for income tax. (Annexure 02)
II) As per 2024 budget proposal, Taxpayer Identification Number has been made mandatory in availing the services of identified institutions, and accordingly, submission of TIN number has been made mandatory in the case of new registrations, transfers and obtaining annual revenue licenses from the Department of Motor Traffic, registration of land transfers in Land Registration Offices and opening current accounts in commercial banks. Tax-liable individuals are identified through this process and registered for income tax. (Annexure 02)
III) Direct registration for income tax (Bulk Registration) by obtaining information from the third party institutions about their staffs is in progress.</td></tr>
</table>

		IV)	The process of gathering information through Interface Agencies has already commenced.
		V)	Separate facilities have been provided in the IRD website for the public to provide information about tax evaders directly and a reward system has also been introduced for providing correct information (about tax evaders). One hundred and seventy four (174) informants have given information from 01.01.2024 to 29.04.2024 and such information has been referred to the Investigation Unit for investigation.
		VI)	E-service facilities have been provided for individuals who have not registered for taxes to get registration voluntarily.
		VII)	Specially-trained Inland Revenue Officers (Tax Consultation Unit) visit premises of institutions and conduct awareness programs on the importance of registering for tax. Twenty-eight (28) taxpayer awareness programs have been completed from 01.01.2024 to 29.04.2024.
		VIII)	Public awareness programs will be conducted through all media.
		IX)	The documents related to the temporary VAT registration are examined and necessary action has been taken to register for tax types. 2520 importers who imported goods under temporary VAT registration related to assessment years 2022/2023 and 2023/2024 have been permanently registered for a type of tax controlled by the Commissioner General. A report has already been submitted to the Committee on Ways and Means on the course of action following for this process. **Annexure 03**

		Further, a copy of the internal circular issued by the Commissioner General is also attached under **Annexure 04.** The Department has taken the above measures as a preliminary step of expanding the tax base. Thus, it is observed that tax rates can be reduced in the future by expanding the tax base accordingly.
5.3.2	It is recommended that all transactions be brought on a digital platform to increase the efficiency and transparency of the tax collection system. (Refer Chapter 8 of this Report titled as Implementing Sri Lankan Rupee as a Digital Currency)	Agree with this proposal. The Central Bank is carrying out a study on the implementation of this proposal. Provisions have been made for online-payment of taxes administered by the Inland Revenue Act No. 24 of 2017 by the extraordinary Gazette Notification no: 2378/33 dated 04.04.2024 issued by the Commissioner General. **(Annexure 05)** Introducing a digital platform for real transactions can ease tax administration and improve transparency in the tax system. As a preliminary step of this process, the Department has already imposed legal regulations to carry out all transactions above five lakhs rupees electronically. The Department also agrees to establish necessary legal provisions and background to conduct all transactions through a Unique Digital ID to obtain citizens' information electronically in order to expand the tax base.

5.3.3	As the effectiveness of a self-assessment based tax system depends on factors such as a country's technological infrastructure and overall tax culture, the following recommendations are made.	Agree with this recommendation.
	a) Upgrading and modernizing the technology infrastructure of tax collection and tax administration	a) Administration of all major tax types (Income Tax, Value Added Tax, Withholding Tax, Capital Gains Tax, Pay As You Earn Tax, Social Security Contribution Levy) administered by the Inland Revenue Department is done through a fully automated system. Accordingly, registration of taxpayers, issuing and receiving of returns, payment and collection of taxes are carried out by means of the RAMIS system. Here, tax payers have been given the opportunity to pay tax through main banks using online facility. **(Annexure 06)** Also, the RAMIS system provides taxpayers and tax agents with the following services through e-service. * Registration of taxpayers Registration for TIN and tax types Registration of tax agents Issuing PIN numbers to provide access to e-service Authorization of agent or employee on behalf of taxpayer Updating of taxpayer information Information related to registered taxes * Providing tax returns SVAT / CIT / IIT / PIT / PAYE / APIT / VAT / WHT / AIT / VAT on Financial Services /SD

	b) Implementing online platforms for taxpayers to submit their assessments	b) Online platform facility has been provided to taxpayers for submission of returns (e filing) related to Corporate Income Tax, Individual Income Tax, Value Added Tax, Partnership Income Tax, Value Added Tax on Financial Services, and Withholding Tax (AIT and APIT). Furthermore, it is mandatory to submit corporate income tax returns and personal income tax returns through e-service from the years of assessment 2021/2022 and 2023/2024 respectively. Accordingly, the receipt of printed tax returns from these taxpayers will not be done from the year of assessment 2023/2024.
	(c) Fostering collaboration between IRD and other relevant institutions, to share information that can aid in verifying taxpayer-reported data (It is suggested integrating Ministry of Finance, Economic Stabilization and National Policies, Inland Revenue Department, Sri Lanka Customs, Excise Department of Sri Lanka, Ministry of Health, Food Control Administration Unit, Department of Agriculture, Department of Motor Traffic, Department for Registration of Persons, Department of Import and Export Control, Registrar General's Department, Department of Registrar of Companies, Colombo Municipal Council and Sri Lanka Standards Institute)	c) The process of linking other agencies with the RAMIS system (Interface Agencies) is in progress to exchange information. A summary is given in **Annexure 07.**

5.3.4	It is recommended setting a time frame of three years to settle the held over taxes. If held over taxes are not settled within the stipulated time period, it is recommended recovering the due amount by way of temporarily freezing bank accounts, acquiring the property or any of the suitable remedy	**5.3.4** Agree with this recommendation. Within the total arrears tax of.1066 billion rupees in the Department as at 12/31/2023, the amount of temporarily suspended arrears tax (held over) stands at 878 billion rupees, and the balance of recoverable tax amounts to 188 billion rupees. The collection of tax arrears has to be temporarily suspended due to the reasons given below. • Being in the appeal process • Has submitted objections • Has filed Cases for recovery of tax arrears • Other (requesting for settlement of tax arrears through refunds and overpayments...) The main reason for suspending recovery of arrears of taxes is that the relevant assessment is still pending in the appeal process. Most of those appeals will start at the Department level and proceed to the Tax Appeals Commission, the Court of Appeal, and the Supreme Court. Appeals at the Departmental level are settled within a specific time limit. However, the process of resolving appeals adopted by the Tax Appeal Commission to the Supreme Court is beyond the control of the department, and it is not practical to set a specific time frame for recovery of the arrears. A sum of Rs.25, 700,020,131.93 has been deducted from the outstanding tax balance by settling the arrears from 01.01.2024 to 30.04.2024. Apart from this, the following measures have been taken to settle the arrears. Issuing Bank seizer notices - Rs. 11,170,843,820.54 Initiation of legal proceedings - Rs. 5,037,183.608.69 Offering payment plans - Rs. 6, 669,671,165.31

5.3.5	It is recommended minimizing the human intervention in the assessment of self-assessed returns conducted by IRD officials and during the auditing process, ensuring that returns are accepted without extensive manual scrutiny	**5.3.5** On the recommendations of the International Monetary Fund (IMF), a Risk Management Unit has been established in the Inland Revenue Department. This Unit performs a risk classification on the tax payers who need to be audited under different criteria (Risk Rating) and refer such taxpayers to relevant Units for auditing. Under this process, the system already refers information with regard to taxpayers who need to be audited to the Large Taxpayers Unit. The RAMIS system also has the ability to automatically assign files to relevant officials for auditing based on Risk Criteria. This process is already in its initial stage, and after the completion of Third Party Data Sharing process, this process will be further strengthened minimizing human intervention.
5.3.6	It is recommended to introduce legal amendments to the Inland Revenue Act No. 24 of 2017 to complete the self-assessment and administrative review of the Department within a period of 2 years.	**5.3.6.** Agree with this recommendation. A committee headed by a Deputy Secretary to Treasury has already been appointed by the Ministry of Finance to implement this recommendation. According to the 4th (fourth) recommendation under the recommendations presented by the sectoral committee, actions will be taken to appoint a committee consisting of the authorities of the Tax Appeals Commission and the Inland Revenue Department separately. The said committee has met several times and identified the amendments to be made to the Inland Revenue Act. Also, the amendments submitted based on the matters discussed by another sectoral committee of the Parliament have also been reviewed by the said committee. Accordingly, in order to reduce the time taken to make the tax appeal process more efficient, the Director General of the Department of Fiscal Policy has been informed to identify the amendments to be made to the Inland Revenue Act , to get the approval of the Secretary of the Treasury and proceed to make the amendments to the said Act.

5.3.7	It is recommended expediting the process of hearing appeals in the Tax Appeals Commission by introducing legal amendments to Tax Appeals Commission Act No. 23 of 2011 if necessary.	**5.3.7** Agree with the recommendation. A committee has already been appointed by the Ministry of Finance under the patronage of a Deputy Secretary to the Treasury to implement this recommendation. According to the 4th (fourth) recommendation under the recommendations presented by the sectoral committee, actions will be taken to appoint a committee consisting of the authorities of the Tax Appeals Commission and the Inland Revenue Department separately. The said committee has met several times to speed up the tax appeals process and to increase the efficiency of the tax appeals commission, and identified the staff requirements, computer and other equipment requirements, the requirements for setting up and maintaining a data system and a method of monthly reporting progress to the Treasury Secretary. The approval of the Secretary to the Treasury has been obtained, and the Tax Appeals Commission and the relevant departments have been informed in writing to proceed accordingly. In addition to that, in order to reduce the time taken for appeals in the Tax Appeals Commission, work is being done to identify the amendments that should be made to the Tax Appeals Commission Act and accordingly, to implement the amendments to the legal provisions that are identified and further Efforts will be made to make the appeals resolution process efficient. Proposals presented by the Department of Inland Revenue to the above Committee to expedite the overall Tax Appeal Process are set out in the **Annexure 08**.

5.3.8	It is recommended reducing the parameters used to open a tax file in normal registration of a taxpayer and bulk registration of taxpayers into 5.	**5.3.8** At present, only 5 parameters are used in bulk registration. However, there are about 15 mandatory parameters in the normal registration of a taxpayer, and those parameters are essential in the administration of taxes. The requirement of each parameter has been indicated in **Annexure 09**. Further, even though 5 parameters are used in bulk registration, the officers have to complete other essential parameters later through Profile Update. Such type of action facilitates the desired efficient tax administration since the accurate information about the taxpayer is saved in the system. Accordingly, 413,343 taxpayers have been registered as of 31.05.2024 through bulk registration.
5.3.9	It is recommended establishing a Public-Private Partnership (PPP) framework by an open tender process for the on-going maintenance of RAMIS 2.0 and the implementation of new developments caused by Tax Policy changes.	**5.3.9** There are 26 modules in the RAMIS 2.0 system and all such modules have been installed in the system. The contract for maintaining the system has been awarded to NCE and that contract has expired on 31.01.2024. Cabinet approval has been received for awarding the RAMIS system maintenance contract to the same contractor for the next 3 years. The Agreement contains the plan to hand over the system to the IRD. It was decided to appoint a committee headed by a Director General of the Ministry of Finance to consider the method related to establishing a Public-Private Partnership (PPP) framework and get recommendations at the review meeting held on 10/04/2024 under the chairmanship of the Secretary to the Ministry of Finance regarding the process of taking over this system.

5.3.10	It is recommended that the IT officers currently employing in the Inland Revenue Department should undergo a formal training and be geared up.	**5.3.10** The IT officers who are working in the Inland Revenue Department are attached to the Department for a period of 5 years through the IT Service, and no permanent team of IT officers are employed in the Department. This recommendation can be implemented based on the recommendations to be received under 5.3.9. The officials of the Inland Revenue Department have been instructed to attach the officers who are currently working in the Inland Revenue Service who have knowledge of information technology, and to provide them with the necessary training, and to arrange for the recruitment of officers who have knowledge of information technology in future recruitments.
5.3.11	It is recommended devising a mechanism to find out the actual income earned by the private schools, large scale private tuition classes, private hospitals, health channelling centres, surveyors, engineers, law firms and television and radio advertisements with the assistance of Grama Niladhari is using a mobile app with the purpose of capturing and regulating the unregulated financial market	**5.3.11** Agree with this recommendation. By now, the Extraordinary Gazette No.2334/21 has been issued covering a large number of recommended professionals. **(Attachment 10)** This matter was discussed at the review meeting held on 10/04/2024 under the chairmanship of the Secretary to the Ministry of Finance, and the requirements are being studied as the preliminary steps required to devise a relevant Mobile APP.

