

2014

PERFORMANCE REPORT



DEPARTMENT OF INLAND REVENUE - SRI LANKA

**PERFORMANCE REPORT
OF THE
COMMISSIONER GENERAL OF INLAND REVENUE**

2014

R.M.R.W. Manchanayake

DEPARTMENT OF INLAND REVENUE

The Summary of the Performance during the Year 2014

Inland Revenue Department contributed to the Government objective of collecting revenue for the development of the country during the year 2014. The total Revenue collected by the IRD during the year 2014 was Rs. 514,161 million recording an increase of 21,622 million over that of the previous year. It was a 43.02% contribution to the total Government Revenue and 5.25% to the Gross Domestic Production of the year.

The integrated mechanism consisting of both facilitation and enforcement measures for the enhancement of tax compliance enabled the IRD to fulfil her objectives.

The commendation scheme of issuing privilege cards to taxpayers recognizing their invaluable contribution to the Government revenue and economy continued during the year for the of taxpayer.

On the other hand, by regulating tax audits, undisclosed income and turnover amounting to Rs.281,425 million could be taxed during the year. Additional taxes assessed during the year based on that amounted to Rs.28,638 million.

In addition, other means of compliance facilitating monitoring and enforcement were continuously used as provided in respective enactments along with the Default Tax Recovery Act for the recovery of tax.

The Committee for interpretation of Tax Laws issued interpretations on 77 cases during the year, in addition to necessary guidelines and instructions on certain provisions of the legislation.

A considerable number of new tax files had been opened with the initiatives taken by the Information Branch, Taxpayer Service Unit, other assessing units and Regional offices.

During the year Taxpayer Service Unit was strengthened with officers to assist every person seeking help or information. A number of seminars and lectures were organized with a view to educating taxpayers as well as the staff of the IRD.

During the year Inception Report and Project Plan of the Revenue Administration Management Information System (RAMIS) were completed and the procurement process has been initiated to establish the required infrastructure facilities. After exchanging initial information, discussions were concluded with 23 external institutions which are planned to be connected with network under the Project and memorandums of understanding were scheduled to be signed.

Vision

To be a taxpayers friendly tax administrator delivering excellent service to the tax paying public, with well trained and dedicated staff.

Mission

To collect taxes in-terms of relevant tax and other related laws, by encouraging voluntary compliance while deterring tax evasion and tax avoidance,
and

To enhance public confidence in the tax system by administering relevant tax and other related legislation fairly, friendly and expeditiously and thereby facilitate and foster a beneficial tax culture.

Strategic Goals

- To improve voluntary compliance by taxpayers with the tax laws through programs, which encourage and assist in that and detect those who do not comply and, where necessary, take appropriate corrective action.
- To improve the effectiveness of the Department by the application of efficient work methods, technology and better utilization of available resources.
- To enhance the productivity and professionalism of the staff through management and technical training, work experience, and thereby to enable them to contribute more effectively towards the fulfillment, by the Department, of its mission.

PRINCIPAL OFFICIALS

Mrs. R.M.R.W. Manchanayake	Commissioner General of Inland Revenue
Mrs. L. Ramanayaka	Deputy Commissioner General Advisor of Tax Policies - Ministry of Finance and Planning
Mrs. K. Dahanayake	Deputy Commissioner General Director General - Ministry of Finance and Planning Department of Information Technology Management
Mr. K.A.G. Abhayarathne	Deputy Commissioner General Investigation, Regional Offices and Information
Mrs. W. Anulawathie	Deputy Commissioner General Tax Payer Services, Appeal, Stamp Duty & WHT
Mr. D.M.L.I. Dissanayake	Deputy Commissioner General Human Resources and Human Resources Development
Mr. A.N. Guruge	Deputy Commissioner General Large Tax Payers Unit, Cooperate Tax I & II, Betting & Gaming Levy
Mrs. P. Rohini	Deputy Commissioner General Procurement & Supplies

Senior Commissioners

Mrs. R.M.P.S.K Rajapaksha	Collection and Clearance and Default Tax Recovery Information
Mr. A.A.D.U. Abesinghe	Indirect Tax Administration
Ms. D.G.P.W. Gunathilake	Tax Policy, Planning & Development, Legislation, Rulings International Affairs, and BOI Enterprises
Mr. J.P.D.R. Jayasekara	Information and Communication Technology
Mr. D.M.S. Disanayake	Large Taxpayers Unit - I
Mr. M.G. Somachandra	Human Resources Development
Mrs. C.H. Weerasingha	Internal Audit and Assessment Control
Mrs. H.M.D. Munasingha	Large Taxpayers Unit - I
Mr. P.G.K. Samarathunga	Corporate Tax Unit - II
Ms. S. Karunarathna	Secretariat Branch
Mr. O.P.P.K. Sirisena	Procurement and Supplies
Mr. K. Dharmasena	Investigation
Ms. B. A. D. D. Herath	International Affairs, Transfer Pricing Regulations and Zone I
Mr. D. B. Dissanayake	NBT,ESC, Betting and Gaming Levy, ESC, WHT (on Interest) and Zone II
Mr. D.D.N.P Koralearachchi	Human Resources
Mr. T.M. Dayananda	Information
Mr. W.S.K. De Costa	VAT and SVAT
Mr. M.S.M. Fuward	Appeal
Mr. P.M. Dissanayake	VAT Refund and Special Audit
Mr. P.L.S. Liyanage	Taxpayer Services, Legal and Stamp Duty
Mr. A.A. Dayarathne	Zone III, PAYE and Unit 1, 2 & 3

Taxes Administered by the IRD during the year

Taxes imposed under enactments administered by the IRD during the year are as follows.

Tax	Enactments
Income Tax	Inland Revenue Act. No. 10 of 2006 as amended by Act No.10 of 2007, 9 of 2008 , 19 of 2009, 22 of 2011, 8 of 2012, 18 of 2013 and 8 of 2014
Value Added Tax (including VAT on Financial services, Advance Tax on VAT and Optional VAT)	Value Added Tax Act. No. 14 of 2002 as amended by Act No. 7 of 2003, 13 of 2004, 6 of 2005,8 & 49 of 2006, 14 of 2007, 15 of 2008 ,15 of 2009 , 9 of 2011, 7 of 2012, 17 of 2013 and 7 of 2014
Economic Service Charge	Economic Service Charge Act. No. 13 of 2006 as amended by Act No. 15 of 2007, 11 of 2008, 16 of 2009, 11 of 2011, 11 of 2012, 6 of 2013 and 9 of 2014
Nation Building Tax	Nation Building Tax Act. No. 9 of 2009 as amended by Act No.32 of 2009 , 10 of 2011 , 9 of 2012, 11 of 2013 and 10 of 2014
Betting and Gaming Levy	The Betting and Gaming Levy Act. No. 40 of 1988
Stamp Duty	Stamp Duty Act. No. 43 of 1982 and the Stamp Duty (Special Provisions) Act. No. 12 of 2006 as amended by Act No 10 of 2008 and 13 of 2011
Share Transaction Levy	Finance Act. No. 5 of 2005 and Finance Act. No. 13 of 2007
Construction Industry Guarantee Fund Levy	
Social Responsibility Levy	Finance Act. No. 5 of 2005, Finance Act No. 11 of 2006 and Finance Act. No. 8 of 2008
Transfer Tax on Land	Land (Restrictions on Alienation) Act No. 38 of 2014

The IRD continued to deal with the work of assessment and collection of following taxes, which were in force earlier and have since been repealed or abolished.

Tax	Relevant Enactment
National Security Levy	The National Security Levy Act. No. 52 of 1991 as amended
Goods and Services Tax	The Goods and Services Tax Act. No. 34 of 1996 as amended
Save the Nation Contribution	The Save the Nation Contribution Act. No. 5 of 1996 as amended
Surcharge on Wealth Tax	The Surcharge on Wealth Tax Act. No. 25 of 1982 and Act No. 8 of 1989
Surcharge on Income Tax	The Surcharge on Income Tax Act. No. 26 of 1982, Act No. 12 of 1984, Act No. 7 of 1989 as amended
Debits Tax	Debits Tax Act. No. 16 of 2002 as amended by Act No 05 of 2003, 12 of 2007, 17 of 2009 and 14 of 2011
Estate Duty	The Estate Duty Act. No. 13 of 1980 as amended
Turnover Tax (Northern Province)	The Turnover Tax Act. No. 69 of 1981 as amended

Table of Contents

The Summary of the Performance during the Year 2014	iii
Principal Officials	vii
Taxes Administered by the IRD during the year	ix
Table of Contents	xi
PART I HUMAN RESOURCE MANAGEMENT AND DEVELOPMENT	1
Chapter 1 Human Resources	3
1.1 Approved Cadre, the number in post and vacancies	5
1.2 Promotions	5
1.3 Retirements	6
1.5 Training	7
1.5.1 In House Training.....	7
1.5.2 Overseas Training.....	8
1.5.3 Overseas Training Provided through the FMRP.....	10
PART II TAX ADMINISTRATION	11
Chapter 2 Collection of Revenue	13
2.1 Number of Taxpayers and Tax Files	15
2.2 Total Revenue Collection	16
2.3 Total Revenue Flow	17
2.4 Revenue Comparison with Previous Year	18
2.5 Transfer of Revenue of Stamp Duty and Nation Building Tax to Provincial Councils	18
2.6 Collection of Revenue – Self-Assessment and Other	19
2.7 Inland Revenue Contribution to the Government Revenue	19
2.8 Return Compliance.....	20
2.9 Income Tax Collection	21
2.9.1 Income Tax Collection – Sector-wise Clarification.....	21
2.9.2 Source-wise Analysis of Income Tax Collection.....	22
2.9.3 Main Policy Changes relating to Income Tax.....	22
2.10 Value Added Tax Collection	24
2.10.1 Industry wise Contribution of VAT.....	25
2.10.2 Main policy changes relating to VAT.....	26
2.11 Nation Building Tax Collection	27
2.11.1 Main policy changes relating to NBT.....	28
2.12 Economic Service Charge Collection	28
2.13 PAYE Collection.....	28
2.14 Withholding Taxes (on interest and Specified fees).....	29
2.15 Betting and Gaming Levy	29
2.16 Construction Industry Guarantee Fund levy	29
2.17 Stamp Duty Collection	29
2.18 Transfer Tax on Land	29
2.19 Inland Revenue Collection 2010 to 2014 (Tax wise)	30
Chapter 3 Expenditure and Productivity Ratio	31
3.1 Comparison of the Total Expenditure incurred during the years – 2012, 2013 and 2014.....	33
3.2 Productivity Ratio.....	34
3.3 The Internal Audit	35
Chapter 4 Taxes in Default	37
4.1 Taxes in Default	39
4.2 Plans for reduction of Default Taxes	40
4.3 Maintenance of arrears of tax at 3%	40
Chapter 5 Audits, Additional Tax Collection, Refunds, Recovery Action, and Appeals	41
5.1 Audits	43
5.2 Appeals	43
5.3 Post VAT Refund Audits.....	44
5.4 Recovery Actions	44
5.5 Refunds	44
Chapter 6 International Relations	45
6.1 Double Tax Avoidance Agreements.....	47
6.1.1 Affairs related to Double Taxation Treaties during the Year 2014.....	48
6.2 Participations at International Taxation Matters Abroad	48
Chapter 7 Legislation	51
7.1 Legislation enacted during the year	53
7.2 Approved Charities.....	53
7.3 Gazette Notifications.....	53
7.4 Interpretation Committee.....	53
Chapter 8 Other Work	55
8.1 Taxpayer Service Unit.....	57
8.2 Details of the Directions and Clearance Certificates issued by the Department	57
8.3 Analytical Reports.....	57
8.4 Training Branch.....	57
8.5 Revenue Administration and Management Information System (RAMIS).....	58