5.3.12	It is recommended that the measures be taken to implement the Integrated Revenue Management System which could potentially boost the tax revenue of the IRD by 50%, excluding the need to raise any existing taxes.	**5.3.12** Necessary activities are being done to increase the tax revenue.
5.3.13	It is recommended recovering the due taxes related to the undue profit earned by private companies in the following three incidents in terms of the legal provisions laid down in the Inland Revenue Act No. 24 of 2017: • The Auditor General had revealed that the government lost over Rs. 16 billion of tax revenue in view of the reduction of the Special Commodity Levy on sugar imports from Rs. 50 to 25 cents per 1 kg during October 2020 to February 2021 and massive tax benefit had been accrued by large-scale sugar importers and a substantial profit had been earned by them.	**5.3.13** A separate committee has been appointed in the Department to examine whether the sugar importers have made more profits, not made correct tax payments, and tax payments have been defaulted, and the relevant audit is being carried out by the Investigation Unit. Taking into account the current situation of the Corona epidemic, as a relief to the consumers, the taxes on 04 items including sugar, dhal, Bombay onion have been reduced to 25 cents from 14th October 2020 according to the instructions of the then President. The Auditor General's report states that the value of the tax revenue devoted to Rs.49.75 per kilogram due to the implementation of the tax of 25 cents instead of the tax of Rs.50/- based on the amount of sugar imported between October 2020 and February 2021. Thus, the tax revenue dedicated by the government has also been mentioned in the report sent by the Ministry of Finance to the Public Finance Committee on 05.03.2021. Accordingly, even if the tax revenue dedicated by the government has been calculated as Rs.16 billion, but the tax not based on this calculation and it should be charged by the IRD based on the tax benefit actually received by the large-scale sugar importers and the additional profit earned on it,(if any), due to the reduction of special commodity tax on sugar from Rs.50/- to 25 cents per kg.

	• The government had imposed a ban on the importation of wheat flour for wheat importing companies except two (Prima and Serendib) in August 2023 and these two companies had accumulated massive stocks of flour during the period of the ban. Subsequently they accrued a substantial profit in view of the imposition of a tax of Rs. 16 per kg of wheat flour.	As a temporary measure until the tax on wheat flour is increased to recover the additional benefit gained by importers of wheat flour by directly importing wheat flour at a very low price and selling it at a very high price in the domestic market, direct import of wheat flour was made subject to the requirement of obtaining import licenses under the Import and Export Control Act No. 01 of 1969. (so as to not have any effect when duty is increased on cheap imported stock of flour in the market) Accordingly, actions had be taken to remove re-import control regulations and to revise the existing duty on imports in the form of wheat flour with effect from 30.08.2023 to 15% per kg or Rs.16/- per kg to 20% or Rs. 27/- and instead, to levy a customs duty of 5% or Rs.6/- per kg from 30.08.2023.
	• The Special Commodity Levy of sugar had been increased from 25 cents to Rs. 50 per 1 kg on 01.11.2023 and, the sugar importers had made a substantial undue profit by releasing nearly 8500 tons of sugar which they had imported and stocked in the warehouses before increasing the tax.	Subject to the agreement with the International Monetary Fund, the sugar tax was increased again to Rs.50/- from 01.11.2023. But, it is confirmed by the data of the Department of Census and Statistics that the price of sugar in the market did not proportionally increase by Rs.50/-, (Eg:- Average kilogram in October 2023 was Rs.272/- and a kilogram in First week of November 2023 was Rs.290/-)

5.3.14	It is recommended removing the inconsistencies in the tax policy of the country so as to promote fairness, stability, efficiency in tax administration and tax collection by the Ministry of Finance.	**5.3.14** The process of formulating tax policies is done by the Fiscal Policy Department and necessary recommendations are made by the Tax Policy Unit of the Inland Revenue Department to maintain the stability of tax policies.
5.3.15	It is recommended that the initiation of a tax file and adherence to tax payment responsibilities be made mandatory requirements for vehicle registration, property acquisition, including land and immovable property, and for ensuring uninterrupted access to electricity	**5.3.15** Obtaining a tax file number is already mandatory in cases of vehicle registration, obtaining revenue licenses, opening current accounts, acquiring lands and immovable properties. The relevant recommendations for making the tax file number mandatory in order to ensure uninterrupted access to electricity will be submitted to the Department of Public Finance as a budget proposal this year.
5.3.16	It is recommended creating a data bank for all Sri Lankan citizens aged 18 years or above to open a file based on National Identity Card Number (NIC) instead of Tax Identification Number (TIN) concurrent to the All Island 15th Population and Housing Census.	**5.3.16** At present, the RAMIS generates a unique TIN number for each individual, and information about individuals who do not register is maintained under the National Identity Card Number. The facility of exchanging information with other institutions using the National Identity Card has been established in the RAMIS. <u>Why is it impossible to use NIC as a TIN?</u> The Inland Revenue Department (IRD) has registered and issued TIN numbers to foreigners, corporate and non-corporate entities as well as Sri Lankan citizens. Information about every citizen who has registered with the IRD is maintained under TIN numbers, and information about relationships of all other citizens

		(family, company directors, etc.) is maintained under National Identity Card Number. TIN is Taxpayer's Account Number, which is unique for each individual and non-individual. The Department for Registration of Persons currently issues a 9-digit National Identity Card and a 12-digit National Identity Card. On the other hand, it may change from time to time. However, the Taxpayer Identification Number (TIN) cannot be changed from time to time, and the system does not allow to use wrong numbers. **Explanation:** 1. Duplicate and Wrongly Issued National Identity Card Numbers: The Department of Inland Revenue has observed instances of duplicate and wrongly issued National Identity Card numbers by the Department for Registration of Persons. Such national identity numbers are identified by the RAMIS when they are submitted for obtaining TINs. 2. Security and Confidentiality: TIN is an individual and confidential tax registration number whereas National Identity Card Number is a number that can be obtained publicly. Hence, linking the National ID directly to tax returns may violate the confidentiality of taxpayer information. Thus, the requirement of protecting privacy, data accuracy and confidentiality of taxpayer information highlights the importance of retaining TIN as the primary identification number in RAMIS.

5.3.17	In response to the on-going economic crisis, it is recommended implementing rigorous recovery measures for the collection of all outstanding taxes. The country is experiencing a depletion of social capital, primarily driven by the migration of skilled professionals, attributed to the imposition of Advanced Personal Income Tax (APIT) and to bolster revenue, emphasis should be placed on collecting taxes from high-profit entities.	**5.3.17** Agree with this recommendation and measures have already been taken to make the system of collecting tax from high-income organizations, more efficient. Accordingly, individuals and companies with high incomes are identified and established in 06 separate Units (Large Tax payer's Office) and tax administration activities are carried out. Those files are constantly monitored. Furthermore, the Risk Management Unit will carry out a risk clarification of the taxpayer to be audited under various criteria (risk rating) and forward such information to relevant units.

Annexure for 5.3.1

ඇමුණුම 1

No of Tax Payers

Taxpayer Category	No of Files As at 31.12.2019	No of Files As at 31.12.2020	No of Files As at 31.12.2021	No of Files As at 31.12.202	No of Files As at 31.12.2023	No of Files As at 31.05.2024
Income Tax						
Corporate						
Resident Companies/Non - Resident Companies	56,460	60,721	68,009	73,444	82,437	88,743
Non - Corporate						
Individuals	281,105	292,712	292,305	204,467	539,862	660,706
Partnerships	17,300	16,949	16,798	13,766	14,800	15,310
Employees paying Income Tax under Pay-As-You-Earn (PAYE)/Advanced Personal Income Tax (APIT) Scheme	1,149,883	209,800	32,702	41,636	242,679	242,679*
Persons registerd for Value Added Tax (VAT)	28,914	8,152	9,070	10,604	13,851	18,372
Persons registerd for Value Added Tax on Financial Services	237	239	246	258	277	284
Persons registerd for Betting & Gamming Levy Taxpayers	635	637	660	624	624	1,248
Persons registerd forSocial Security Contribution Levy Taxpayers				5,422	8,107	8,496
Employers Registerd under PAYE/APIT Scheme	35,448	34,991	34,985	34,596	39,617	40,490
Withholding/Advaned Income Tax (AIT) agent registered for withholding Tax/ AIT on interest	1,627	615	604	612	771	852
Withholding Tax /AIT on Specified Fees (Regular Monthly Schedule Senders)	13,764	43,188	41,862	41,897	44,240	44,746
Stamp Duty (Regular Monthly Schedule Senders)	9,432	9,609	9,854	10,221	10,593	10,672
Total	1,594,805	677,613	507,095	437,547	997,858	1,132,598

*Employees paying Income Tax under Pay-As-You-Earn (PAYE)/Advanced Personal Income Tax (APIT) Scheme taken from the schedule data in each year of Assessment. Therefore this amount would be updated once the PAYE/APIT returns for year of assessment 2023/24 is captured and process in the system.

Annexure for 5.3.1 I and II

ඇමුණුම 02

Net 18+ registration

Month	Number of TIN
January	50,488
February	51,637
March	22,712
April	27,481
May	261,025
Total	413,343

IIT registration according to the Gazette notification no 2334/21 (No of Professionals registered)	
Month	**Number of Taxpayers**
Jul-23	1,465
Aug-23	2,798
Sep-23	28,367
Oct-23	141,214
Nov-23	117,112
Dec-23	41,956
Jan-24	6,658
Feb-24	5,216
Mar-24	23,118
Apr-24	31,771
May-24	54,256
Total	**453,931**

Annexture for 5.3.1 IX

ඇමුණුම 03

Directives given at the meeting of the Committee on Ways and Means held on 02.04.2024

This refers to Committee on Ways & Means letter No: NC/WM/2024/04/02 and dated on 04th April.2024 on about subject.

I am answering the Questions No 7 as follows.

Question 7.

To temporarily suspend the registration of Temporary Value Added Tax (VAT) payers for a duration of two weeks, for the purpose of deterring the registration of Temporary VAT payers and to streamline the process

Answer

Suspension of registration of Temporary Value Added Tax (VAT) is contradictory with the Section 11 of the Value Added Tax Act, No. 14 of 2002, as every person who is willing to import goods into Sri Lanka, shall inform and obtain an identification number from CGIR not later than fourteen days prior to the clearing of such goods.

To streamline the process of registration of Temporary Value Added Tax (VAT), following action has been taken by the IRD.

1. Issue a new circular (CGIR/2024/3-1 (Ins. & Cir.) 09 on April 18, 2024. Circular address some issues highlighted on the report issued by the Joint Committee appointed to study the loss of huge tax revenue to the Government by granting provisional registration for Value Added Tax (VAT) and to recommend appropriate measures.

2. CGIR appoint a new committee to coordinate with Sri Lanka Custom including the responsibility of addressing the issues related to registration of temporary VAT.

3. Required legislation changes in VAT Act. that required to streamline the process have been communicated to Department of Fiscal Policy, Ministry of Finance

Annexure for 5.3.1 IX

Annex 04

CGIR/2024/3-1 (Ins. & Cir.) 09 2024.04.18

සියළුම නියෝජ්‍ය කොමසාරිස් ජනරාල්වරුන්/
ජ්‍යෙෂ්ඨ කොමසාරිස්වරුන්/කොමසාරිස්වරුන්/
ජ්‍යෙෂ්ඨ නියෝජ්‍ය කොමසාරිස්වරුන්/
නියෝජ්‍ය කොමසාරිස්වරුන්/
සහකාර කොමසාරිස්වරුන්

එකතු කළ අගය මත බදු (වැට් බදු) සඳහා තාවකාලික ලියාපදිංචිය ලබාදීම

එකතු කළ අගය මත බදු (වැට් බදු) සඳහා තාවකාලික ලියාපදිංචියක් ලබාදීමේදී පහත සඳහන් විධිවිධාන වලටද යටත්ව 2024.04.19 දින සිට තාවකාලික ලියාපදිංචිය ලබාදීම සිදුකළ යුතුය.

අ. අපනයන සඳහා පමණක් වන තාවකාලික ලියාපදිංචිය ලබා දීම

දැනට පවතින ක්‍රමවේදයට අනුව ඉදිරි කාලසීමාවන් සඳහා සුදුසු ලෙස තාවකාලික වැට් බදු ලියාපදිංචිය ලබාදිය හැක.

කිසියම් බදු ගෙවන්නකු වැට් බදු සඳහා ස්ථිර ලියාපදිංචිය සඳහා වන සැපයුම් සීමාවේ නොසිටියද, ස්ව කැමැත්තෙන් ස්ථිර ලියාපදිංචිය ඉල්ලුම් කරන්නේ නම් භාණ්ඩ සැපයුම් බදු නිදහස් අයිතමයන් වුවද ස්ථිර ලියාපදිංචිය ලබාදිය යුතුය.

ආ. ආනයන සඳහා පමණක් වන තාවකාලික ලියාපදිංචිය ලබා දීම

දැනට පවතින තාවකාලික වැට් ලියාපදිංචි ක්‍රියාවලියේදී පහත සඳහන් සීමාවන්ට යටත්ව ලියාපදිංචි සහතිකයක් නිකුත් කළ යුතුය.

1. ආනයන පහසුකම සඳහා ඉදිරිපත් කරනු ලබන ආනයන ඉන්වොයිසියට (Sale Invoice) පමණක් තාවකාලික වැට් බදු ලියාපදිංචිය සීමා විය යුතුය. ඒ අනුව එම ඉන්වොයිසියේ සඳහන් අංකය, භාණ්ඩ වර්ගය, ප්‍රමාණය සඳහන්ව ලියාපදිංචි සහතිකය නිකුත් කළ යුතුය.

2. ආනයනය කරනු ලබන්නේ රජයේ කාර්යයන් හෝ ව්‍යාපෘති සඳහා නම් (ව්‍යාපාරික අරමුණකින් තොරව) එකී ආනයනයන්හි අවශ්‍යතාවය සලකා බලා තාවකාලික වැට් බදු ලියාපදිංචි පහසුකම නිශ්චිත ඉදිරි කාල වකවානුවක් දක්වා ලබාදිය හැක.

3. දැනට ඉදිරි සීමාවන් සඳහා නිකුත් කර ඇති ආනයන සඳහා වන තාවකාලික වැට් බදු ලියාපදිංචි සහතික 2024.04.24 දිනට පසුව අවලංගු කර, නව අයදුම්පත් සඳහා උක්ත 01 සහ 02 අනුව නව තාවකාලික වැට් ලියාපදිංචි සහතිකයක් නිකුත් කිරීම කළ යුතුය.

4. කිසියම් බදු ගෙවන්නකු වැට් බදු ස්ථිර ලියාපදිංචිය සඳහා වන සැපයුම් සීමාවේ නොසිටියද, ස්ව කැමැත්තෙන් ස්ථිර ලියාපදිංචිය ඉල්ලුම් කරන්නේ නම් භාණ්ඩ සැපයුම් බදු නිදහස් අයිතමයන් වුවද ස්ථිර ලියාපදිංචිය ලබාදිය යුතුය.

5. ස්ථිර ලියාපදිංචිය ලබාදෙන අවස්ථාවේදී දැනටමත් ලබාදී ඇති තාවකාලික VAT බදු ලියාපදිංචි සහතික බදු ගෙවන්නාගෙන් ආපසු ලබා ගැනීම අනිවාර්යයෙන් කළ යුතුය.

ඇ. අපනයන සහ ආනයන සඳහා එකවර තාවකාලික ලියාපදිංචිය ලබා දීම

අපනයනය සඳහා පමණක් ලියාපදිංචිය ලබා දිය යුතු (ඉහත අ කොටස අදාලවන) කාලසීමාවන් නිශ්චිතව දක්වා නොමැති නමුත් අපනයන සමග ආනයන ලියාපදිංචි පළමු වරට ලබා දීමේදී ඉදිරිමාස තුනක කාලසීමාවකට ලබා දිය යුතුය.

අපනයන හා ආනයන සඳහා එකවර තාවකාලික ලියාපදිංචිය නැවත නැවතත් ලබා දීමේදී මාස තුනක් ඉක්ම වූ කාල සීමාවකට ලබා දෙන්නේද යන්න, පෙර ලබා දුන් තාවකාලික ලියාපදිංචි කාලසීමාවන් තුළ කරන ලද ආනයන හා අපනයන දත්ත මත පදනම්ව නිලධාරීන් විසින් තීරණය කළ යුතුය.

ඈ. ඕනෑම තාවකාලික ලියාපදිංචියක් ලබා දීමේදී පහත කරුණු කෙරෙහි අවධාරනය කළ යුතුය

I. ලියාපදිංචි වීම අවශ්‍ය වන අනෙකුත් බදු වර්ග සඳහා ඉල්ලුම්කරු ලියාපදිංචි වී ඇති බව තහවුරු කර ගැනීම.

II. ලියාපදිංචි වී ඇති සියළු බදු වර්ග සඳහා තාවකාලික ලියාපදිංචි ඉල්ලුම් කරන දිනය දක්වා වාර්තා නිසි ආකාරව බාරදී ඇති බව. (විශේෂයෙන් ආදායම් බදු වාර්තා ලබා දී ඇතිබව) තහවුරු කර ගැනීම.

ඉ. පහත කරුණු පිළිබඳව බදු ගෙවන්නන් දැනුවත් කිරීම කළ යුතුය

I. නව තාවකාලික ලියා පදිංචිය ලබාදීමේ වැඩපිළිවෙල.

II. ස්ථිර ලියාපදිංචිය ලබාගත් බදු ගෙවන්නකු, පෙර ලබා ගන්නා ලද තාවකාලික ලියා පදිංචි අංකය යටතේ ආනයන කිරීමක් සිදු කරනු ලැබුවහොත්, ආනයන මත බදු බැර නොලැබෙන බව.

ඩබ්.ඒ. සේපාලිකා චන්ද්‍රසේකර
දේශීය ආදායම් කොමසාරිස් ජනරාල්.

ඩබ්.ඒ. සේපාලිකා චන්ද්‍රසේකර
දේශීය ආදායම් කොමසාරිස් ජනරාල්
දේශීය ආදායම් දෙපාර්තමේන්තුව
සර් චිත්තම්පලම් ඒ. ගාඩිනර් මාවත
කොළඹ-02.

Annexure for 5.3.2

Annex 05

ශ්‍රී ලංකා ප්‍රජාතාන්ත්‍රික සමාජවාදී ජනරජයේ ගැසට් පත්‍රය

අති විශෙෂ

The Gazette of the Democratic Socialist Republic of Sri Lanka

EXTRAORDINARY

අංක 2378/33 - 2024 අප්‍රේල් මස 04 වැනි බ්‍රහස්පතින්දා - 2024.04.04

No. 2378/33 - THURSDAY, APRIL 04, 2024

(Published by Authority)

PART I : SECTION (I) — GENERAL

Government Notifications

INLAND REVENUE ACT, No. 24 OF 2017

Notice under Subsection (3) of Section 145

BY virtue of the powers vested in me by Subsection (3) of Section 145 of the Inland Revenue Act, No.24 of 2017, I, Wijesingha Arachchige Sepalika Chandrasekara, Commissioner General of Inland Revenue, do by this notification, specify the manner of tax payments in Schedule I hereto.

WIJESINGHA ARACHCHIGE SEPALIKA CHANDRASEKARA,
Commissioner General of Inland Revenue.

Inland Revenue Department,
Colombo 2,
April 1, 2024.

SCHEDULE 1

MANNER OF TAX PAYMENTS

Tax payments shall be made to the Commissioner General, only by the use of following methods:-

(a) By depositing cash;

(b) By depositing pay order or bank draft;

(c) By the use of Online Tax Payments Platform (OTPP).

EOG 04 - 0035

Annexure for 5.3.3 (a)

ඇමුණුම 06

Revenue Administration Management Information System - RAMIS - External Agency Interfacing as of 31st March 2024

අනු අංකය	ආයතනය	වර්තමාන තත්ත්වය - මාර්ගගතව සම්බන්ධවීමට නොහැකි වීමට හේතුව/හේතු
1	මහජන බැංකුව	දැනටමත් සම්පූර්ණ කර ඇත.(මාර්ගගත ගෙවීම් සිදු කිරීම සඳහා සම්බන්ධතාවය ලබා දී ඇත)
2	ලංකා බැංකුව	දැනටමත් සම්පූර්ණ කර ඇත.
3	ශ්‍රී ලංකා රේගුව	දැනටමත් සම්පූර්ණ කර ඇත. (මාර්ගගත ගෙවීම් සිදු කිරීම සඳහා සම්බන්ධතාවය ලබා දී ඇත)
4	මුදල්, ආර්ථික ස්ථායීකරණ සහ ජාතික ප්‍රතිපත්ති අමාත්‍යාංශය	දැනටමත් සම්පූර්ණ කර ඇත.
5	සමාගම් රෙජිස්ට්‍රාර් දෙපාර්තමේන්තුව	දැනටමත් සම්පූර්ණ කර ඇත.
6	ලංකා ක්ලියර් පුද්ගලික සමාගම	දැනටමත් සම්පූර්ණ කර ඇත.
7	ආගමන හා විගමන දෙපාර්තමේන්තුව	මේ පිළිබඳව සාකච්ඡා පවත්වා දත්ත සැපයීමට ඇති නීතිමය බාධා ඉවත් කර ගැනීම සඳහා ආගමන විගමන දෙපාර්තමේන්තුවේ නීතිමය පනතට අදාල සංශෝධන ගෙන ඒමේ කටයුතු සිදුකරමින් පවතී.ඊට අමතරව අවශ්‍ය දත්ත මොනවාද යන්න තීරණය කොට අවබෝධතා ගිවිසුම (MOU) කෙටුම්පත් කොට ඇති අතර අත්සන සඳහා සූදානම් කරමින් පවතී.
8	මෝටර් රථ ප්‍රවාහන දෙපාර්තමේන්තුව	මෝටර් රථ ප්‍රවාහන දෙපාර්තමේන්තුවේ පද්ධතිය ජාතික හැඳුනුම්පත් අංකය දත්ත ක්ෂේත්‍රයක් ලෙස (Data field) ඇතුළත් කොට දත්ත පද්ධතිය සංශෝධනය කිරීම නිමකොට ඇත. දත්ත හුවමාරු කිරීම සඳහා තාක්ෂණික පසුබිම දේශීය ආදායම් දෙපාර්තමේන්තුව මඟින් සම්පූර්ණ කර ඇත. පරිශීලක පිළිගැනීමේ පරීක්ෂාව (UAT) සඳහා මෝටර් රථ ප්‍රවාහන දෙපාර්තමේන්තුව වෙත දැනුම් දී ඇත.
9	ජනලේඛන හා සංඛ්‍යාලේඛන දෙපාර්තමේන්තුව	මෙම දෙපාර්තමේන්තුව තුල දැනට RAMIS පද්ධතිය හා සම්බන්ධවීමට තරම් ප්‍රමාණවත් පරිඝනක පද්ධතියක් නැත. RAMIS පද්ධතිය හා සම්බන්ධවීමට අවශ්‍ය තොරතුරු පරාමිතීන් ලබා දෙන ලෙස ඉල්ලීම් කර ඇත. තවද RAMIS පද්ධතිය මඟින් ඔවුන්ට අවශ්‍ය තොරතුරු පරාමිතීන් ලබා දෙන ලෙසටද ඉල්ලීම් කර ඇත.
10	සුරාබදු දෙපාර්තමේන්තුව	දැනටමත් පරිඝනක පද්ධතියක් නොමැති වුවද mannual දත්ත එක් රැස්කර දේශීය ආදායම් දෙපාර්තමේන්තුව වෙත එවීම සඳහා පහසුකම් සපයා ඇත. ඒ පිළිබඳව UAT නිම කොට ඇත. ඒ සඳහා අවබෝධතා ගිවිසුම අත්සන් කිරීම සිදු වෙමින් පවතී.
11	පුද්ගලයන් ලියාපදිංචි කිරීමේ දෙපාර්තමේන්තුව	දැනට බදු ගෙවන්නන් ලියාපදිංචි කිරීමේ කටයුත්ත සඳහා RAMIS පද්ධතියට සහ තොරතුරු අංශයට පුද්ගලයින්ගේ ජාතික හැඳුනුම්පත් තොරතුරු පරීක්ෂා කිරීම සඳහා තොරතුරු ලබා ගැනීමේ පහසුකම දේශීය ආදායම් දෙපාර්තමේන්තුව ලබා ගෙන ඇත.
12	රෙජිස්ට්‍රාර් ජනරාල් දෙපාර්තමේන්තුව	ඉඩම් රෙජිසට්‍රාර් කාර්යාලයේ ඉඩම් වල අයිතිය හුවමාරුවීම සම්බන්ධ තොරතුරු ඇතුළත් පරිඝනක පද්ධතියක් නොමැති බැවින් එවැනි පද්ධතියක් සකස් කරන තුරු පද්ධතිය සමඟ ඒකාබද්ධ කිරීමට නොහැකි වී ඇත. පද්ධතියට සම්බන්ධවීම සඳහා විකල්ප ක්‍රමයක් ලෙස තොරතුරු ලබා දීම සඳහා RAMIS වෙතින් අතුරු මුහුණතක් ලබා දීමට කටයුතු කරමින් පවතී.

Annexure for 5.3.3 (c)

ඇමුණුම 07

දේශීය ආදායම් දෙපාර්තමේන්තුව මඟින් බදු ගෙවීම සඳහා මාර්ගගත පහසුකම් ලබා දී ඇති බැංකු

The List of the OTPP Member Banks

	Bank	Enabled Mode		
		Internet Banking	Mobile Banking	Over the Counter
1	Bank of Ceylon	√	-	√
2	People's Bank	√	-	√
3	Sampath Bank PLC	√	-	-
4	Commercial Bank of Ceylon PLC	√	-	-
5	National Savings Bank	√	-	√
6	Nations Trust Bank PLC	√	-	√
7	National Development Bank	-	-	√
8	Hatton National Bank PLC	√	√	-
9	Pan Asia Banking Corporation PLC	√	-	-
10	Union Bank of Colombo PLC	-	-	√
11	HSBC	√	-	-
12	Seylan Bank PLC	√	-	-
13	DFCC Bank PLC	-	-	√
14	SDB	-	-	√
15	Amana Bank	-	-	√
16	Cargills Bank	-	-	√

Annexure for 5.3.7

ඇමුණුම 08

IRD Proposals

1. Proposals to reduce time limit within the Inland Revenue Department for appeals

Proposal

Reduction of the time available to the Commissioner General to review a request for administrative review (RAR) from tax returns to be submitted by taxpayers on or after 1 April 2024 to **six months.**

Justification for the proposal: According to the provisions of the Inland Revenue Act, No. 24 of 2017 (IRA) as amended, the Commissioner General of Inland Revenue (CGIR) has two years to make a decision for RAR and the taxpayer has the option to appeal to the Tax Appeals' Commission (TAC) before the decision of the CGIR, but after seven months have passed from the submission of the request. In practice the taxpayer may wait for the CGIR decision and appeals may take time to finalize and tax payments on assessments may be deferred. Accordingly, the Inland Revenue Department (IRD) agrees to reduce the time for six months. However, considering the appeals in hand at the moment with CGIR, above proposal is being made to introduce as a new amendment to the Inland Revenue Act No. 24 of 2017 (IRA) for RARs received for tax returns submitted after 01.04.2024.