PART I
HUMAN RESOURCE MANAGEMENT
AND DEVELOPMENT

Chapter 1

Human Resources



1.1 Approved Cadre, the number in post and vacancies

of the Department, the number in post and the vacancies, as at 31, December 2014.

The following table shows the approved cadre

Cadre as at 31.12.2014			
Position	Approved Cadre	Number in Post	Vacancies
<u>Inland Revenue Service</u>			
Commissioner General	1	1	-
Deputy Commissioner General	9	7	2
Senior Commissioner	22	22	-
Commissioner	90	88	2
Senior Deputy Commissioner / Deputy Commissioner/ Assistant Commissioner	1110	1020	90
Senior Tax Officer/ Tax Officer	-	105	-
<u>Other Services</u>			
<u>Combined Services</u>			
Director (Administration)	1	1	-
Accountant	8	7	1
Public Management Assistant (Supra)	3	3	-
Translator	9	9	-
Librarian I	1	1	-
Librarian III	1	-	1
Budget Assistant	2	2	-
Public Management Assistant	1000	540	460
Transport Officer	1	-	1
Driver	74	74	-
KKS	319	297	22
<u>ICT Service</u>			
Director (ICT)	1	-	1
Deputy Director/ Assistant Director (ICT)	6	4	2
Officer (ICT)	12	11	1
Assistant (ICT)	30	30	-
<u>Other</u>			
Engineer	1	1	-
Technical Officer	2	-	2
Building Supervisor	1	-	1
Research Associate	11	11	-
Supply Assistant	2	-	2
Receptionist	4	3	1
Store man	2	-	2
Carpenter	1	1	-
Total	2724	2238	591

1.2 Promotions

- Mrs. R.M.R.W. Manchanayake Deputy Commissioner General, was appointed to the post of Commissioner General to Inland Revenue, effective from August 01, 2014.
- The following Senior Commissioners and Commissioners were assigned with the duties of Deputy Commissioner Generals

Name	Effective date
Mrs. K.Dahanayake	01.01.2014
Mr. K.A.G. Abhayarathne	01.01.2014
Mrs. W. Anulawathie	01.01.2014
Mrs. R.M.R.W. Manchanayake	01.01.2014
Mr. D.M.L.I. Dissanayake	01.01.2014
Mr. A.N. Guruge	01.01.2014
Mr. Rohoni	01.01.2014

- Twenty two Commissioners were promoted to the rank of Senior Commissioners.
- Twenty nine Deputy Commissioners were promoted to the rank of Commissioner.

1.3 Retirements

The following senior officers retired from the service during the year.

- Mrs. Mallika Samarasekera
Commissioner General
- Mr. H B A Senevirathne
Additional Commissioner General
- Mr. K.A.P. Kaluarachchi
Deputy Commissioner General
- Mr. P.K. Padmanadan
Commissioner
- Mr. M.H.N. Amarakoon
Commissioner

Other Retirements

- | | |
|-------------------------------|----|
| • Assistant Commissioner | 06 |
| • Chief Accountant | 01 |
| • Public Management Assistant | 03 |
| • KKS | 06 |

Mrs. M. Samarasekara

Mrs. M. Samarasekara was appointed Commissioner General of Inland Revenue on December 26, 2011. She began her career with the Department on December 01, 1978 as an Assessor and held several important positions in the tax administration. During her tenure of office spanning 35 years, Mrs. Samarasekara underwent training and participated in several overseas taxation programs including Taxation Course held in Japan in 1990, Malaysian General Tax Administration Course in

Malaysia in 2001, training program on Practical issues of Tax Policy and Tax Administration in Developing Countries held in India in 2006 and program on Revenue Administration and Treasury Management Information System in Korea in 2010. She represented the Department at the Tax Conference held in Japan in 2006 and in India in 2010, Asian Tax Authorities Symposium in Malaysia in 2012 and 33rd Annual Technical Conference of Commonwealth Association of Tax Administrators in Malta in 2012. Several programs for upgrading the revenue administration were initiated during her tenure of the Commissioner General including RAMIS.

Mr. H.B.A. Senevirathne

Mr. H.B.A. Senevirathne joined the Department in 1978 as an assessor. At the time of his retirement which took place on 19.03.2014, he was functioning as the Additional Commissioner General. Mr. Senevirathne counted 36 years of dedicated service in the IRD serving in respective capacities in Inland Revenue service. During his tenure of office, he participated in several overseas taxation programs including Seminar on taxation in Japan in 1992, program on Upgrading the Technical Capabilities in Tax Policy Analysis in USA in 1999, the Commonwealth Association of Tax Administrators workshop on Taxation of International Transaction held in Malaysia in 2003, OECD Global Forum on taxation, 9th Annual Taxation meeting in France in 2004, 10th Annual International Taxation meeting on Tax Treaties held in Paris in 2005, 31st CATA Annual Technical Conference held in Nigeria and The Commonwealth Association of Tax Administrators Management committee meeting in Malta in 2012. Mr. Senevirathne represent IRD in almost all negotiations for Double Taxation Avoidance Agreements during his tenure. He also performed as the chairman of the Committee for Interpretation of Taxation which was responsible for the interpretation of provisions in tax statutes

administered by the Commissioner General of Inland Revenue. He provide a tremendous service internal training programs for the IRD officials.in addition he was at the helm of CATA conference in 2011 and SAARC Training Program in 2012 both held in Sri Lanka.

Mr. K.A.P. Kaluarachchi

Mr. K.A.P. Kaluarachchi who joined the IRD in 1980reached the rank of deputy commissioner general on January 08, 2011. He retired from the service on December 08, 2014. Mr. K.A.P. Kaluarachchi during the tenure of his office, underwent training and participated in several overseas taxation programs including program on upgrading the Technical Capabilities In Tax Policy Analysis in USA in 1999, training program on Practical issues of Tax Policy and Tax Administration in Developing Countries held in India in 2007, specialized training program on Investigation and Management at NADT in India in 2007 and training program on E- Governance and Change Management held in Singapore in 2013. He represented the Department at the 31st CATA Annual Technical Conference held in Nigeria in 2010, 66th congress of international fiscal association in USA in 2012 and 34th CATA Annual Technical Conference in Rwanda in 2013. He engaged in

an admirable service in administrative of corporate tax for long time.

1.4 Disciplinary Actions

Category	Assessor	Tax Officer
Balance o/s as at 01.01.2014	9	-
Commenced during the year	1	-
Concluded during the year	-	-
Balance o/s as at 31.12.2014	10	-

1.5 Training

1.5.1 In House Training

Training Branch of the IRD conducted training courses and examinations for assessors and tax officers, regularly with the aim of enhancing their knowledge and improving their analytical skills, particularly in taxation and accountancy. These courses are designed to provide the training on subjects, required to fulfill various service requirements of officers for confirmation in the respective grades and to acquire knowledge for discharging duties.

Details of personnel trained and the examinations held during the year were as follows.

▪ For Deputy Commissioners and Assistant Commissioners

Course / Examination	Number of Trainees	
Training classes conducted for Assessors in Class II Grade II for the First Departmental Examination	04	
Training classes conducted for Assessors in Class II Grade II for the Second Departmental Examination	60	
Skills Development programme on computer based accounting packages for Deputy Commissioners and Assistant Commissioners	64	
Second Departmental Examination for the Assessors in Class II Grade II	1 st Attempt	04

▪ Seminars, Work Shops etc

In addition to the routing programs several programs to provide specialized knowledge on application of tax statutes and relevant guidelines were also conducted during the year.

The objective of those programs was to provide knowledge on technical areas of relevant statutes and standards.

Subject	No. of seminars/ workshops held during the year	No. of officers attended
New PAYE Annual Declaration and Schedules with the Guidance of Terminal Benefits	1	150
Creative Positive Interaction with taxpayers in Conducting Audits	1	42
Transfer Pricing Arm's Length Determination	1	52
Field Investigation in a Computerized Accounting Environments	1	72
Transfer Pricing	1	46
IFRS	1	53
International Taxation	1	53

1.5.2 Overseas Training

As usual arrangements were made for officials of the Department to participate in training programs, seminars or workshops held abroad with a view to expose them to the advancement of administration of tax legislation and best

practices of the other countries in order to maintain a high level of professionalism as tax administrators. Details of officers who participated in such abroad for seminars, workshops and the programs are as follows.