Along with the above proposal**, additional Proposals** for streamlining the appeal process are also given below

Additional Proposal

i. If the CGIR has not given his decision within six months, the assessment should be prevailed for all purposes (RAR should not be time barred).
ii. Similar provisions should be introduced for all tax acts administered by CGIR

2. Proposals to reduce time limit within the Tax Appeals' Commission

Proposal

Limit the cases heard by the TAC only to issues relating to **"amounts" of assessments**. All legality or validity issues relating to assessments, including mixed issues (both issues on validity and amounts are disputed by the taxpayer), must be submitted to a tax court. Clear provisions should be introduced into the TAC Act by defining the scope of the TAC.

Further, proposed to reduce the time available to decide a tax appeal by TAC to **6 months**. However, if the TAC is unable to decide the appeal in time, the **decision of the CGIR or assessment should be prevailed**.

Further, 50% of the disputed tax (with penalty) shall be paid to the CGIR before an appeal is filed with the TAC, and if the appellant has not complied accordingly, the appeal shall be dismissed.

Justification for the proposal: This will facilitate the TAC to reduce the number of appeal hearings and also enable the taxpayer to get a decision on his appeal without delaying the payment of tax.

Annexure for 5.3.8

ඇමුණුම 09

Please find the details is request by the Committee on Ways and means under the item No.04

Total number of field -28

Mandatory field -15

Force Registration- Mandatory field 5

S. No.	Key field	Requirement	Reason for the Capture
1	Applicant reference No.(NIC/Passport)	Mandatory	Main key
2	Full name of the applicant	Mandatory	Required for legal requirement
3	Name with initials	Mandatory	used for the communication
4	Date of birth	Mandatory	Required to identify for the age of the taxpayers
5	Country of birth	Mandatory	Required for the identify age of the Taxpayers
6	Gender	Mandatory	Currently required for the SDG requirement
7	Preferred language	Mandatory	Comply to the Language Policy of the country
8	Preferred mode of communication	Mandatory	Facilitate to taxpayer
9	Website URL	Non mandatory	If maintain the business can use
10	Dual citizenship	Non mandatory	Identify the citizenship
11	Source of income	Mandatory	Need to identify income generated sources
12	Profession	Mandatory	Need to collect the data for statistics and will be important to policy decision
13	Permanent address	Mandatory	Required for communication
14	Province/ District/Divisional secretariat/Grama niladhari divisions	Mandatory	Required for collect the statistics for the policy decision(this will be helpful to identify revenue and tax payer distribution geographically)
15	Residential Address	Mandatory	Required for communication
16	Email address	Mandatory	Required for communication
17	Mobile	Non mandatory	Required for the communication

18	Office	Non mandatory	Required for the communication
19	Home	Non mandatory	Required for the communication
20	Fax	Non mandatory	Required for the communication
21	Bank name	Non mandatory	Bank information capturing
22	Account No.	Non mandatory	Bank information capturing
23	Civil status	Non mandatory	Tax purpose important to identify relationship of the family.
24	Name of spouse	Non mandatory	Tax purpose important to identify relationship of the family.
25	NIC of spouse	Non mandatory	Required to create a family tree
26	TIN No. of spouse	Non mandatory	Required to create a family tree
27	Individual business	Non mandatory	Required to issue a VAT Certificate for the import and export as well as identify the business income of the individual person.
28	Purpose of registration	Mandatory	Required to identify

Under the forced registration process required fields is as follows:

NIC	Mandatory
Full Name (Eng)	Mandatory
Gender (M/F)	Mandatory
Date of birth (yyyy-mm-dd)	Mandatory But can create from NIC
Address	Mandatory
Email	Not Mandatory can use default email

Annexure for 5.3.11

Annex 10

ශ්‍රී ලංකා ප්‍රජාතාන්ත්‍රික සමාජවාදී ජනරජයේ ගැසට් පත්‍රය

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The Gazette of the Democratic Socialist Republic of Sri Lanka

EXTRAORDINARY

අංක 2334/21 - 2023 මැයි මස 31 වැනි බදාදා - 2023.05.31

No. 2334/21 - WEDNESDAY, MAY 31, 2023

(Published by Authority)

PART I : SECTION (I) — GENERAL

Government Notifications

INLAND REVENUE ACT, No. 24 OF 2017

Notice under Section 102

BY virtue of the powers vested in me under Sub - section (3) of Section 102 of Inland Revenue Act, No. 24 of 2017 (hereinafter referred to as "IR Act"), I, Ranil Wickremesinghe, Minister of Finance, Economic Stabilization and National Policies, with the consent of the Commissioner General of Inland Revenue, do specify that the additional classes of persons required to register under Section 102 of the IR Act, shall be the resident persons specified in PART - A or PART - B of the Schedule hereto, other than any person who has been registered under the said Section 102 as at the date of this notification.

Ranil Wickremesinghe,
Minister of Finance, Economic Stabilization and
National Policies.

Ministry of Finance, Economic Stabilization and National Policies,
Colombo 01,
31st May, 2023.

1A- PG 6335 - 456 (05/2023)

This Gazette Extraordinary can be downloaded from www.documents.gov.lk

SCHEDULE

PART - A

With effect from June 01, 2023;

i. Practitioners registered with the Sri Lanka Medical Council established under the Medical Ordinance (Chapter 105)
ii. Members of the Institute of Chartered Accountants of Sri Lanka established by Act, No. 23 of 1959
iii. Members of the Institute of Certified Management Accountants of Sri Lanka incorporated by Act, No. 23 of 2009
iv. Members of Institution of Engineers Sri Lanka incorporated by Act, No. 17 of 1968
v. Members of Association of Professional Bankers, Sri Lanka
vi. Members of Sri Lanka Institute of Architects incorporated by Sri Lanka Institute of Architects Law, No. 01 of 1976
vii. Members of Institute of Quantity Surveyors Sri Lanka incorporated by Act, No. 20 of 2007
viii. Attorneys-at-Law of the Supreme Court of Sri Lanka
ix. The persons who registered their businesses in Divisional Secretariats
x. The persons who have vehicles registered (other than Three wheelers, Motor bicycles and Hand Tractors) in Department of Motor Traffic
xi. The persons who have purchased or acquired by virtue of Deeds of Transfer, of any immovable property in Sri Lanka on or after April 01, 2018
xii. Employee whose monthly contribution from both employee and employer to any Provident Fund is more than Rs. 20,000/-
xiii. Any individual who obtains approval for a building plan from a Local Authority
xiv. Any other individual who receives payment of Rs. 100,000/- per month or Rs. 1,200,000/- for twelve months period for providing any services in Sri Lanka

PART - B

With effect from January 01, 2024, any individual who does not belong to any category in PART - A, and :-

i. Who is at the age of 18 years or more as at December 31, 2023, or
ii. Who attains the age of 18 years on or after January 01, 2024, after attaining the age of 18 years.

EOG 05 - 0268

PRINTED AT THE DEPARTMENT OF GOVERNMENT PRINTING, SRI LANKA.

Sri Lanka Customs		
No.	**Recommendation**	**Action taken**
6.3.1	It is recommended taking the following measures to augment revenue generation of Sri Lanka Customs, especially in light of the absence of importation of motor vehicles constituting a significant 25% of its annual revenue: a) Implementation of efficient customs processes b) Usage of technology to improve the accuracy and speed of customs operations by minimizing the revenue leakage c) Implementation of robust risk management systems to identify and address potential revenue risks such as misclassification, undervaluation, and smuggling of goods d) Fostering the collaboration with other government agencies to share information and intelligence	The Risk Management Directorate of Sri Lanka Customs is in the process of developing an automated risk management system, and prototype development of this system is in the final stage. Initial discussions have been started with UNCTAD, the organization that introduced ASYCUDA, for the preparation of the IT solution required to implement linking with ASYCUDA as an app, and a technical committee has been appointed for this purpose. It is expected that the measures recommended in a), b), and c) will be addressed by implementing this procedure. This matter is also discussed in the Revenue Management & Cash Flow Analysis Meeting held weekly at the Ministry of Finance. Currently, discussions are being held with UNCTAD to include developments to the automated risk management system, and the decision will be made later. Also, discussions are being held with local companies to develop an automated risk management system.

6.3.2	It is recommended that a well-balanced National Tariff Policy which aims to create an enabling environment for economic growth, competitiveness, and sustainable development whilst protecting key domestic industries, regularly reviewing and updating the tariff policy to adapt to changing global trade trends be formulated and adopted.	Actions are taken in relation to the National Trade Facilitation Committee coordinating with border agencies, the private sector, and contributing agencies to achieve the Key Performance Indicators (KPI) in compliance with agreements implemented by the World Trade Organization for trade facilitation. After preparing the National Tariff Policy, which is more transparent, stable and based on accountability, the Ministry of Finance has worked to get the approval of the Cabinet of Ministers, and accordingly, the National Tariff Policy has been approved by the Cabinet of Ministers on 11th June 2024.
6.3.3	It is recommended revising and updating the tariff policy of the country as a measure to foster an increase in income received from exports.	In accordance with the National Tariff Policy approved by the Cabinet of Ministers on 11th June 2024, necessary measures will be taken to simplify or eliminate existing export taxes and thereby promote exports.
6.3.4	It is recommended removing para-tariffs with the objectives of simplifying the import/export procedures, enticing foreign investments, lowering the overall cost of imports, and enhancing the global competitiveness of exports.	As proposed by Budget 2023, the first phase of elimination of non-tariff import duties (Para Tariff) was implemented in the year 2023 to expand export-oriented trade. Efforts will be made to maintain a simple and transparent tariff policy to improve exports under the coverage of the National Tariff Policy.

<table>
<tr><td>6.3.5</td><td>It is recommended implementing a unified digital platform for the importation and exportation of goods</td><td>Sri Lanka Customs has implemented ASYCUDA World for the importation and exportation of goods. The importation and exportation procedures for all the goods are processed through this system. This ASYCUDA system is linked with border agencies to obtain special approvals for such things as quarantine, import control licenses, etc.

Recently the Forest Department joined the ASYCUDA World system. Already 18 institutions have joined this system. However, the Ministry of Finance has already initiated the National Single Window Project to implement this recommendation. Accordingly, a project unit was established.</td></tr>
<tr><td>6.3.6</td><td>It is recommended initiating a program to deposit funds generated from the auctions of forfeited items, and if necessary, introducing legal amendments to facilitate this</td><td>This has already been initiated. After auctioning the forfeited items, actions are being taken in accordance with Section 153 of the Customs Ordinance. (Annexure 11)</td></tr>
<tr><td>6.3.7</td><td>It is recommended imposing a fine of triple value for gold and other valuable items of more than 100g / 12.5 gold sovereign illegally brought into Sri Lanka</td><td rowspan="2">The opinion of the Attorney General has been sought regarding this matter. (Annexure 12)

A policy decision has to be taken regarding implementation of provisions in accordance with Section No. 101 of the Customs Ordinance.</td></tr>
<tr><td>6.3.8</td><td>It is recommended imposing a ceiling to bring gold to Sri Lanka (100g / 12.5 gold sovereign) and imposing the fine of triple value to the forfeited gold and valuables exceeding this ceiling</td></tr>
</table>

6.3.9	It is recommended avoiding causing inconvenience to Sri Lankan employees in the Middle East who carry a small amount of gold for their children. Instead, it is recommended the gold brought in by these carriers be forfeited, as they are frequent travelers, a fact that can be verified by examining their passports.	This will be decided through the National Tariff Policy.
6.3.10	It is recommended regulating the arecanut trade in Sri Lanka ensuring the sustainability of the trade and enhancing customs and border control measures to curb the illegal importation of dried arecanut.	Sri Lanka Customs has focused special attention on international arecanut trade, and required developments have been made to the risk management system to prevent illegal importation of arecanut. As an example, data relevant to arecanut shipments and re-shipments is used in the analysis.
6.3.11	It is recommended introducing the Artificial Intelligence (AI) Technology to scanners in the Bandaranayake International Airport, Colombo Port (New Container Scanning Unit) and Examination Yard at Rank Container Terminal	Sri Lanka Customs is planning to take further action, discussing with the relevant companies their technical capacity and cost for integrating Artificial intelligence (AI) technology into scanners used in the places as stated in the recommendation.
6.3.12	It is recommended reducing mis-invoicing by at least 50% at airports and harbors with the assistance of international trade community as certain government institutions also engage in mis-invoicing through technical manipulations	The outcome of these recommendations will be expected through the implementation of the Risk Management System (RMS) that is being developed by the Risk Management Directorate, the National Import Valuation Database Unit (NIVDU), and the ASYHUB project that is to be implemented in the future.
6.3.13	It is recommended incorporating the measures outlined in the Global Financial Integrity Report for preventing mis-invoicing and transfer pricing into the ASYCUDA system and enhancing ASYCUDA to seamlessly integrate this mechanism as an inherent feature of the	Also, a cabinet paper has already been submitted to the Cabinet of Ministers to prevent revenue loss to the government by temporarily providing a VAT number (2525).

	system. If the country could manage to save a half (50%) of the foreign exchange lost due to mis- invoicing, it has the ability to resolve the country's balance of payments crisis.	Accordingly, the necessary work is being done to amend the Value Added Tax Act.
6.3.14	It is recommended taking collaborative action to address the challenges of mis-invoicing in addition to transfer pricing issues in international trade in collaboration with key stakeholders including the Sri Lanka Customs, Inland Revenue Department and the Ministry of Finance, Economic Stabilization and National Policies	The Ministry of Finance has initiated actions by appointing a committee to prepare and implement an action plan in collaboration with Sri Lanka Customs, the Inland Revenue Department, and the Ministry of Finance to recover the revenue loss to the government due to irregularities in international trade and mis-invoicing. This data sharing, in collaboration with Sri Lanka Customs and the Inland Revenue Department, will allow us to obtain the information required for inquiries regarding irregularities and mis-invoicing, and in the future, such irregularities could be minimized.
6.3.15	It is recommended executing tax revision policies only after a thorough scientific evaluation and analysis of their consequences to prevent unjust gains or substantial losses to specific groups of individuals by the Ministry of Finance as tax revisions can have both positive and negative effects on various segments of the population	The Cabinet has approved the National Tariff Policy on 11th June 2024, and accordingly, the Ministry of Finance is working to make tax revisions in the future.
6.3.16	It is recommended maintaining an up-to date and reliable valuation database enabling the automatic determination of accurate import values.	The above 6.3.13 answer is relevant to this. The incorrect valuation data can be identified through the automated risk management system.

6.3.17	It is recommended fixing the Special Commodity Levy proportionately to the US dollar	Since the approval of the Cabinet of Ministers has been received on 25 March 2024 not to implement the special commodity tax from 01 January 2025, the activities will be carried out accordingly in the future.
6.3.18	It is recommended publicizing the CIF value, the amount of the Special Commodity Levy and the market prices of the imported essential food items in Dambulla) and in Colombo (per 1kg) in collaboration with the Consumer Affairs Authority in order to restrict the discretion of the traders to increase their prices arbitrarily.	Sri Lanka Customs shares data with the Consumer Affairs Authority, and actions are being taken to publish the prices of essential food items on the customs website.
6.3.19	It is recommended publishing the report detailing the costs of goods after the imposition of taxes, including the imported food items and fuel, prepared by Sri Lanka Customs, on a monthly basis through the websites of the Sri Lanka Customs and the Government Information Department.	The Consumer Affairs Authority publishes the prices. In the future, actions are being taken to publish fuel prices as well.

Annexure for 6.3.6

Annex II

Disbursement of forfeitures and penalties recovered under this Ordinance

153. The amount –

(78, 83 of 1988)

(1) of all forfeitures and penalties recovered under this Ordinance read with the provisions of any other written law; and

(83, 83 of 1988)

(2) of the proceeds of all such goods as may be disposed of by the Director-General under section 162 of this Ordinance, or under this Ordinance read with the provisions of any other written law,

(83, 83 of 1988)

shall be paid into the hands of such Director-General and shall (after deducting any expenses incurred) be paid and applied as follows:-

(a) one half to the Deputy Secretary to the Treasury, out of which sixty per centum shall be credited to the Consolidated Fund and the balance forty per centum to the Customs Officers Management and Compensation Fund (hereinafter in this Ordinance referred to as "as Fund") ; and

(83, 83 of 1988)

(b) the other half into a reward fund under the control of the Director-General for distribution, in accordance with a scheme to be approved by the Minister, among customs officers concerned and the informers.

Purposes for which the moneys of the Fund may be applied.

153 A. (1) The sum of money in the Fund shall be utilized for the following purposes:

(79, 83 of 1988)

(83, 83 of 1988)

(a) providing such facilities as appear to the Director-General to enhance the effectiveness of the management of customs; and

(b) granting compensation to any customs officer who is permanently, totally, partially disabled or temporarily incapacitated, or in the event of death of any customs officer, to the legal heirs, in any case where such disablement, incapacitation or death, as the case may be, is due to an injury-

(i) received by such officer while on duty, or

(ii) received by such officer while on a journey –

(a) from his place of residence

to his place of work to report for duty, or

(b) from his place of work to his place of residence after duty, or

(iii) received by such officer, while not on duty in the performance of some act which is within the scope of his ordinary duties, or

(iv) received by such officer in consequence of any act performed in the execution of his duties, or

(v) received by such officer as a result of any act of reprisal occasioned by, or arising out of, any action taken by him in the execution of his duties.

(83, 83 of 1988) (2) The Director-General may with the approval of the Minister by regulation provide for the principles and conditions subject to which compensation will be granted and for all other matters necessary or expedient for the establishment and operation of such a Fund.

(3) Any compensation granted in accordance with regulations made under the preceding provisions of this section in respect of disablement, incapacitation or death of a customs officer shall be in addition to any pension, gratuity

compensation, allowance or other benefit granted in respect of such disablement, incapacitation or death under the Minutes on Pensions, or any other written law.

Seized goods, if unclaimed for a month, to be condemned and dealt with accordingly.

(29, Law 35 of 1974)

(83, 83 of 1988)

(83, 83 of 1988)

(83, 83 of 1988)

154. (1) All ships, boats, goods, and other things which shall have been or shall hereafter be seized as forfeited under this Ordinance, shall be deemed and taken to be condemned, and may be dealt with in the manner directed by law in respect to ships, boats, goods, and other things seized and condemned for breach of such Ordinance, unless the person from whom such ships, boats, goods and other things shall have been seized, or the owner of them, or some person authorized by him, shall, within one months from the date of seizure of the same, give notice in writing to the Director-General or other chief officer of customs at the nearest port that he intends to enter a claim to the ship, boat, goods, or other things seized as aforesaid, and shall further give cash security to prosecute such claim before the court having jurisdiction to entertain the same and otherwise to satisfy the judgement of the court and to pay costs in such sum as the Director- General or proper officer of customs at the port where or nearest to which the seizure was made shall consider sufficient. If proceedings for the recovery of the ship, boat, goods or other things so claimed be not instituted in the proper

Annexture for 6.3.7 and 6.3.8

Annex 12

CUS/LA/AG/ADV/2023/10

15.11.2023

URGENT

Hon. Attorney General,
Attorney General's Department.
Colombo 12.

Directives given at the meeting of the Committee on Ways and Means held on 08.11.2023.

This has reference to the letter dated 10.11.2023 received from Deputy Principal Officer. Committee on Ways & Means on captioned matter (Copy Attached).

Following directives were given by Hon. Patali Champika Ranawaka, Chair of the Committee as quoted below to the Director General of Customs to implement within certain period of time.

1. To impose a fine of triple value for gold and other valuable items of more than 100g illegally brought in to Sri Lanka (On or before 20th November 2023).
2. To impose a ceiling to bring gold to Sri Lanka (100g / 12.5 gold sovereign) and impose the fine of triple value to the forfeited gold / valuables exceeding this ceiling (On or before 31st December 2023).

I wish to be advised as to whether

a. Directives 1. & 2. above are in conformity with the existing provisions of the Customs Ordinance and
b. If the answer to a) is in the affirmative, the Director General of Customs is required to comply with those directives disregarding grounds for mitigation.

Your early reply in this regard is greatly appreciated

P.B.S.C Nonis
Director General of Customs

11/12 2023 21:52 FAX 001

My No. E/467/2023

Your No. CUS/LA/AG/ADV/2023/10

Telephone Nos. 2147588, 2433967, 2320800, 2327919, 2149001(2)

E-mail administration@attorneygeneral.gov.lk

Fax 2436421

ATTORNEY - GENERAL'S DEPARTMENT

P.O. Box No. 502

Colombo 12.

2023.12.08

12 DEC 2023

RECEIVED 11 DEC 2023 D. G. C. 139

495

① ADHC(HR) 11/12

P.B.S.C. Nonis,
Director General of Customs,
Sri Lanka Customs,
Customs House, No. 40, Main Street,
Colombo 11.

Directives given at the meeting of the Committee on Ways and Means held on 08.11.2023

I refer to your letter dated 15th November, 2023 and the material annexed thereto.

Having considered the material made available I observe as follows:

At the outset it may be noted that the Committee on Ways and Means is mandated in terms of Standing Order 124 to recommend measures necessary to mobilize additional revenue for the Government and to consider its expenditure in strengthening the economic stability of the Country.

Having regard to the recommendation at Annexure 1, which makes no specific reference to a particular instance, the Director General of Customs would be required to take cognizance of the provisions of the Customs Ordinance., in exercising his discretionary powers having regard to the facts and circumstances of each case. In this context, attention is drawn *inter alia* to Sections 129,163 and 166B of the Customs Ordinance, which must be read with any other applicable provisions as may be relevant to the particular situation under consideration.

Amsara Gajadeera
StateCounsel

Sgd/ Kanishka de Silva Balapatabendi
Deputy Solicitor General
for Attorney General

Excise Department of Sri Lanka		
Number	**Recommendation**	**Actions taken**
7.3.1	Expediting the development of the Information Technology Application called Revenue Administration System for the Excise Department (RASED) by including the following components.	It was advised in the meeting held on 29.04.2024 at the Ministry of Finance under the patronage of the Additional Secretary to the Ministry of Finance regarding the establishment of the RASED system to select a service provider under the open procurement system for the development of the RASED system and to obtain the assistance of a procurement expert for the preparation of procurement documents for the same. The relevant discussion note is attached herewith. **(Annexure 13)** Accordingly, the basic procurement activities required to select a procurement expert under the open procurement system are being carried out. Departmental Consultative Procurement Committee to be appointed in this regard has been appointed on 31.05.2024.
	• To automatically revoke the liquor license of a liquor manufacturer if he commits any offense (such as defaulting of tax or manufacturing liquor bottles with fake security stickers).	This requirement can be fulfilled by implementing the Workflow and Rule Engine modules identified in the RASED system.
	• To renew liquor licenses through the online system.	It will enable the issuance of new liquor licenses and the renewal of existing liquor licenses through the online system by the license module identified in the RASED system.
	• To integrate it with the integrated revenue management system by linking it with other relevant agencies.	Approximately 24 clients of the Excise Department have been identified thus far. The need for data exchange and the data to be exchanged have now been identified

	• To use the National Identity Card Number as the Unique Identification Number	There is no possibility to use the National Identification Number as the unique identification number when dealing with companies. This recommendation can be implemented if this requirement is made mandatory under a national policy under a specific methodology.
	• Ability to use Public Private Partnership Model (PPP Model) to manage and operate this Information Technology Application.	RASED is going to be implemented with public and private institutions as follows. ❖ RASED project software development and Information Technology infrastructure development of the Department - Implementing through a Service Provider selected from a national open procurement process. ❖ Expert Consultancy Service – It has been proposed to be availed from University of Moratuwa. (A Cabinet Memorandum is being prepared to obtain Cabinet approval for the same.) Selection will be done on open basis. ❖ Implementing Agency - Excise Department / Liquor licensees including all private manufactories. ❖ Executing Agency - Ministry of Finance, Economic Stabilization and National Policies
7.3.2	• Introducing a non-fake unique security sticker system for all liquor manufactures • Availability of a system to the Sri Lanka Excise Department for identifying the authenticity of the manufactures • Customer's ability to verify authenticity through a QR app.	A letter has been issued to the Managing Director, Madras Security Printers dated 15.09.2023 **(Annexure 14)** regarding the said matter. According to the reply letter dated 03.07.2024 - **(Annexure 15)**, it is informed that the Excise Department officials have the ability to identify fake stickers by the marks on the security sticker and also that it can be submitted to the Excise Department for forensic tests, if further verification is required. Further, the Security Stickers and Security Stickers Management Committee has received the approval for the creation of stickers with a new facie to avoid fake

	• Implementation of an automatic taxation system at the time of affixing the relevant security sticker • Indicate date of manufacture, place and other relevant particulars.	stickers. It is expected the approval of the Security Stickers and Security Stickers Management Committee for the purchase order voucher related to the purchase of new stocks related to the new stickers to be introduced. Digital code printing was earlier printed in a way that was not visible to naked eye and presently arrangements have been made to print in a way that is visible to the naked eye. As a preliminary step, the relevant equipment has been installed in one of the manufactories where digital codes are printed and printing of digital codes has been started as visible to the naked eye. Since this agreement is an agreement prepared in relation to the issuance of stickers, it can be stated that a new system method (process work flow) can be set up through a change request for tax calculation. Moreover, it has been further informed that it is possible to get the date of activation of the sticker, manufacturer, strength and other information through the mobile application (mobile APP) which has already been released to the public.
7.3.3	It is recommended that for liquor manufacturers to implement a system where they can efficiently collect the revenue from the sale of liquor bottles from retail outlets within a period of seven days, and thereafter, these manufacturers should be able to pay the excise duty to the Sri Lanka Excise Department within a period of 15 days. The objective on enabling liquor manufacturers to regulate the collection of tax, minimize delays and maintain good cash flow.	The Excise Department does not have the legal capacity to intervene in the transactions between liquor manufacturing and retailers, although it has the ability to act only for supervision and regulation related to the manufacturing activities of the liquor industry according to the Excise Ordinance and within the framework of other existing law.