	Name and Designation of the Officer	Name of the Programme/Seminar/Workshop	Country	Duration
1	Mrs. K. Dahanayake Deputy Commissioner General	Fifth High-level Tax Conference for Asian Countries	Japan	21.04.2014 - 23.04.2014
2	Mr. D.M.L.I. Dissanayake Deputy Commissioner General	Transforming Human Resource : Driving Alignment between HR and the Organization	UK	07.07.2014- 11.07.2014
3	Mr. D.M.L.I. Dissanayake Deputy Commissioner General	Signing of MOU on e-Governance Training Programme	Malaysia	07.09.2014- 09.09.2014
4	Mr. A.N. Guruge Deputy Commissioner General	Asian Tax Authorities Symposium	Indonesia	03.06.2014- 05.06.2014
5	Mr. A.A.D.U. Abeyasinghe Deputy Commissioner General	35th CATA Annual Technical Conference	Botswana	10.11.2014- 14.11.2014
6	Miss D.G.P.W. Gunathillake Deputy Commissioner General	Advanced Transfer Pricing Case Studies	Malaysia	01.12.2014- 05.12.2014
7	Mr. J.P.D.R. Jayasekera Deputy Commissioner General	Signing of MOU on e-Governance Training Programme	Malaysia	07.09.2014- 09.09.2014
8	Mr. P.G.K. Samarathunge Senior Commissioner	Conference on The Future of VAT in a Digital Global Economy	Austria	24.09.2014 - 26.09.2014
9	Mr. O.P.P.K. Sirisena Senior Commissioner	Asian Tax Authorities Symposium	Indonesia	03.06.2014- 05.06.2014
10	Mrs. B.A.D.D. Herath Senior Commissioner	Base Erosion and Profit Shifting	Korea	20.02.2014 - 21.02.2014
11	Mr.D.B. Dissanayake Senior Commissioner	35th CATA Annual Technical Conference	Botswana	10.11.2014- 14.11.2014

12	Mr.K.D.A.P. Koralearachchi Senior Commissioner	IRBM-OECD: Taking Advantage of the MAC and Automatic EOI	Malaysia	17.02.2014 - 21.02.2014
13	Mr.K.D.A.P. Koralearachchi Senior Commissioner	Transforming Human Resource : Driving Alignment between HR and the Organization	UK	07.07.2014- 11.07.2014
14	Mr.K.D.A.P. Koralearachchi Senior Commissioner	35th CATA Annual Technical Conference	Botswana	10.11.2014- 14.11.2014
15	Mr.P.L.S. Liyanage Senior Commissioner	Base Erosion and Profit Shifting	Korea	20.02.2014 - 21.02.2014
16	Mr.J. Ratnayake Senior Commissioner	35th CATA Annual Technical Conference	Botswana	10.11.2014- 14.11.2014
17	Mr. E.S.De Zoysa Senior Commissioner	35th CATA Annual Technical Conference	Botswana	10.11.2014- 14.11.2014
18	Mr. M.G. Gunasiri Commissioner	Knowledge Sharing Workshop on Tax Administration	Philippine	10.06.2014- 11.06.2014
19	Mrs.D.M.P. Ganepola Commissioner	Joint IRBM-OECD: Advance Auditing Small & Medium Enterprises	Malaysia	05.05.2014- 09.05.2014
20	Mr. M.L.M. Thahir Commissioner	35th CATA Annual Technical Conference	Botswana	10.11.2014- 14.11.2014
21	Mr. U.P.S.A. Jayalath Commissioner	Knowledge Sharing Workshop on Tax Administration	Philippine	10.06.2014- 11.06.2014
22	Mr. M.D.J.M. Devapriya Commissioner	IRBM-IBFD: Taxation of Financial Markets	Malaysia	25.08.2014 - 29.08.2014
23	Mr. T. Karunadasa Commissioner	Joint IRBM-OECD: Advance Auditing Multi National Enterprises	Malaysia	07.04.2014- 11.04.2014
24	Mr. D.U.A. Jayawardana Commissioner	Signing of MOU on e-Governance Training Programme	Malaysia	07.09.2014- 09.09.2014
25	Mrs. R.K.C. Chitralatha Commissioner	SAARC Training Seminar on Exchange of Information and Large Tax Payers Unit	Pakistan	7.04.2014- 11.04.2014
26	Mr. M. Ganesharajah Commissioner	35th CATA Annual Technical Conference	Botswana	10.11.2014- 14.11.2014
27	Mrs. S. Liyanage Commissioner	Transfer Pricing Aspects of the Extractive Industry	Malaysia	22.09.2014- 26.09.2014
28	Mrs. R.P.H. Fernando Commissioner	IRBM-OECD: Advance Transfer Pricing – Case Studies	Malaysia	1.12.2014- 5.12.2014
29	Mr. N.M.A.K.B. Napana Deputy Commissioner	Achieving Management Potential	UK	28.07.2014 - 07.09.2014
30	Mr. M.A. Priyanka Deputy Commissioner	Second country study visit of MPM	Malaysia	18.05.2014 - 31.05.2014
31	Mrs. Sriyani Jasinghe Deputy Commissioner	Tax Analysis and Revenue Forecasting	USA	22.06.2014 - 18.07.2014
32	Mr. H.S.J. Ranasinghe Deputy Commissioner	Tax Analysis and Revenue Forecasting	USA	22.06.2014 - 18.07.2014
33	Mr. N.W.P.A.S. Nanayakkara Assistant Commissioner	Commonwealth Tax Administrators Course	UK	28.07.2014- 05.09.2014

34	Mr. P.G. Lalith Assistant Commissioner	SAARC Training seminar on exchange of information and large taxpayers unit	Pakistan	07.04.2014 - 11.04.2014
35	Mr. A.K. Hettiarachchi Assistant Commissioner	SAARC Training seminar on exchange of information and large taxpayers unit	Pakistan	07.04.2014 - 11.04.2014
36	Mr. P.T.T.P. Jayasinghe Assistant Commissioner	Advance Auditing Multi National Enterprises	Malaysia	07.04.2014 - 11.04.2014

1.5.3 Overseas Training Provided through the FMRP

The training programme on “E-governance & Change Management” conducted in Singapore under the auspices of FMRP was carried out during this year.

Accordingly, 291 officers participated in the specialized training programme on Revenue Administration Management Information System (RAMIS).

PART II
TAX ADMINISTRATION

Chapter 2

Collection of Revenue



Inland Revenue Department collected net revenue of Rs.514,160,713,222/-(including Social Responsibility Levy which is accounted under Fiscal Policy Department, Stamp Duty which is transferred in full to Provincial Councils and the 1/3 of collection of Nation Building Tax which is transferred to Provincial Councils) during the year 2014. The aggregate number of files maintained by the IRD for the

collection of different taxes stood at 625,376 as at 31.12.2014.

2.1 Number of Taxpayers and Tax Files

The number of persons registered with the Department for the payment of tax, as at the end of the year, is given in table 01.

Table 01 - Number of Taxpayers and Tax Files as at 31.12.2014.		
Income Tax		
<u>Corporate</u>		
Resident Companies	38,502	
Non Resident Companies	969	
State Corporations, Statutory Boards and State owned institutions	64	39,535
<u>Non Corporate</u>		
Individuals	148,720	
Partnerships	14,515	
Bodies of persons etc.	1,832	
Employees paying income tax under Pay- As- You- Earn (PAYE) Scheme (as at 31.03.2014)*	354,758	519,825
Total Income Taxpayers		559,360
<u>Other Taxpayers</u>		
Persons and Partnerships registered for Economic Service Charges (ESC)	3,515	
Persons registered for Value Added Tax (VAT)	15,330	
Persons registered for Value Added Tax on Financial Services	176	
Persons registered for Optional VAT	74	
Persons registered for Nation Building Tax (NBT)	22,381	
Persons registered for Nation Building Tax on Financial Services	175	
Betting Levy Files	1,067	
Gaming Levy Files	5	
Total other Taxpayers		42,723
Employers registered under PAYE Scheme	12,104	
Withholding Tax on Interest (Withholding Agents)	2,628	
Withholding Tax on Specified fees (Regular Monthly Schedules Senders)	84	
Construction Industry Guarantee Fund Levy	304	
Stamp Duty (Regular Monthly Schedules Senders)	8,173	23,293
Total Number of Tax Files/ Taxpayers as at 31.12.2014		625,376

*Include 45,778 Government employees but does not include employees in the incomplete declarations furnished by employers

Notes:

- i. A separate file is not generally maintained in the IRD in respect of any employee from whose remuneration, tax is deducted under PAYE Scheme, unless such employee has any other income.
- ii. Individuals whose income is taxed at source as a final tax (such as interest on deposits and treasury bills and dividends etc.) have not been included in the category of non-corporate files.
- iii. Non-Government Organizations files amounting to 192 have been included in the aforementioned total number of files.

2.2 Total Revenue Collection

The total revenue collection for the year, amounting to Rs. 514,161 million shows an increase of Rs. 21,622 million over that of the previous year. This achievement was possible mainly due to wide array of measures undertaken by the IRD for facilitating and enforcement of compliance. The identification of taxpayers assessment of the liabilities and collection of taxes were intensified paving the way for the said increase.

The ratio of the total revenue contribution by the IRD to the Government revenue in the year was 43.02%. Total collection of revenue indicates 84.93% achievement when compared to the revenue under each type of taxes with the corresponding estimates.

The collection of VAT increased over that of the previous year by Rs. 20,228 million. The possible reason for the increase could be the reduction of quarterly turnover applicable for wholesale and retail trade from 500 million to 250 million while limiting VAT exemption amount to 25% of total value of supplies and removal of the exemption of VAT on several imported goods at the point of customs.

Collection of income tax as a percentage of total revenue declined to 37.33% in 2014 from 40.42% in 2013, while in nominal terms it declined by 3.57% to Rs. 191,960 million in 2014 from Rs. 199,070 million in the previous year. Tax incentives covering different types of undertakings and activities to encourage investments and commercial activities which are already in operation together with newly introduced ones interalia caused such decline. When compared with previous year, revenue from corporate & non-corporate income tax and withholding tax on interest has decreased while PAYE tax and dividend tax has increased during 2014. Revenue from withholding tax declined by 11.92% in nominal terms to Rs. 69,402 million in 2014 from Rs. 77,679 million in 2013. This was mainly due to the further decline in interest rates in the domestic market and reduction in the issuance of government securities in 2014.