<table>
<tr><td>7.3.4</td><td>Preparing an effective payment plan for recovery of tax arrears from all liquor manufacturers and ensuring timely collection of tax arrears by the said payment plan.</td><td>Accounts Division and Legal Division of the Excise Department have already entered into agreements to recover tax arrears from manufacturers and steps have been taken to collect the said tax arrears before 30.11.2024. (Annexure 16)</td></tr>
<tr><td>7.3.5</td><td>No liquor manufacture should be distributed in the market till the government Analyst issues a certificate confirming that a manufacture is fit for human consumption and discharging of the duty in this regard is assigned to the Sri Lanka Excise Department as the relevant regulatory body.</td><td>Subsequently to the publishing the results of the tests conducted with the participation of the Sri Lanka Excise Department, the Government Analyst's Department, the Institute of Industrial Technology (ITI), the Sri Lanka Standards Institute and representatives of the alcohol industry regarding the quality of liquor manufactured from spirits sold in the local market, the Sri Lanka Excise Department has informed the alcohol manufactories regarding these standards through the letter No. ED/05/01 General – IX dated 25.05.2022 and currently the manufacturing of alcohol is taking place in relation to those standards. In addition, since the Sri Lanka Excise Department is responsible for ensuring that alcohol is manufactured according to these standards, the draft required to publish these standards through a gazette notification is being prepared .</td></tr>
<tr><td>7.3.6</td><td>Assigning an independent staff recruited from the Sri Lanka Scientific Service to the newly constructed laboratory of the Sri Lanka Excise Department and obtaining the necessary accreditation for the laboratory.</td><td>Approval has received for the following posts of the new laboratory to be established for this Department by the letter of Management Services Director General Number: DMS/1175/Vol. IV and dated 2024.04.18.
<table>
<tr><th>Index Number</th><th>Post</th><th>Relevant Service</th><th>Grade/ Class</th><th>Salary Code (According to the P.A.C. 3/2016)</th><th>Number of Approved Posts</th></tr>
<tr><td>01.</td><td>Director</td><td>Sri Lanka Scientific Service</td><td>I</td><td>SL 1</td><td>01</td></tr>
<tr><td>02.</td><td>Deputy Director/ Assistant Director</td><td>Sri Lanka Scientific Service</td><td>III/II</td><td>SL 1</td><td>01</td></tr>
<tr><td>03.</td><td>Laboratory Analyst</td><td>Departmental</td><td>III/II/I</td><td>MN 3</td><td>04</td></tr>
</table>
</td></tr>
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<table>
<tr><td></td><td></td><td><table><tr><td>04.</td><td>Laboratory Assistant</td><td>Departmental</td><td>III/II/I Special</td><td>PL 2</td><td>02</td></tr><tr><td>05.</td><td>Laboratory Attendant</td><td>Departmental</td><td>III/II/I Special</td><td>PL 1</td><td>02</td></tr></table>
2. Accordingly, letters dated 31.05.2024 have been sent to the Board of Scientific Services for necessary actions related to filling the vacancies required for the posts No. 01 and 02 above.

3. As new recruitment procedures have to be prepared for the posts No. 03, 04 and 05, this Division is currently undertaking the necessary actions thereto.</td></tr>
<tr><td>7.3.7</td><td>Regarding the preparation of a simple method for distinguishing Natural Toddy from Artificial Toddy.</td><td>According to a discussion held by the Sri Lanka Excise Department together with the Industrial Technical Institute and the Sri Lanka Standards Institute in relation to the preparation of standards related to Natural Toddy, it was decided to take samples of toddy from four areas covering the entire island and prepare the relevant standards. The said standards preparations were completed on 28.03.2024 and the standards for Natural Toddy were issued by the Sri Lanka Standards Institute. Before publishing those standards, Sri Lanka Standards Institute, Sri Lanka Excise Department, Industrial Technology Institute held a meeting on 26.04.2024 to present the said standards to Natural Toddy manufacturers and to get their opinions. According to the issues and agreements raised in that meeting, it was decided to take samples from several other areas where the climates are different and test them. The Sri Lanka Institute of Standards has done the procurement work to get the necessary provisions to carry out tests on toddy again and collection of natural toddy samples from the relevant areas is going to be commenced .</td></tr>
<tr><td>7.3.8</td><td>Planning the required work to prepare a mechanism to find out the method of manufacturing Artificial Toddy by checking the difference between the amount of toddy available in the market and the amount of naturally manufactured toddy.</td><td>Agree with this recommendation.

After implementation of 7.3.7 above, a method will be developed for this purpose.</td></tr>
</table>

7.3.9	To prepare a mechanism for daily observation of 38 toddy manufactories and to calculate the volume of liquor manufactured daily.	Already the bottled toddy manufactories are being supervised daily and stickers are being updated and taxes are being calculated through online method.
7.3.10	Making necessary arrangements to conduct a proper scientific investigation to determine the amount of ethanol wastage under the three stages that are manufacture, storage and transportation.	The Legal Division of the Department is working to identify the problems related to the waste existing in the distilleries, warehouses and manufactories administrated under the Excise Department and resolve the waste in proper methods. The Excise Commissioner General has appointed a committee to deal with the waste that remains in the liquor manufacturing in terms of the E.R.991.
7.3.11	Providing facility to the Excise Commissioner General to observe the CCTV footage of each manufactory by sending the CCTV footage of each manufactory to the operations unit of Sri Lanka Excise Department.	There are currently 26 liquor manufactories of the Department of Excise and they already have CCTV systems installed by them.However, each of these manufactories has carried out this work using different technical methods and, thus compatibility issues have arisen in linking the CCTV camera systems of each of the said manufactories. Therefore, it was proposed to install new CCTV systems through the same CCTV service provider to each of those manufacturing companies. Further, the Department held discussions with SLT and several other CCTV service providers and found that not only remote monitoring using CCTV camera systems but also using modern technology and AI technology, a large amount of data can be analyzed and obtained such as to check the number of bottles, bottle type, daily liquor manufacturing in manufactories, stickers were affixed on the bottles and whether the stickers are fake and calculating the entire tax in a day. Further, it is included a method (Alert System) as well to inform the relevant divisions at the same time if any error is detected through such an advanced CCTV camera system. Therefore,it has been proposed to install a more effective CCTV camera system using the new technology as above rather than simply installing

		CCTV camera systems in the liquor manufactories and monitoring it remotely by the Department. As the Department does not have prior experience in this regard, it is better to obtain suggestions from some of the relevant agencies and further study and install it before carrying out the task and the Department needs some time thereto. Similarly, the Production Module has presented a similar need for remote monitoring of the RASED system that the Department is looking to implement in the future. Hence, the compatibility between the CCTV camera system and the model of the RASED system, which is expected to be installed using this new technology has to be taken into consideration here. Therefore, it has been informed that the Department needs more time to study and implement the CCTV camera systems before installing them.
7.3.12	It is recommended to prepare a mechanism to regulate the sale of liquor through the online system that enable the paying of taxes and accordingly, take necessary actions to amend the necessary legal provisions to be able to observe the sale of liquor through the online system by the Sri Lanka Excise Department.	The amendments have been added into the Excise Act and have now been forwarded to the Legal Drafting Division.
7.3.13	Regarding legal amendments to the Excise Ordinance No. 08 of 1912 requiring a deposit on renewal of a liquor license or issuance of a new liquor license and consideration of alternatives such as a bank guarantee or suitable bond in establishing a deposit system,	Fees for i. Annual License ii. Security Deposit Amount, and iii. Lump-sum fee for Industry Access have been revised by the Excise Notification 03/2024 amending the Excise Notification 1004

	proposed deposit amount, provision for annual renewal, with an amount equal to six months manufacture capacity for each manufacturer.	
7.3.14	Actions taken to terminate the agreement with Madras Securities Private Limited if the Government Analyst's Report proves that the said fake security stickers were printed on the same paper used by Madras Securities Private Limited.	Forwarded to Government Analyst on 19.12.2023. An inquiry has been made regarding the raw materials of the manufacture and any mention has not been made in the analysis report by the Government Analyst. An explanation has been made only regarding the safety stickers. (**Annexure 17**)
7.3.15	It was recommended to amend the section 56 of the Excise Ordinance No. 08 of 1912 to increase the combine charge applicable for offenses committed by the liquor manufacturers and whether benefit can be availed by adjusting the existing amount) Five Lakhs Rupees (Rs. 500,000.00) ordered by the Excise Act No. 37 of 1990 (Amendment).	The Excise Ordinance has already been amended and preliminary work has been done to prepare a draft thereof.
7.3.16	Regarding carrying out a special analysis by the Ministry of Finance, Economic Stabilization and National Policies on the revenue lost to the country through the Excise Department due to the affixing of fake security stickers.	The Security Stickers and Security Stickers Management Committee has already been appointed under the leadership of a Deputy Secretary to the Treasury in order to conduct a special analysis in this regard. The committee will look into this matter.

Annexture for 7.3.1

Annex 13

<u>ශ්‍රී ලංකා සුරාබදු දෙපාර්තමේන්තුව සඳහා ආදායම් පරිපාලන පද්ධතියක් ස්ථාපිත කිරීම</u>

<u>රැස්වීම් වාර්තාව</u>

මුදල්, ආර්ථික ස්ථායීකරණ සහ ජාතික ප්‍රතිපත්ති අමාත්‍යාංශයේ අතිරේක ලේකම්ගේ ප්‍රධානත්වයෙන් 2024.04.29 දින ප.ව.2.30 ට අමාත්‍යාංශයේ 206 කාමරයේදී පැවැති ඉහත කමිටු රැස්වීම් වාර්තාව පහත පහත පරිදි ඉදිරිපත් කරමි.

<u>සහභාගීත්වය</u>

ඩී.එච්.එස්.පුල්ලෙපෙරුම මිය - සභාපති
අතිරේක ලේකම්
මුදල්, ආර්ථික ස්ථායීකරණ සහ ජාතික ප්‍රතිපත්ති අමාත්‍යාංශය

එම්.ජේ. ගුණසිංහ මයා - සාමාජික
කොමසාරිස් ජනරාල්
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කේ. ආර්. පත්මප්‍රිය මයා - සාමාජික
අධ්‍යක්ෂ ජනරාල්
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එම්.ආර්.ජී.ඒ.වී. මුතුකුඩේ මයා - සාමාජික
අතිරේක අධ්‍යක්ෂ ජනරාල් (වැ.බ.)
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එම්.එම්.සී.පී. මොහොට්ටිගෙදර මයා - සාමාජික
අතිරේක අධ්‍යක්ෂ ජනරාල් (රා.ඉ.)
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ජ්‍යෙෂ්ඨ සහකාර ලේකම්
මුදල්, ආර්ථික ස්ථායීකරණ සහ ජාතික ප්‍රතිපත්ති අමාත්‍යාංශය

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01.	සුරාබදු දෙපාර්තමේන්තුව වෙත හඳුන්වාදීමට නියමිත ආදායම් පරිපාලන පද්ධතිය සඳහා උපදේශන සේවාවන් ලබා ගැනීම මොරටුව විශ්ව විද්‍යාලය විසින් ලබා දී ඇති ඇස්තමේන්තුව	ඉදිරිපත් කර ඇති මිල ගණන් ඉතා ඉහල බැවින් ජාතික තරඟකාරී ලංසු කැඳවීමේ ප්‍රසම්පාදනය ක්‍රමයට යොමුවීම සඳහා අමාත්‍ය මණ්ඩල අනුමැතියට ඉදිරිපත් කිරීම	ලේකම්, මුදල්, ආර්ථික ස්ථායීකරණ සහ ජාතික ප්‍රතිපත්ති අමාත්‍යාංශය
02.	ජාතික තරඟකාරී ලංසු කැඳවීමේ ප්‍රසම්පාදනය ක්‍රමයට අදාල ලංසු කැඳවීමේ ලේඛණ සැකසීම	මේ සඳහා අවශ්‍ය තාක්ෂණික දැනුම සහිත උපදේශකවරයකු දෙපාර්තමේන්තු ප්‍රසම්පාදන කමිටුව මඟින් තෝරා ගැනීම	සුරාබදු කොමසාරිස් ජනරාල්

එම්.එම්.සී.පී. මොහොට්ටිගෙදර
අතිරේක අධ්‍යක්ෂ ජනරාල් (රා.ඉ.)
2024.04. 30

එම්. එම්. සී. පී. මොහොට්ටිගෙදර
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... 01.

Annexure for 7.3.2

Annex 14

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සුරාබදු කොමසාරිස් ජනරාල්
ஆணையாளர் நாயகம்
Commissioner General
2300166
2877890

අතිරේක සුරාබදු කොමසාරිස් ජනරාල් (ආදායම් ප්‍රතිපත්ති හා පාලන)
மேலதிக ஆணையாளர் நாயகம் (வருமானக் கொள்கை, நிர்வாகம்))
Additional Commissioner General (Revenue Policy & Admin) – 2877891

අතිරේක සුරාබදු කොමසාරිස් ජනරාල් (ආදායම් මෙහෙයුම් හා නීති ක්‍රියාත්මක කිරීම)
மேலதிக ஆணையாளர் நாயகம் (வருமான முகமைத்துவம், சட்டவலுப்படுத்தல்)
Additional Commissioner General (Revenue Management&Law Enforcement) – 2877892

ෆැක්ස් / பெக்ஸ் / Fax – 2877890

ඊ-මේල් / மின்னஞ்சல் / E-Mail – excisen@slt.lk

ශ්‍රී ලංකා සුරාබදු දෙපාර්තමේන්තුව
இலங்கை மதுவரித் திணைக்களம்
EXCISE DEPARTMENT OF SRI LANKA

දුරකථන අංකය / தொலைபேசி எண். / Telephone No – 2045000/ 2300904/ 2303258

අංක 353, කෝට්ටේ පාර. රාජගිරිය. இல.353, கோட்டை வீதி இராஜகிரிய. No 353, Kotte Road, Rajagiriya.

මගේ අංකය. / எனது இல: / My No. – ED/13/4-Vol.4

ඔබේ අංකය. / உமது இல: / Your No.

දිනය / திகதி / Date – 15.09.2023

Managing Director,
M/S Madras Security Printers Private Limited (MSPPL),
B-6 Phase 1, Mepzsez Thambaram,
Chennai 660 0415, India.

Dear Sir,

INTRODUCE A HOMOGENOUS FOOLPROOF STICKER SYSTEM FOR ALL 23 LIQUOR MANUFACTORIES

Ways and means committee of the parliament has directed this Department to introduce a homogenous foolproof sticker system for all 23 liquor manufactories by the end of the year 2023 including the following components:

- Authenticity identification for the consumer and the EDSL,
- Consumer friendliness,
- Inability to evade taxes
- Indication of date, place of manufacturing and all other relevant information

3. The Ways and means committee has also directed this Department to complete the introduction of the above homogenous foolproof sticker system on or before 31st December 2023.

2. Therefore, I hereby urge you to submit your observations and suggestions on the technical feasibility and method of implementation of the above directive within the stipulated timeframe.

J.M.S.N. Jayasinghe
Commissioner General of Excise

Original recd
19/09/2023

Copies:

I. Chairman, Committee on Ways and Means of the Parliament
II. Secretary, Ministry of Finance
III. Chairman, Fool Proof Sticker Management Committee, Ministry of Finance
IV. Director General, Department of Fiscal Policy
V. Director General (Government Revenue), Presidential Secretariat

Annexure for 7.3.2

Annex 15

MSP

MADRAS SECURITY PRINTERS
PRIVATE LIMITED

Regd. Office: 72 (Old No.781), THIRUVOTTIYUR HIGH ROAD, CHENNAI- 600 081, INDIA
PHONES: 00 91 44 25912699, 25916086, 25916942, FAX: 00 91 44 259113385
E-mail: customerrelations@madrassecurityprinters.com Website: www.madrassecurityprinters.com

Commissioner General of excise,
Excise Department of Sri Lanka,
No 353, Kotte Road,
Rajagiriya, Sri lanka.

07 MAR 2024

MSP/EDSL/070324

07/03/2024

Respected Sir,

Re: <u>INTRODUCE A HOMOGENOUS FOOLPROOF STICKER SYSTEM FOR ALL 23 LIQUOR MANUFACTORIES</u>

Greetings From MSP Pvt Ltd!

We acknowledge receipt of your letter dated 15.09.2023 with reference to ED/13/04 Vol-04 on the above subject.

We inform you that EDSL should decide to introduce a homogenous foolproof sticker system for all manufacturers. We are able to do digital marking or physical stamping according to your instructions.

Further, following will be our observations and suggestions for the points you have highlighted.

1. **Authenticity Identification for the EDSL.**

   Look for Security Features: Genuine excise tax stamps often contain various security features that are difficult to replicate. These features may include holograms, watermarks, microprinting, special inks, and other elements designed to deter counterfeiting.

   Check for Serial Number and Unique Code: Authentic excise tax stamps may have serial number and unique codes printed on them. You can verify these codes with the issuing authority to ensure they are legitimate.

   Inspect Quality and Details: Genuine tax stamps are usually produced with high-quality printing techniques. Inspect the stamp closely for any signs of poor print quality, such as blurred text or images, uneven borders, or smudges.

Regd. Office: 72 (Old No.781), THIRUVOTTIYUR HIGH ROAD, CHENNAI- 600 081, INDIA
PHONES: 00 91 44 25912699, 25916086, 25916942, FAX: 00 91 44 259113385
E-mail: customerrelations@madrassecurityprinters.com Website: www.madrassecurityprinters.com

Consult Experts: If filed officers uncertain about the authenticity of a tax stamp, consider seeking advice from trained excise officer who authorised to examine the forensic features by using the established forensic lab at the department of Excise.

2. Ability to consumer to verify the authenticity through a QR App

QR Code on Tax Stamps: Each excise tax stamp issued by the Sri Lanka excise department would contain a unique QR code. This QR code would be generated during the stamp production process and would contain encrypted information about the stamp's authenticity

QR Code Scanner App: Consumers would download a QR code scanner app onto their smartphones. This app would be available for free on app stores (android/iOS) and would allow users to scan QR codes with their device's camera.

Verification Process: When consumers purchase a product with an excise tax stamp, they can use the QR code scanner app to scan the QR code on the stamp. The app would then decrypt the information embedded in the QR code and verify its authenticity.

Instant Feedback: After scanning the QR code, the app would provide instant feedback to the consumer regarding the authenticity of the tax stamp. This feedback could be in the form of a simple message such as "Valid" or "Invalid," along with additional details if necessary.

Anti-counterfeiting Measures: To prevent counterfeiters from replicating QR codes, the encryption algorithm used to generate the QR codes would be robust and difficult to reverse-engineer. We have a plan to introduce the move to the general public with the launch of the new sticker design planned for 2024 since it required specific security features to be added.

In addition, MSP's research and development team works to change ink color from UV to visible while meeting essential security requirements such as overt, covert, and forensics.

As a result, we will be able to go ahead simultaneously with the new visible digital marking system in 2024 when EDSL is due to introduce a new paper tax stamp.

3. Automatic taxation at the moment of placing it

Integration with Excise Tax Stamp System: Integrate the tax calculation algorithm with the excise tax stamp production system. When a manufacturer or importer requests excise tax stamps for their registered products, the system automatically calculates the tax amount for each product and generates corresponding excise tax stamps.

Real-Time Verification: Implement a real-time verification mechanism to ensure that only registered products with valid excise tax stamps are allowed to be sold in the market. This verification can be done at various checkpoints, such as customs clearance points, distribution canters, or retail outlets.

Centralized Database: Maintain a centralized database that stores information about registered products, excise tax calculations, issued tax stamps, and verification status. This database would be accessible to relevant stakeholders, including tax authorities, manufacturers, importers, and law enforcement agencies.

According to the agreement signed by the Finance Ministry, Excise Department, and MSP Pvt Ltd, there is no need for such a facility in the current system. Hence EDSL is required to submit a "Change Request" with detailed process flow of the taxation process to add that facility to the existing software (Foolproof Management system) at an additional cost.

4. Indicating the date, Place of manufacturing and all other relevant information.

This information is already available by scanning the particular excise stamp through the "Excise Tax stamp validator" application and there is an additional provision to retrieve the same data manually by using the unique identity code assigned.

Further, there is capability to add more details about what the EDSL wants to show to general public.

MSP

MADRAS SECURITY PRINTERS
PRIVATE LIMITED

Regd. Office: 72 (Old No.781), THIRUVOTTIYUR HIGH ROAD, CHENNAI- 600 081, INDIA
PHONES: 00 91 44 25912699, 25916086, 25916942, FAX: 00 91 44 259113385
E-mail: customerrelations@madrassecurityprinters.com Website: www.madrassecurityprinters.com

Therefore, please let us know to the best of your ability the requirements and changes to be followed in a comprehensive report as this change request may take considerable time to implement, prioritizing new implementations to be followed by the Excise Department.

Yours Sincerely,

Imalka Jayasinghe
Operation Manager – Sri Lanka

Annexture for 7.3.4

Annex 16.

Tax Arrears Summary up to 31st May 2024

Serial No	Name of the Company/Person	Period of default Tax	Tax Arrears		Total Late Charges up to31.05.2024	Total tax with late charges up to 31.05.2024
			up to 31.12.2022	2023- 2024		
1	W.M.Mendis Company (Welisar/Moragalla)	(According to the Agreement)	1,292,877,137.79	-	2,115,446,380.67	3,408,323,518.46
2	W.M.Mendis Company (Welisara)	2023		1,478,464,480.06	100,307,514.87	1,578,771,994.93
	Total		**1,292,877,137.79**	**1,478,464,480.06**	**2,215,753,895.54**	**4,987,095,513.39**
3	Wayamba Distilleris	2004-2005	92,601,780.76			92,601,780.76
4	Wayamba Spirit	2004	41,931,975.76		238,670,903.48	280,602,879.24
5	Glob Blenders	1997-2004	127,018,962.59		1,017,310,882.44	1,144,329,845.03
6	Maclum Brewery		147,701,420.80		467,832,339.00	615,533,759.80
7	Kalutara Co-operative Distilleris	2019	6,104,615.00		11,590,999.05	17,695,614.05
8	Sinergy Distileries	2023		44,315,803.24	5,209,009.58	49,524,812.82
9	Higurana Distileries	2023-2024		111,176,817.96	1,338,948.70	112,515,766.66
10	Vayamba Distilleris / Royal Ceylon Distileries	2023-2024		94,653,445.08	7,473,382.57	102,126,827.65
11	Finland Distileirs	2024		41,598,043.34	1,337,400.53	42,935,443.87
	Total		**1,708,235,892.70**	**1,770,208,589.68**	**3,966,517,760.89**	**7,444,962,243.27**

Annexture for 7.3.14
Annex 17

ආණ්ඩුවේ රස පරීක්ෂක දෙපාර්තමේන්තුව
அரசாங்க இரசாயனப் பகுப்பாய்வாளர் திணைக்களம்
GOVERNMENT ANALYST'S DEPARTMENT

අංක 31, ඉසුරු මාවත, පැලවත්ත, බත්තරමුල්ල.
இல. 31, இசுறு மாவத்தை, பெலவத்த, பத்தரமுல்ல.
No. 31, Isuru Mawatha, Pelawatta, Battaramulla.
SRI LANKA.

දුරකථන / தொலைபேசிகள் / Telephones: 011 - 2786395, 011 - 2176800
ෆැක්ස් / தொலைநகல் / Fax: 011 2786394
E-mail : govanalyst@sltnet.lk

මගේ අංකය / எனது இல. / My No. ඒචී.පී.277/23
ඔබේ අංකය / உமது இல. / Your No.
දිනය / திகதி / Date 2023.12. 19

සුරාබදු දෙපාර්තමේන්තුව 04 JAN 2024 සුරාබදු කොමසාරිස් ජනරාල් කාර්යාලය

DC ... (ඉලෙ)
... 24/01/04

අත්අඩංගුවට ගත් සැකකටයුතු මත්පැන් බෝතල්වල අලවා ඇති ස්ටිකරයේ නිරවද්‍යතාවය සම්බන්ධ විශ්ලේෂණ වාර්තාවක් ලබාගැනීම

ඉහත විශ්ලේෂණයට අදාලව ශ්‍රී ලංකා සුරාබදු දෙපාර්තමේන්තුවේ සුරාබදු කොමසාරිස් ජනරාල් විසින් අංක ED/13/04/vol-04 සහ 2023-09-27 දිනැති ලිපිය සමඟ එවන ලද පැ01 සිට පැ16 ලෙස අංකිත මිලි 180 බෝතලවල අලවා ඇති ආරක්ෂිත ස්ටිකර සම්බන්ධයෙන් සැක කටයුතු ලේඛන පිළිබඳ ආණ්ඩුවේ නියෝජ්‍ය පරීක්ෂක කේ.ඒ.එස්. කලුආරච්චි මහතා සහ සැක කටයුතු ලේඛන පිළිබඳ ආණ්ඩුවේ පරීක්ෂක ජේ.එම්.ආර්. ජයසුන්දර මහතා විසින් සම්පාදිත පරීක්ෂණ වාර්තාවයි.