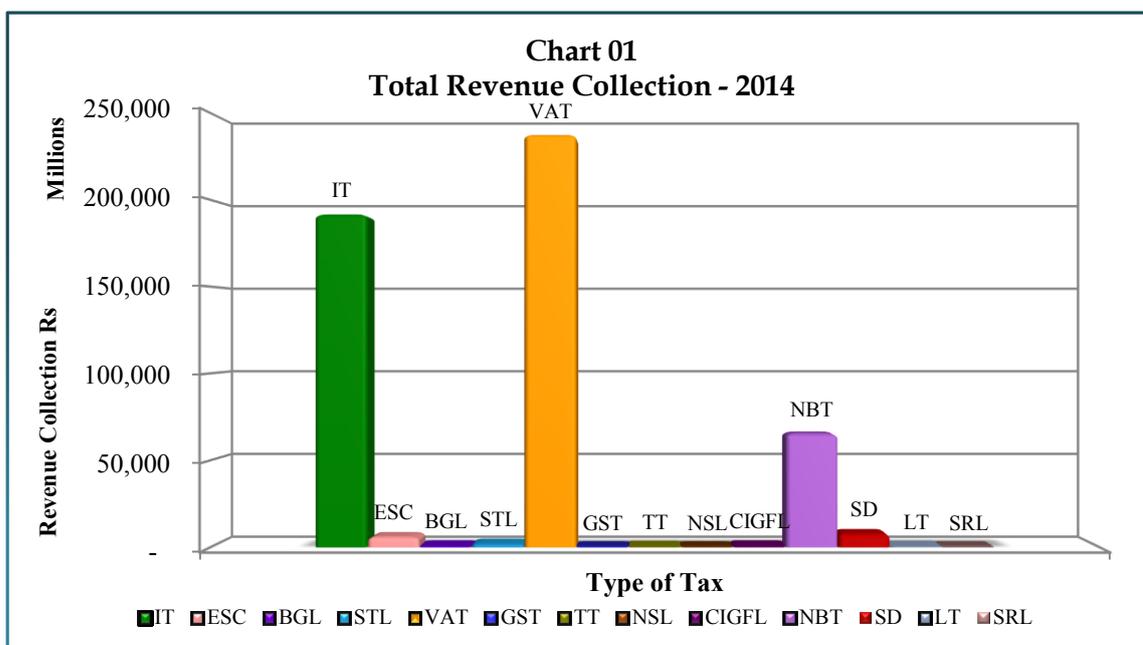
A comparison of revenue under each type of tax with the corresponding estimates is revealed in table 02 and illustrated in chart 01. The cash flow during the year is shown in the table 03 and is illustrated by chart 02.

Type of Tax	Revenue Estimate (Revised) (Rs.)	Revenue Collection (Rs.)	Collection as a % of Estimate	Collection as a % of Total Revenue
Income Tax	256,000,000,000	191,960,050,670	74.98%	37.33%
Economic Service Charge	8,400,000,000	6,154,508,746	73.27%	1.20%
Debit Tax	-	-	-	-
Betting & Gaming Levy	1,500,000,000	815,175,141	54.35%	0.16%
Share Transaction Levy	2,200,000,000	2,048,048,604	93.09%	0.40%
Value Added Tax	290,000,000,000	237,915,432,907	82.04%	46.27%
Goods & Services Tax	-	3,459,764	-	0.00%
Turnover Tax	30,000,000	472,185,201	1573.95%	0.09%
National Security Levy	-	13,772,420	-	0.00%
Construction Industry Guarantee Fund Levy	1,000,000,000	841,828,584	84.18%	0.16%
Nation Building Tax	45,600,000,000	65,353,982,522	143.32%	12.71%
Stamp Duty	-	7,918,141,767	-	1.54%
Land Tax	600,000,000	579,471,620	96.58%	0.11%
Social Responsibility Levy	40,000,000	84,655,276	47.25%	0.02%
Total Revenue Collection	605,370,000,000	514,160,713,222	84.93%	100.00%

*Transferred amount of NBT collection to Provincial Council – Rs. 20,770,860,807.

**Transferred amount of Stamp Duty collection to Provincial Council – Rs. 7,918,141,767.

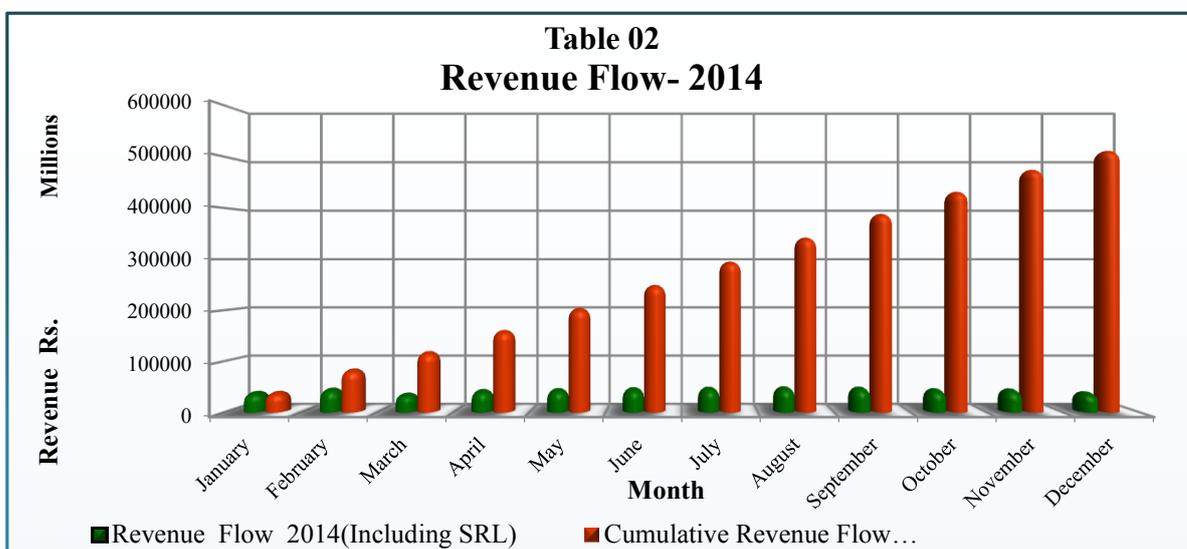
*** Transferred amount of SRL collection to Department of fiscal Policy – Rs. 84,655,276.



2.3 Total Revenue Flow

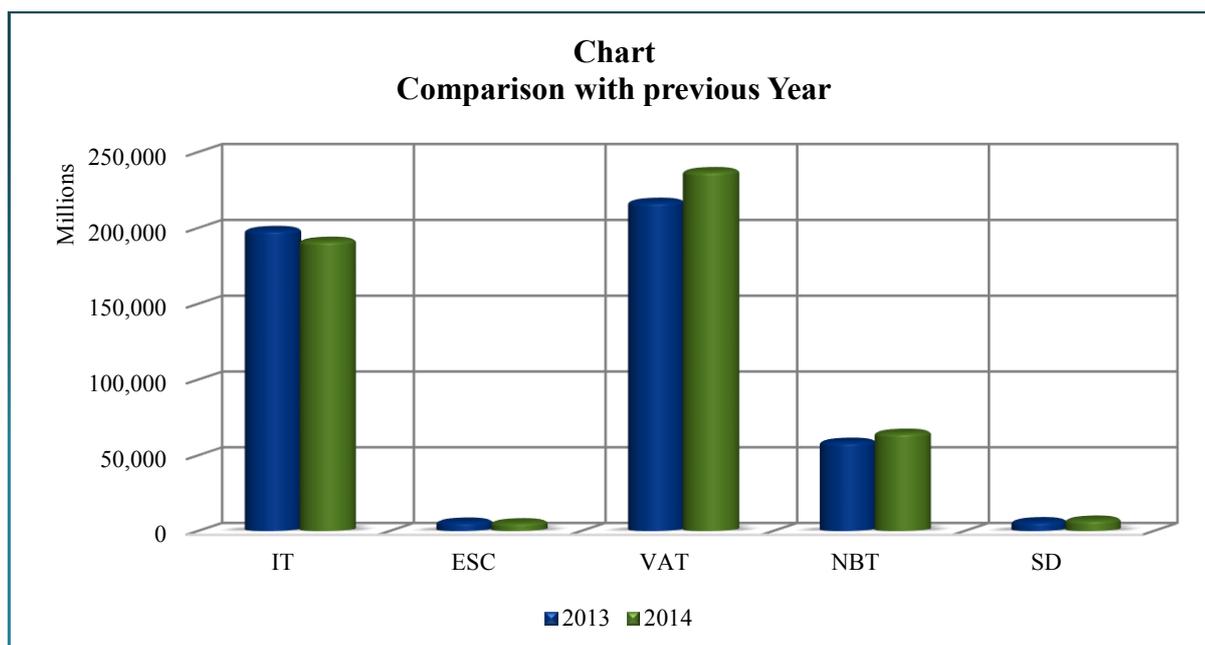
Table 03 - Total Revenue Flow 2014

Month	Revenue Collection (Including SRL) (Rs.)	Cumulative Revenue Collection (Rs.)
January	38,235,887,209.12	38,235,887,209.12
February	44,873,589,332.40	83,109,476,541.52
March	34,617,564,908.51	117,727,041,450.03
April	42,007,850,601.47	159,734,892,051.50
May	43,860,193,149.91	203,595,085,201.41
June	45,623,696,586.26	249,218,781,787.67
July	46,528,129,586.90	295,746,911,374.57
August	47,389,362,121.50	343,136,273,496.07
September	46,801,508,410.39	389,937,781,906.46
October	43,591,791,521.19	433,529,573,427.65
November	43,231,526,754.82	476,761,100,182.47
December	37,399,613,040.28	514,160,713,222.75



2.4 Revenue Comparison with Previous Year

Type of Tax	2014 Revenue collection (Rs.)	2013 Revenue collection (Rs.)	Increase/ Decrease of Collection as a %
Income Tax	191,960,050,670	199,070,030,704	-3.57%
Economic Service Charge	6,154,508,746	6,595,600,863	-6.69%
Debit Tax		(83,401)	-100.00%
Betting & Gaming Levy	815,175,141	591,870,451	37.73%
Share Transaction Levy	2,048,048,604	1,197,409,071	71.04%
Value Added Tax	237,915,432,907	217,686,923,042	9.29%
Goods & Services Tax	3,459,764	15,976,746	-78.35%
Turnover Tax	472,185,201	218,080,060	116.52%
National Security Levy	13,772,420	2,149,612	540.69%
Construction Industry Guarantee Fund Levy	841,828,584	750,907,497	12.11%
Nation Building Tax	65,353,982,522	59,397,332,038	10.03%
Stamp Duty	7,918,141,767	6,884,387,291	15.02%
Land Tax	579,471,620	96,741,230	498.99%
Social Responsibility Levy	84,655,276	32,106,064	163.67%
Total Revenue Collection	514,160,713,222	492,539,431,267	4.39%



2.5 Transfer of Revenue of Stamp Duty and Nation Building Tax to Provincial Councils

In terms of amendments made to respective legislative provisions in pursuant to the Budget proposals of 2011 the following categories of revenue collected by the Commissioner

General of the Inland Revenue have been transferred to the Provincial Councils.