02. ඉහත සඳහන් ස්ටිකර පරීක්ෂා කර බලා 2023-09-27 දිනැති ලිපියෙන් දක්වා ඇති පරිදි වාර්තා කරන ලෙස සුරාබදු කොමසාරිස් ජනරාල් විසින් ඉල්ලා ඇත.

03. පැ01 සිට පැ16 ලෙස අංකිත මිලි 180 බෝතලවල අලවා ඇති ආරක්ෂිත ස්ටිකර සහ මා භාරයේ වූ අනුරූප ආදර්ශ ආරක්ෂිත ස්ටිකර අණ්වීක්ෂය සහ වෙනත් ප්‍රකාශ විද්‍යුත්මක උපකරණ මඟින් විවිධ ආලෝක තත්ත්ව යටතේ පරීක්ෂා කර ඒවා අතර සැසඳීමේදී මා හට පෙනී ගියේ,

3.1 පැ01 සිට පැ10 ලෙස අංකිත මිලි 180 බෝතලවල අලවා ඇති ආරක්ෂිත ස්ටිකර පාරජම්බුල ආලෝකය යටතේ පෙන්වන ප්‍රතිදීප්තියෙන් සහ ආරක්ෂිත උපක්‍රම වලින් අනුරූප ආදර්ශ ස්ටිකර පාරජම්බුල ආලෝකය යටතේ පෙන්වන ප්‍රතිදීප්තියෙන් සහ ආරක්ෂිත උපක්‍රම වලින් වෙනස්කම් දක්වන බවත්,

3.2 පැ11 සිට පැ16 ලෙස අංකිත මිලි 180 බෝතලවල අලවා ඇති ආරක්ෂිත ස්ටිකර පාරජම්බුල ආලෝකය යටතේ පෙන්වන ප්‍රතිදීප්තියෙන් සහ ආරක්ෂිත උපක්‍රම වලින් අනුරූප ආදර්ශ ස්ටිකර පාරජම්බුල ආලෝකය යටතේ පෙන්වන ප්‍රතිදීප්තියෙන් සහ ආරක්ෂිත උපක්‍රම වලින් සමානකම් දක්වන බවත්ය.

04. පැ01 සිට පැ16 ලෙස අංකිත මිලි 180 බෝතල් (ආරක්ෂිත ස්ටිකර සමඟ) බහා එවමි.

(ජේ.එම්.ආර්. ජයසුන්දර)
සැක කටයුතු ලේඛන පිළිබඳ
ආණ්ඩුවේ පරීක්ෂක

(කේ.ඒ.එස්. කලුආරච්චි)
සැක කටයුතු ලේඛන පිළිබඳ
ආණ්ඩුවේ නියෝජ්‍ය පරීක්ෂක

සුරාබදු කොමසාරිස් ජනරාල්, ශ්‍රී ලංකා සුරාබදු දෙපාර්තමේන්තුව, රාජගිරිය.

Annexture

ENGLISH TRANSLATION

GOVERNMENT ANALYST'S DEPARTMENT

No.31, Isuru Mawatha,Pelawatta,Batatramullla

My Number-H.P.277/23 Date-19.12.2023

Obtaining an analysis report regarding the accuracy of the sticker affixed on the seized suspected liquor bottles

This the investigation report prepared by the Government Deputy Inspector of suspicious Documents, Mr.K.A.S.Kaluarachchi and Government Inspector of Suspicious Documents, Mr.J.M.R.Jayasundara regarding the security sticker affixed in the 180ml bottles numbered from P01 to P16 sent along the letter No. ED/13/04/Vol-04 and dated 27-09-2023 by the Excise Commissioner General of the Excise Department in respect of the above analysis.

02. Excise Commissioner General has requested to check the above mentioned stickers and report as mentioned in the letter dated 27-07-2023.

03. I found by comparing the security stickers affixed to the 180 ml bottles numbered P01 to P16 with the corresponding model security stickers in my possession were examined under different light conditions by microscope and other optical instruments that,

3.1 the security stickers affixed to the 180 ml bottles numbered from P01 to P10 indicate differences in fluorescence under UV light and safety measures from the corresponding model stickers in fluorescence under UV light and security strategies.

3.2. the security stickers affixed to the 180 ml bottles numbered from P11 to P16 indicate similarities in fluorescence under UV light and security strategies. from the corresponding model stickers in fluorescence under UV light and safety measures.

04. The 180ml bottles numbered from P01 to P16 (with the security stickers) will be containerized and sent.

Sgd illegibly	Sgd illegibly
J.M.R.Jayasundara	K.A.S.Kaluarachchi
Government Inspector of Suspicious Documents	Government Deputy Inspector of Suspicious Documents

Welfare Benefits Board		
Number	**Recommendation**	**Actions taken**
9.3.1	It is recommended to provide a card containing a quota to spend on basic needs such as food, medicine, school supplies etc. of *Aswesuma* beneficiaries and to include fertilizer subsidy into this quota.	After finalizing the final list of *Aswesuma* welfare beneficiaries, a methodology is to be considered in this regard.
9.3.2	It is recommended to create an Integrated Welfare Management System (IWMS) to link all the welfare programmes of the government such as *Aswesuma* Welfare Benefit Scheme, elderly citizens' allowances scheme, Allowance for the disabled people and allowance for kidney patients with unknown etiology. Since the primary method of ensuring information is based on the observations and reports of field officers, it is essential to create an integrated welfare management system.	The computerized system has already been set up to integrate and implement the *Aswesuma* Welfare Benefit Scheme, Elderly, Disabled and Kidney Allowance Scheme. It is being implemented from July 2024. The lists of other external beneficiaries that are not included in the *Aswesuma* welfare benefit scheme will be systematically included in this scheme in the future. Accordingly, the IWMS system will be developed so that it can be applied to other welfare schemes.
9.3.3	By reducing the number of criteria and ensuring that psychological criteria are correctly used to identify the target group, it is recommended to streamline the selection process criteria (parameters) for the second calculation of the *Aswesuma* Welfare Benefit Scheme 2024.	Currently, a technical committee is studying on the revision of the criteria. As an adequate time is required to get its recommendations and revise and implement the regulations, it is expected to be implemented in the year 2025.

9.3.4	Considering houses consuming less than 30 units or less than 60 units (if the criterion is set less than 60 units, the use of solar panels should be taken into account), it is recommended to use the electricity bill as a criterion for assessing poverty.	The currently appointed technical committee has discussed the possibility of using main criteria such as electricity consumption, family income and property ownership for this purpose. Based on the information received from the Household Income and Expenditure Survey to be conducted by the Department of Population and Statistics, specific index limits will be obtained to formally identify those who are suffering from poverty.
9.3.5	It is recommended to assign greater weight to the economic level criterion while assigning less weight to the other criteria and to select criteria (parameters) that are measurable and unchallengeable.	The Technical Committee is studying how to take these points into consideration and implement them. Accordingly, it is to be implemented as appropriately in the future.
9.3.6	Before starting the second calculation of the *Aswesuma* benefit scheme, it is recommended to reconsider the parameters used for the selection process and conduct a field trial in a selected community.	Based on 200 selected families of Beruwala Divisional Secretariat, such a field test has been conducted with the support of the Department of Census and Statistics. Based on the results, the technical committee has taken recommendations regarding the revision of the parameters by conducting further examinations using extensive data. Since the result is not sufficient, this field inspection will be conducted on a broad basis by using relatively all the families living in the divisional secretary divisions and thus, will be implemented in the year 2025.
9.3.7	It is recommended to get the services of a field officer who knows the ground level reality of the community well. Considering the recruitment of Samurdhi Development Officers for welfare work they should be given priority and, if they are not available then the option of recruitment of Grama Niladhari Officers should be followed.	Steps have been taken to employ a mix of field officers such as Grama Niladhari officers, economic development officers and Samurdhi development officers who are compliant for this purpose.

9.3.8	In order to distinguish *Samurdhi* from *Aswesuma*, the proper awareness programme about *Aswesuma* should be carried out by the officials of the Welfare Benefit Board within a specific time frame.	For this purpose, a communication plan and strategy has been prepared and accordingly, proper awareness programmes are being maintained.
9.3.9	It is recommended to launch a joint empowerment programme aimed at empowering the beneficiaries of the *Aswesuma* Benefit Scheme in collaboration with Vidatha Centres. The programme will involve utilizing of the 'Saubhayya' loan scheme provided by the Central Bank of Sri Lanka and utilizing the resources of the Samurdhi Banks of the Samurdhi Department as a base. It is essential to Include capital, technology and marketing efforts to encourage entrepreneurship among beneficiaries.	This role has been assigned to the Department of Samurdhi Development.
9.3.10	Implementation of an effective social safety net is recommended.	For this, steps have been taken to enter into contracts with relevant companies for the development of the undeveloped parts of the IWMS system by bridging the gaps. In the future, it is planned to conduct a rapid survey together with the Department of Census and Statistics and make the social security network more effective.
9.3.11	The Department of Census and Statistics recommends conducting the Household Income and Expenditure Survey (HIES) once in every three years. Accordingly, since the previous survey was conducted in the year 2019, the next household unit income and expenditure survey should have been conducted in the year 2022.	Since the Department of Census and Statistics has not conducted the Household Unit Income and Expenditure Survey after 2019 and, as it will not be conducted in 2024, a rapid survey is to be conducted and the Household Unit Income and Expenditure Survey is scheduled to be conducted in the year 2025.

9.3.12	It is recommended that efforts should be made to resolve the issues related to the termination of the Grama Niladhari Service Minute and, to seek the support of the Grama Niladhari for the second calculation of the *Aswesuma* Welfare Benefit Scheme to be started in 2024.	The Ministry of Public Administration is working on termination of the service Minute and, only a part of the Grama Niladhari officers have given support for the second step of *Aswesuma* welfare programme. In relation to this subject, a monthly allowance of Rs. 2500/- is currently being paid to these officials.
9.3.13	It is recommended to initiate a programme to meet various expenses in each Grama Niladhari domain including items like stationery and fuel etc. with substantial provision from the decentralized budget.	This is a work to be done by the Ministry of Public Administration. However, for the implementation of the *Aswesuma* programme, the District Secretaries are given the necessary financial allocations by the Welfare Benefit Board for the administrative expenses including for that of the Grama Niladhari officers.
9.3.14	It is proposed to create a list of duties indicating the work expected from the Grama Niladhari in relation to the second phase of the *Aswesuma* benefits scheme, to issue a letter of delegation of authority to the Grama Niladhari officers by releasing them from the responsibility of the applicant's self-declared information, to ensure that Sections 21 and 22 of the Welfare Benefits Act No. 24 of 2002 are not enforced and that any misconduct done by a Grama Niladhari in the welfare benefits scheme will be dealt with in accordance with the provisions of the Establishment Code and Financial Regulations.	These recommendations have already been duly implemented by the Ministry of Public Administration

9.3.15	It is recommended to create an online digital platform linking the Registrar General's Department and the Pensions Department, Immigration and Emigration Department and the Department of Registration of Persons	This will be dealt together with the relevant ministries in the future.
9.3.16	It is recommended that a senior officer of the Department of Pensions be appointed as the Public Relations Officer for the task of maintaining coordination to discuss the grievances and concerns of the pensioners and that a meeting be held every three months by the Public Relations Officer of the Department of Pensions with the representatives of all pensioners' associations.	This recommendation should be forwarded to the Ministry of Public Administration, Home Affairs, Provincial Councils and Local Government.
9.3.17	It is recommended to provide an adequate amount as cost of living allowance to pensioners on humanitarian grounds and to formulate a formula to adjust the cost of living in proportion to the prevailing cost of living index.	The possibility of implementing these recommendations in the fiscal space should be studied.
9.3.18	It is recommended to look into the possibility of giving Agrahara benefits to the pensioners who retired from government service before 01.01.2016.	
9.3.19	It is recommended to increase interest to for the fixed deposits of senior citizens up to 9%	A policy decision has to be made according to the existing financial constraints regarding the provision of this subsidy and, the banking system should deal with this.

9.3.20	It is recommended that necessary action be taken to pay the Elderly Allowance, by Government Banks (People's Bank and Bank of Ceylon).	Divisional Secretaries have already been told to take steps to make payments through bank accounts
9.3.21	It is recommended to include disabled and elderly beneficiaries in the list of people who should receive social benefits (Social Registry) prepared under the *Aswesuma* benefit scheme.	Steps will be taken to include these people gradually as per the approved welfare benefits scheme.
9.3.22	It is recommended to launch a programme to provide lunch to the students at the school level by creating a supply chain of local producers at the rural level.	This recommendation should be forwarded to the Ministry of Education.

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