Nation Building Tax	33.33%
Stamp Duty	100%

Table 04 shows the total collection and the amount of tax revenue transferred to Provincial Councils of respective taxes.

	Total Collection (Rs.)	Amount transferred to Provincial Councils (Rs.)	%
Nation Building Tax	65,353,982,522.00	20,770,860,807.00	33.33%
Stamp Duty	7,918,141,767.00	7,918,141,767.00	100%

2.6 Collection of Revenue – Self-Assessment and Other

Out of the total revenue collection during the year (excluding VAT & NBT on imports) payments under self-assessment contributed almost wholly to the total whereas collection by way of official assessments was only 4% of the

aggregate. This shows the success of the efforts taken to encourage voluntary compliance as the prime part of the IRDs mission to collect the revenue under self-assessment basis. Necessary actions taken in this regard and facilities were continually contributed for this success. Table 05 shows the comparison of figures.

	2012 (Rs. '000)		2013 (Rs. '000)		2014 (Rs. '000)	
	Self Assessment	Other	Self Assessment	Other	Self Assessment	Other
Income Tax	152,640,354	5,088,549	189,657,462	9,412,569	181,977,746	9,982,305
VAT (Excluding VAT on Imports)	101,816,629	3,370,532	117,622,485	3,474,351	129,744,521	5,890,227
NBT(Excluding NBT on Imports)	30,496,246	3,233,290	35,840,240	1,113,648	39,800,767	1,791,628
Others	23,485,987	479,049	15,849,578	535,568	143,486,800	1,486,719
Total	308,439,216	12,171,420	358,969,765	14,536,136	495,009,834	19,150,879
% to the Total Revenue (Excluding VAT and NBT on Imports)	96%	4%	96%	4%	96%	4%

2.7 Inland Revenue Contribution to the Government Revenue

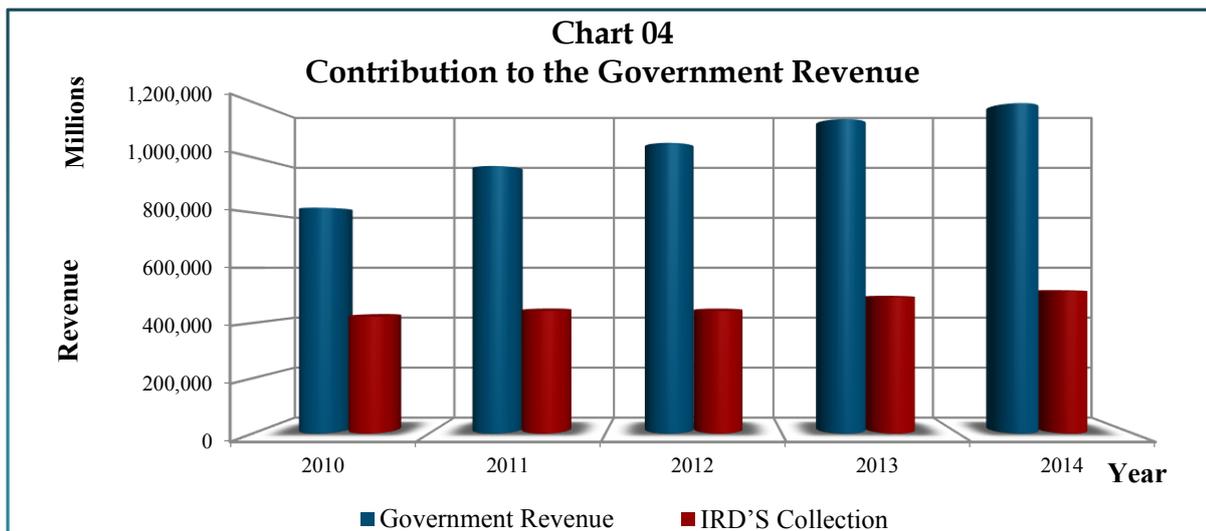
Table 06 shows the contribution of the Inland Revenue Department to the Government Revenue and to the GDP in 2014 and its trends in last four years. Chart 04 illustrates these contributions. Total Government Revenue in 2014 has increased to Rs. 1,195,206 million (Annual Report of Ministry of Finance and Planning – 2014) recording a 43.02%

contribution from the IRD to the total Government revenue.

Revenue collection by Inland Revenue Department as a percentage of GDP continued to decline and accounted for 5.25% in 2014. Introduction of tax incentives, holidays, exemptions and concessionary tax rates during the recent past may be the reason for the decreasing trend of percentages.

Year	Government Revenue* (Rs. Mn)	IRD's Collection (Rs. Mn)	% of IRD's Collection to Govt. Revenue	GDP at current Prices of major Economic Activities** (Rs. Mn)	Percentage of IRD'S Collection to GDP
2010	817,280	422,512	51.69%	5,604,104	7.54%
2011	967,862	443,830	45.86%	6,544,009	6.78%
2012	1,051,461	443,456	42.18%	7,582,376	5.85%
2013	1,137,447	492,539	43.30%	8,674,230	5.68%
2014	1,195,206	514,161	43.02%	9,784,672	5.25%

Source: - * Ministry of finance & Planning (Annual Report) ** Central Bank of Sri Lanka (Annual Report)



2.8 Return Compliance

The existing mechanism for enhancing taxpayer compliance in timely filing of tax returns and paying taxes on self-assessment basis continued during the year. Providing benefits to individual taxpayers to enhance voluntary compliance towards the tax laws, such as awarding Privilege Cards (Gold & Silver), granting tax concessions on importation of motor vehicles, discounts on early tax payments were effectively continued. Accordingly, during the year of assessment 2013/2014, the percentage of filing non-corporate income tax returns on the due date was 42% and within one month from the due date, it had increased to 57%. The compliance rate after two months from the due date was 65% in corporate sector.

In the case of corporate sector, it was 53% on the due date and 61% within one month from

the due date. The compliance rate within two months from the due date was 64% in this sector.

Table 07 shows the income tax return compliance rate on due date, and within one month from the due date of the years 2009/2010 to 2013/2014. Table 08 shows the rates of return compliance on other taxes.

The return compliance rate of all the taxes has been almost consistent even though it is not the expected level in a self-assessment tax system. However, a considerable decline of the rate is seen in VAT and ESC in the concerning year probably due to increase of threshold leading some taxpayers for not submitting returns with a misunderstanding that submission of tax returns is not necessary under such circumstances. However, IRD continued to take actions for achieving the return compliance.

Year of Assessment	Sector	Compliance on due date	Compliance within one month from the due date
2009/2010	Corporate	52%	66%
	Non-Corporate	41%	53%
2010/2011	Corporate	56%	68%
	Non-Corporate	42%	59%
2011/2012	Corporate	56%	60%
	Non-Corporate	39%	48%
2012/2013	Corporate	56%	70%
	Non-Corporate	41%	54%
2013/2014	Corporate	53%	61%
	Non-Corporate	42%	57%

Table 08 - Return Compliance on other Taxes					
Year	VAT	ESC	NBT	PAYE	
2012	89%	80%	79%	Year of Assessment 2011/2012	52%
2013	78%	93%	77%	Year of Assessment 2012/2013	53%
2014	49%	71%	84%	Year of Assessment 2013/2014	55%

2.9 Income Tax Collection

Collection of revenue from corporate income tax, personal income tax, dividend tax and withholding tax dropped by 3.57% to Rs.191,960 million in 2014 in comparison to Rs.199,070 million in 2013. Total income tax collection accounts for 37.33% of total revenue of IRD for the year and that was 40.42% in year 2013. Tax incentives, holidays and concessionary rates which were introduced during recent past to encourage different services including infrastructure development, power generation and exports etc. may be the

reason for the decrease of revenue from income tax.

2.9.1 Income Tax Collection – Sector-wise Clarification

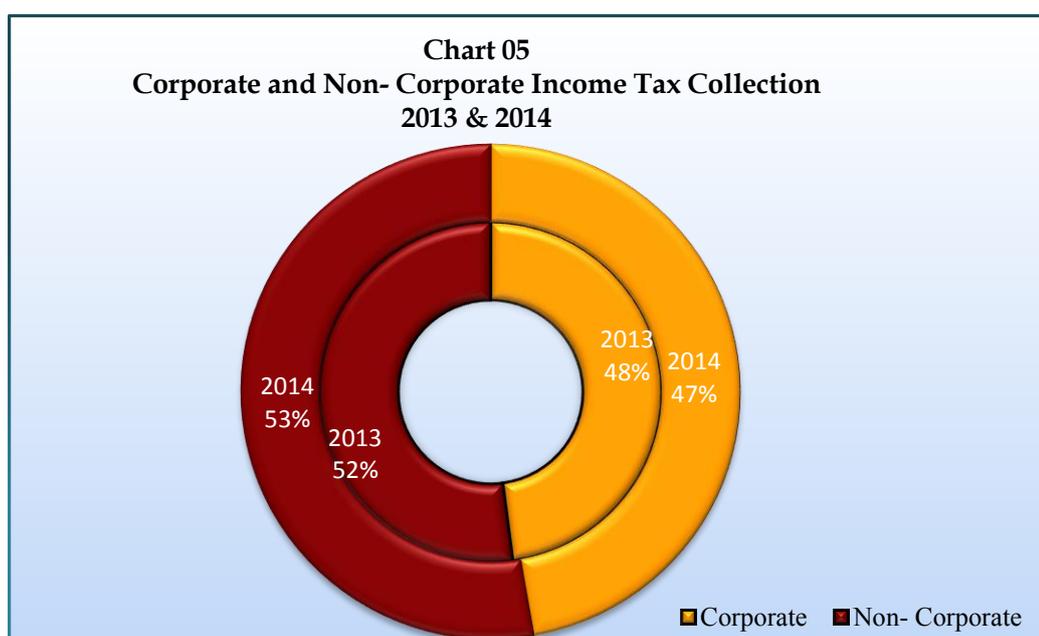
The contribution from the corporate sector to the total income tax collection (Rs. 191,960 million) amounted to Rs. 92,028 million or 48% of the total income tax collected. The non-corporate sector contributed Rs. 99,931 million or 52%.

Table 09 shows the composition and chart 05 illustrates it.

Table 09 - Corporate and Non-Corporate Income Tax Collection - 2013 & 2014				
	2014		2013	
	Tax Collection (Rs.)	%	Tax Collection (Rs.)	%
Corporate*	92,028,323,420.00	48%	94,053,497,550.00	47%
Non Corporate**	99,931,727,250.00	52%	105,016,533,154.00	53%
Total	191,960,050,670.00	100%	199,070,030,704.00	100%

* Includes Dividends Tax of 9,767 Mn in 2013 & 10,365 Mn in 2014

** Includes WHT deducted and remitted from interest income services rendered by corporate sector and income tax paid by employees under Pay as You Earn (PAYE) scheme



2.9.2 Source-wise Analysis of Income Tax Collection

Table 10 shows the source wise income tax collected during the year. composition (employment and others) of

Table 10 - Income Tax Collection - 2014		
Source	Collection (Rs. Mn)	
Employment		
PAYE Scheme	21,957.17	
Assessments with penalties with tax in default	353.44	22,310.61
Others		
Self-Assessment and Assessments with penalties	89,724.71	
Withholding tax on interest, deduction on payments of annuities, royalties or management fees	69,627.10	
Other deductions at source	10,384.56	
Gross Collection		192,046.98
Less: Refund		-86.93
Net Collection		191,960.05

The amount of Rs. 89,724 by way of self-assessments and assessments with penalties consist of taxes imposed on persons engage in trade business, profession, vocation and other services which do not fall within WHT mechanism.

2.9.3 Main Policy Changes relating to Income Tax

During the year concerned the following changes to Inland Revenue Act to accommodate the taxation proposals as announced in the budget have been facilitated.

Exemptions

Any profit and income (except dividend and interest) of the following institutions were exempted from income tax.

- National Enterprise Development Authority established under the National Enterprise Development Authority Act No 17 of 2006
- Sri Lanka Institute of Marketing incorporated under the Sri Lanka Institute of Marketing Act No 41 of 1980
- The Institute of Physics Sri Lanka incorporated under the Institution of Physics Sri Lanka (Incorporation) Act No 12 of 1986

The following profits and income were exempted from income tax

- a) Profits and income not exceeding in the aggregate of Rs. 48,000/- for any year of assessment, other than any employment income, or any profits or income which is taxable at source as final tax, of any employee who is not engaged in any trade, business, profession or vocation, if tax is deducted from his employment income for that year of assessment.
- b) Profits and income arising or accruing to any company, partnership or body of persons outside Sri Lanka, from any payment made for the use of any computer software, by Sri Lankan Air lines Limited or Mihin Lanka (Pvt) Ltd, as a special requirement of such Airlines, if a Double Taxation Avoidance Agreement providing relief for double taxation of such profits is not in force between Sri Lanka and the other country or tax is not payable in that country on such profits or income.
- c) Dividends distributed out of exempt dividends received by a company on investment made outside Sri Lanka as

referred to in section 10(1)(j) of the Inland Revenue Act, if such distribution is made within one month of receipt of such dividends.

Concessionary rates

- i. The concessionary rate of 12% applicable to profits and income from the supply of certain services to garment exporters was extended to cover services provided to
 - Exporters of goods or services; or
 - The foreign principal directly,
 being services which could be treated as essentially related to manufacture of such goods or provision of such services and the payments for such services are made by the exporter or the foreign principal to such supplier of services, in Sri Lanka, in foreign currency.
- ii. The rate applicable for undertakings with annual turnover not exceeding five hundred million rupees was revised to 12%.
- iii. Tax rates for professionals were reduced as follows

Income from Profession	Maximum rate of tax
Does not exceed Rs. 25Mn	12%
Exceeds Rs. 25Mn but does not exceed Rs. 35 Mn	14%
Exceeds Rs. 35 Mn	16%

- iv. The maximum rate of income tax applicable on employment income of professionals was reduced to 16%.
- v. The lower rate of tax applicable to companies with taxable income not exceeding 5 million rupees was removed.
- vi. The period for listing of shares of a company with an issue of not less than 20% to the general public for the application of the half of the applicable rate as referred to in section 59D of the Inland Revenue Act, was extended to a further period of three years, if such company is paying corporate income tax on the profits at 28% or more.

Deduction from the remuneration from employment

- i. The limit of monthly receipts, by an individual employed in the public sector under more than one employer, for the application of 10% rate was raised to Rs.50,000 from Rs. 25,000.
- ii. Where an individual is employed under more than one employer or serving in different places and receiving any benefit from the private use of a motor vehicle provided by the employer or any allowance from more than one employer or from more than one place, then the excess of aggregate of such benefits or allowance over fifty thousand rupees was forms part of such employee's employment income liable to tax.

Restriction on the applicability of tax holiday and qualifying payments

- i. The exemption under section 22 of the Inland Revenue Act was restricted to investments made prior to April 1, 2014.
- ii. The deduction of the investment for expansion of an existing undertaking as qualifying payments referred to in paragraph (s) or paragraph (t) of subsection (2) of section 34 was restricted to such investments made prior to April 1, 2014.
- iii. In view of the applicability of lower tax rates to various sectors and accelerated depreciation allowances together with deductibility of expenses such as research & Development, opening up expenses etc., the prevailing minimum investment and the corresponding period of tax exemption was further rationalized. (Section 16C, 16D and 17A was amended).

Special concessions for professional service sector

Relocation of International Headquarters or Regional Head Offices

To promote the establishment by relocating in Sri Lanka the Headquarters or Regional Head offices of institutions in the international

network, the following concessions was accorded:

- a. Income tax holiday for a specific period
- b. Deduction of special expenses connected with the incorporation of such Headquarters or the Regional Head offices
- c. Relief for payment of VAT and NBT on receipts in foreign currency

Construction of residential apartments for professionals

Where any individual engaged in any profession alone or together with such other individuals, sets up a consortium with a bank and the construction contractors for the purpose of constructing a Residential Apartment complex for their own residential purposes, then the following concessions was accorded:

- a. Bank providing loan facility was taxed only at ½ of the applicable rate on the interest on such loans granted to such individuals for that purposes
- b. Qualifying payment of an amount not exceeding Rs. 50,000/- per month on the capital repayment was allowed to be deducted in full by such individuals, on the respective payment
- c. Stamp Duty applicable on the deed of transfer of the property was reduced by 25% thereof

Concessions to promote acquisition of International Intellectual Properties with established international brand names

The following concessions were accorded to any establishment which acquires any internationally recognized intellectual property and earns income in foreign currency by way of royalty

- a. Total cost of acquisition was allowed as a deduction for income tax purposes
- b. The income earned in foreign currency was exempted for a specific period of time

Concessions for creation of Corporate Entities by professionals

The following concessions were accorded to professionals who establish corporate entities to provide international services

- a. ½ of the applicable corporate income tax rate for a period of 5 years on services liable to tax
- b. Concession of 10% of the aggregate taxes and duties on the importation of a motor vehicle was allowed, if more than US\$ 100,000 per year is remitted to Sri Lanka in any consecutive period of distinct 3 years

Concession for skill development in the shipping industry

A deduction of 10% of income tax payable by a ship operator or any agent of a foreign ship was allowed in consideration of the provision of skill development in the shipping industry to trainees. The criterion for the deduction is decided based on the number of individuals trained.

Deduction of the cost of acquisition of financial institutions by way of merger or acquisition by the main company which is a financing company

The cost of acquisition or merger of financial companies by the main company was allowed for deduction within 3 years of assessments

2.10 Value Added Tax Collection

The Value Added Tax (VAT) collection of Rs.237,915 million during the year indicates a shortfall of Rs. 52,085 million over the estimate of Rs. 290,000 million for the year. However, this is an increase of Rs. 20,229 million or 9.29% over that of the previous year. The VAT collected on domestic supplies and imports showed increase over that of the previous year. The total domestic VAT collected for the year was Rs. 135,635 million and this amount was an increase of Rs. 14,538 million over that of the year 2013, which was Rs. 121,097 million. The total VAT collected on imports during the

year 2014 was Rs. 102,280 million and in the year, 2013 it was Rs. 96,590 million.

Table 11 shows the sector wise gross collection of Value Added Tax, refunds and the net collection, which is also illustrated in chart 06.

Table 11 - Value Added Tax Gross Collection and Refunds							
Sector	2013		2014				
	Net Collection (Rs. Mn)		Gross Collection (Rs. Mn)		Refunds	Net Collection (Rs. Mn)	
Manufacturing		43,718.74		46,174.34	732.64		45,441.70
Non-Manufacturing							
-Service	56,149.83		66,131.91		379.24	65,752.67	
-Financial Service	21,203.51		24,436.86			24,436.89	
-Optional Vat	24.76	77,378.10	3.49	90,572.26		3.49	90,193.05
Imports		96,590.08		102,281.48	0.80		102,280.68
Total		217,686.92		239,028.08	1,112.68		237,915.43

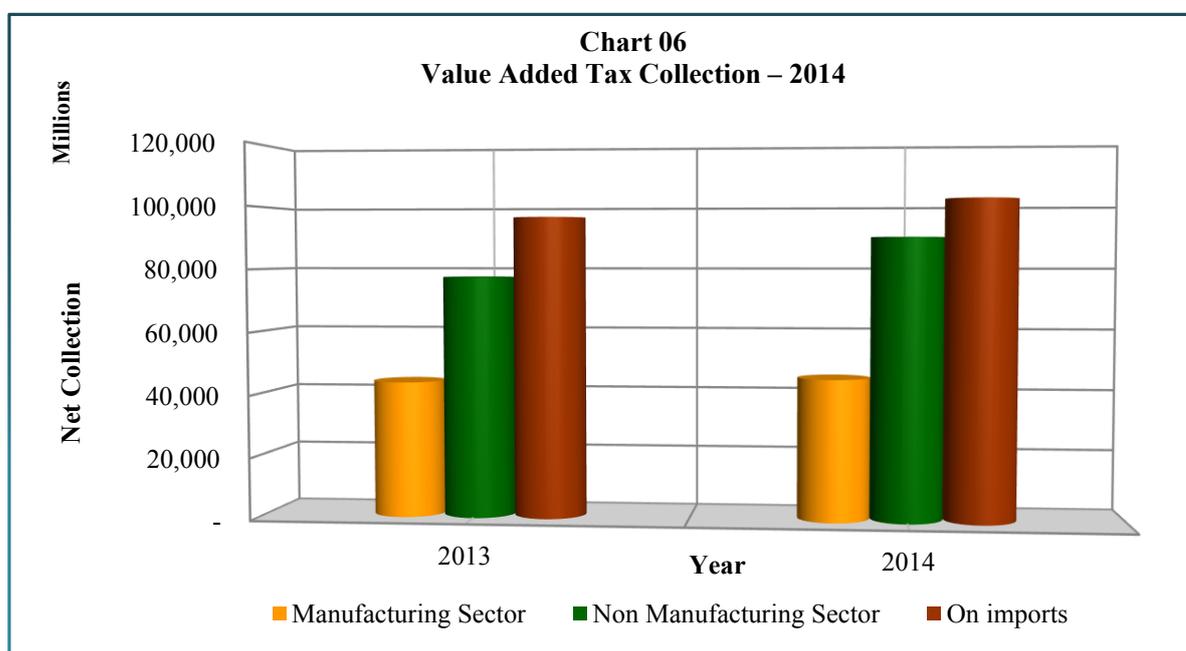


Table 12 shows the sector wise classification of Value Added tax collection and

contribution to the GDP.

Table 12 - Sector wise Analysis of VAT Contribution to GDP						
Sector	2013		2014		Percentage of VAT collection to GDP	
	Net Collection (Rs.)	%	Net Collection (Rs.)	%	2013	2014
Manufacturing sector	43,718,740,385	20.08%	45,441,698,904	19.10%	0.50%	0.46%
Non-Manufacturing sector	77,378,096,221	35.55%	90,193,048,803	37.91%	0.89%	0.92%
On Imports	96,590,086,435	44.37%	102,280,685,200	42.99%	1.11%	1.05%
Total	217,686,923,041	100.00%	237,915,432,907	100.00%	2.50%	2.43%

2.10.1 Industry wise Contribution of VAT

Table 13 shows the VAT on domestic supplies classified under banking, insurance, hotel and

restaurant, construction, electricity and their contribution to the total VAT revenue.

Sector	2012 (Rs. Mn)	2013 (Rs. Mn)	% of decrease / increase compared to previous year	2014 (Rs. Mn)	% of decrease / increase compared to previous year
Banking	14,380	15,921	10.72%	18,822	18.22%
Insurance	4,456	4,882	9.56%	4,910	0.57%
Hotel & Restaurant	5,396	5,672	5.11%	6,507	14.72%
Construction	5,871	5,293	-9.85%	6,943	31.17%
Electricity & Gas	570	502	-11.93%	560	11.55%
Imports	6,949	9,113	31.14%	10,389	14.00%
Financing	10,576	11,860	12.14%	13,982	17.89%
Communication	211	256	21.33%	394	53.91%
Petroleum Products	269	344	27.88%	1,509	338.66%
Beverage - Alcoholic	9,043	9,747	7.79%	9,930	1.88%
Services not classified	7,633	7,916	3.71%	9,866	24.63%
Manufacturing not classified	7,105	9,517	33.95%	10,280	8.02%
Others	32,723	39,516	20.76%	42,408	7.32%
Total	105,187	120,538	14.59%	136,500	13.24%

2.10.2 Main policy changes relating to VAT

During the year the following exemptions have been introduced to the Value Added Tax Act.

Exemptions

- i. The present exemption available to telecom industry on the import or local purchase of any machinery or high tech equipment for telecom industry was expanded to cover the import or local purchase of copper cables, subject to the same conditions specified in item (xx) of paragraph (a) of PART II of the First Schedule to the VAT Act, so far as such copper cables are used for the infrastructure development of the industry. The exemption for importation was available only if such cables are not available in Sri Lanka up to the required quality and the quantity.
- ii. The present exemption applicable on the import of gully bowsers, semi- trailers for road tractors, any machinery or equipment used for garbage disposal activities carried out by any local authority, for the purposes of provision of such services to the public as approved by the Secretary to the relevant Ministry, was expanded to cover the exemption on such items, for purchasing of

such items from local manufacturers as well, subject to the same conditions.

- iii. Import or supply of following goods was exempted from VAT
 - a. Ties and bows under HS Code No. 62.15.10, 62.15.20, 62.15.90
 - b. Designer pens under HS Code 96.08.30
 - c. Frozen Bait, Fish Hooks/rods/reels, Fishing tackle under HS Code 0511.91.90, 9507.10, 9507.20, 9507.30 and 9507.90
 - d. Marine Propulsion Engines under HS Code 8407.21, 8407.29.

Restrictions of Exemptions

- i. The application of the exemption from VAT on goods subjected to Special Commodity Levy (SCL) was restricted to the VAT payable at the point of Customs only, in the case of any importer whose value of supplies in the local market out of goods imported exceeds Rs. 250 Mn for any consecutive period of three months in a Calendar year. Accordingly, the local supply of such goods referred to in item (xiii) of paragraph (b) of PART II of the First Schedule, was subjected to VAT, if the total value of supply of the import of such goods for any consecutive period of

three months of any calendar year exceeds Rs. 250 Mn.

- ii. The exemption on the import or supply of such imported goods set out below was removed.
 - a) Paddy, rice, wheat, cardamom, cinnamon, cloves, nutmeg, mace, pepper, desiccated coconuts, rubber, latex, fresh coconuts, tea including green leaf, rice flour, bread, eggs, liquid milk
 - b) Agricultural tractors or road tractors for semi-trailers under HS Code No. 8701.10.10, 8701.10.90, 8701.20.10, 8701.90.10 8701.90.20
 - c) Machinery and equipment for the tea and rubber industry under HS Code Nos 8438.80.40, 8429.10
 - d) Machinery for modernization of factories by the factory owner
 - e) Plant and machinery by an undertaking qualified for a tax holiday under section 24C of the Inland Revenue Act No 10 of 2006
 - f) Pharmaceutical preparations falling under HS Code No. 3003.90.11, 3003.90.12, 3003.90.13, 3003.90.15, 3003.90.19, 3004.90.11, 3004.90.12, 3004.90.13, 3004.90.15, or 3004.90.19

VAT on wholesale and retail businesses

- i. The present threshold of quarterly value of supplies of any person or partnership carrying on a business of wholesale or retail trade for the chargeability to VAT, was reduced from Rs. 500 Mn to Rs. 250 Mn. Whether a subsidiary or associated company of a group of companies, engaged in a wholesale or retail sale, has reached the liable threshold for any quarter was determined based on the aggregate value of supplies of each company in the group, engaged in such trade, for that quarter.
- ii. The exemption applicable to the supply of goods specified in PART II of the First

Schedule was subjected to a maximum of 25% of the total supplies, in the case of a wholesale or retail business which supplies goods liable to VAT and goods exempted from VAT. The input tax credit attributable on such liable supplies (if any), due to this adjustment was allowed as referred to in section 22.

Expanding the definition of international transportation

The present definition was expanded to cover the services directly related to transportation of goods or passengers between international Air Ports situated within Sri Lanka.

The contribution to the VAT Refund Fund

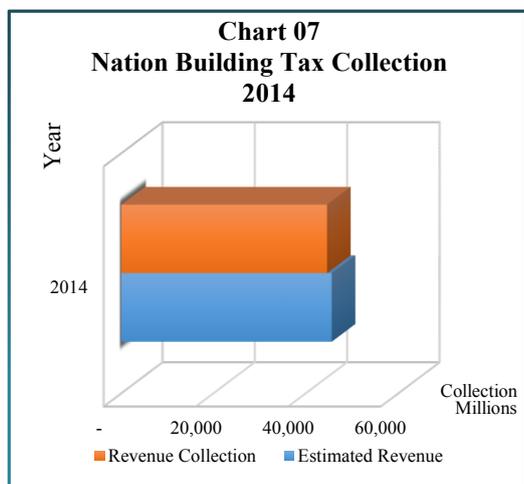
The percentage of the contribution to the VAT Refund Fund by the Director General of Customs out of the VAT collected on the importation of goods into Sri Lanka was reduced from 10% to 6% considering the reduction of refund claims due to the implementation of the SVAT Scheme

2.11 Nation Building Tax Collection

NBT contributed Rs. 65,357 million to the total Revenue during the year concerned. This is an excess of 10.03% when compared to Rs.59,397 Mn in 2013. Revenue generated from NBT on services increased by 28.48% to Rs. 17,600 Mn due to the expansion of tax base by removal of the exemption granted to banks and financial services. Out of the total NBT revenue an amount of Rs. 20,771 Mn was transferred to Provincial Councils.

Sector	Net Collection (Rs.)	
	2013	2014
Manufacturing	16,418,159,594	15,354,329,424
Service	20,535,728,568	26,238,065,267
Imports	22,443,443,876	23,764,587,831
Total	59,397,332,038	65,356,982,522

Year	Estimated Revenue (Rs.)	Revenue Collection (Rs.)	%
2014	45,600,000,000	44,583,121,715	98%
2013	48,782,000,000	40,936,670,691	84%



2.11.1 Main policy changes relating to NBT

The following changes to the NBT Act were made as proposed by the Budget.

Exemptions

- Retail trade of goods at duty free shops for payment in foreign currency.
- Sale of locally manufactured coconut oil by the manufacturer, for a period of three years
- Distribution of LP Gas
- Services provided in any Airport for payments in foreign currency

Restriction of exemptions

- The application of the exemption from NBT on goods subjected to Special Commodity Levy was restricted to NBT payable at the point of Customs only.
- The exemption of financial services from NBT was terminated in view of the withdrawal of the requirement of depositing funds in the Investment Fund Account.
- The exemption on the turnover on the sale of tractors was restricted to locally manufactured tractors only. The importation of tractors falling under HS Code No. 8701.10.10, 8701.10.90, 8701.20.10,

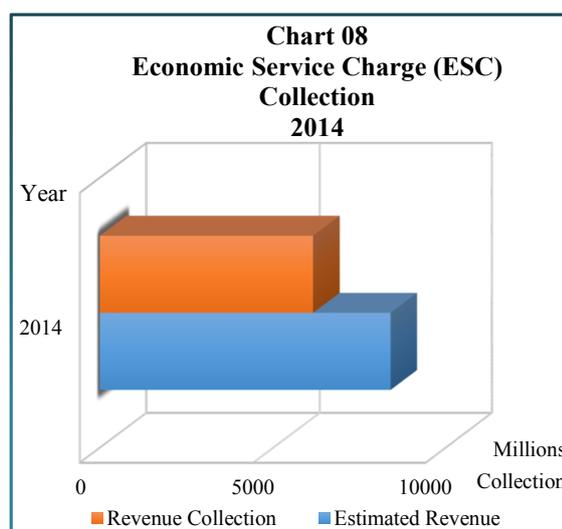
8701.90.10 8701.90.20 was made liable to NBT.

- Pharmaceutical preparations falling under HS Code No.3003.90.11, 3003.90.12, 3003.90.13, 3003.90.15, 3003.90.19, 3004.90.11, 3004.90.12, 3004.90.13, 3004.90.15, or 3004.90.19 was made liable to NBT at the import point.

2.12 Economic Service Charge Collection

The aggregate of the ESC collected during the year amounted to Rs. 6,154 million and its contribution to the total revenue was 1.2%. It is 73.27% of the estimate for the year.

Year	Estimated Revenue (Rs.)	Revenue Collection (Rs.)	%
2014	8,400,000,000	6,154,508,746	73%
2013	12,763,000,000	6,595,600,863	52%



2.13 PAYE Collection

Gross revenue collected during the year under PAYE scheme on employment income as a part of the income tax was Rs. 22,297 Mn, in comparison to Rs.18,558 Mn in 2013.

The number of employees paying income tax under Pay-As-You-Earn (PAYE) scheme recorded 354,758 (excluding the number of employees in the incomplete declarations made by certain employers) whereas the number of employers registered under PAYE scheme stood at 12,104.

Range of Income (Rs.)		Total Gross Remuneration (Rs.)	No of Employees	Tax under PAYE (Rs.)
Below 600,000	Tax Not Deducted	124,127,156,637	616,982	-
	Tax Deducted	16,485,271,005	46,083	158,390,341
600,001-1,100,000		82,025,547,639	100,178	1,214,225,160
1,100,001-1,600,000		49,257,520,928	36,782	1,487,429,085
1,600,001-2,100,000		22,003,982,290	12,263	1,133,809,994
2,100,001-2,600,000		11,969,417,045	5,196	847,263,825
2,600,001-3,600,000		13,767,274,017	4,577	1,406,886,770
Above 3,600,000		43,958,632,004	6,284	7,887,786,569
		8,324,313,513	97,617	935,100,049
Total		371,919,115,078	925,962	15,070,891,793

This information is based on records in the completed returns furnished by the Employers for the Year of Assessment 2013/2014.

2.14 Withholding Taxes (on interest and Specified fees)

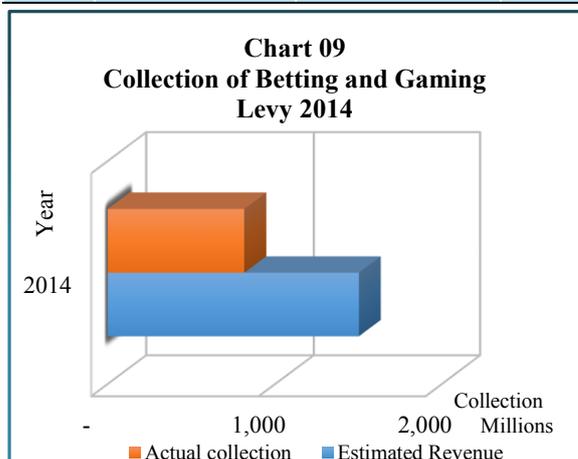
WHT on interest recorded a collection of Rs.69,402,270,951/- during the year, which consists of Rs. 55,880,945,735/- on Government Securities (Rs. 62,704,548,497/- in the year 2013) and the balance from financial institutions. Revenue generated from withholding tax on interest decreased by Rs.8,277 Mn over the previous year collection.

2.15 Betting and Gaming Levy

During the year, collection of Betting and Gaming Levy was Rs. 815,175,141/-. This reflects a shortfall of Rs. 684,824,859/- when compared to the estimate for the year.

Table 18 compares the revenue estimate of Betting and Gaming Levy with the revenue collected in the year 2013 and 2014.

Year	Estimated Revenue (Rs.)	Revenue Collection (Rs.)	%
2014	1,500,000,000	815,175,141	54%
2013	850,000,000	591,870,451	70%



2.16 Construction Industry Guarantee Fund levy

Revenue from Construction Industry Guarantee Fund levy in 2014 was Rs.841,828,584/-. The total registered payers for this Levy amounted 304.

Table 19 compares the revenue estimate of Construction Industry Guarantee Fund levy with the revenue collected in the years 2013 and 2014.

Year	Estimated Revenue (Rs.)	Revenue Collection (Rs.)	%
2014	1,000,000,000	841,828,584	84%
2013	1,250,000,000	750,907,497	60%

2.17 Stamp Duty Collection

A revenue of Rs. 7,918 million generated from Stamp Duty during the year. In terms of Provincial Councils (transfer of Stamp Duty) Act No. 13 of 2011, the total collection of Stamp Duty was transferred to respective Provincial Councils. The Department conducted advisory and supervisory visits with a view to enhance the compliance of stamp duty and accordingly 75 places were visited in the year 2014. Number of regular registered compounding agents of Stamp Duty was 8,243 (as at 30.09.2014) and out of this 8,165 have furnished Schedules recording 100% compliances.

2.18 Transfer Tax on Land

Collection for the year from transfer tax on land which implemented under 2013 budget

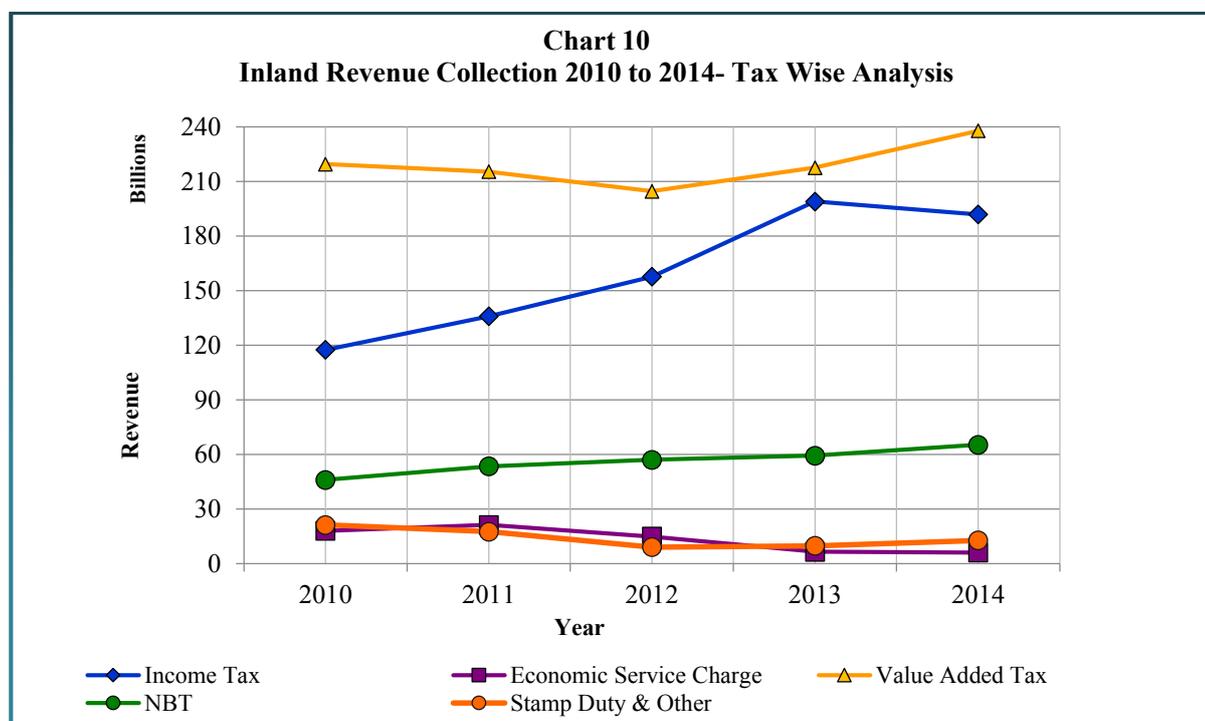
proposals was Rs. 579 Mn and it is 96.58% of the estimate for the year.

2.19 Inland Revenue Collection 2010 to 2014 (Tax wise)

Table 20 represents the tax wise classification

of revenue collection of the IRD, from 2010 to 2014. The increases and decreases of the revenue from respective taxes along with the possible reasons for those were considered on the previous paragraphs of this chapter.

Type of Tax	2010		2011		2012		2013		2014	
	Colln.	%	Colln.	%	Colln.	%	Colln.	%	Colln.	%
	(Rs.Mn)		(Rs.Mn)		(Rs.Mn)		(Rs.Mn)		(Rs.Mn)	
Income Tax	117,575	27.83	135,974	30.64	157,729	35.57	199,070	40.42	191,960	37.33
Economic Service Charge	18,048	4.27	21,335	4.81	14,864	3.35	6,596	1.34	6,155	1.20
Value Added Tax	219,563	51.97	215,420	48.54	204,656	46.15	217,687	44.20	237,915	46.27
Debits Tax	10,843	2.57	4,232	0.95	-	-	-	-	-	-
Betting & Gaming Levy	295	0.07	286	0.06	289	0.07	592	0.12	815	0.16
Share Transaction Levy	2273	0.54	3,264	0.74	1,285	0.29	1,197	0.24	2,048	0.40
Turnover tax	388	0.09	131	0.03	138	0.03	218	0.04	472	0.09
Stamp Duty	4,440	1.05	7,217	1.63	6,535	1.47	6,884	1.40	7,918	1.54
Goods & Services Tax	39	0.01	25	0.01	12	-	16	-	3	-
National Security Levy	23	0.01	15	-	4	-	2	-	14	-
Construction Industry Guarantee Fund Levy	830	0.20	1,106	0.25	710	0.16	751	0.15	842	0.16
NBT	46,022	10.89	53,501	12.05	57,106	12.88	59,397	12.06	65,354	12.71
Land Tax	-	-	-	-	-	-	97	0.02	579	0.11
Social Responsibility Levy	2,173	0.51	1,324	0.30	127	0.03	32	0.01	85	0.02
Total Collection	422,512	100.00	443,830	100.00	443,455	100.00	492,539	100.0	514,160	100.00



Chapter 3

Expenditure and Productivity Ratio



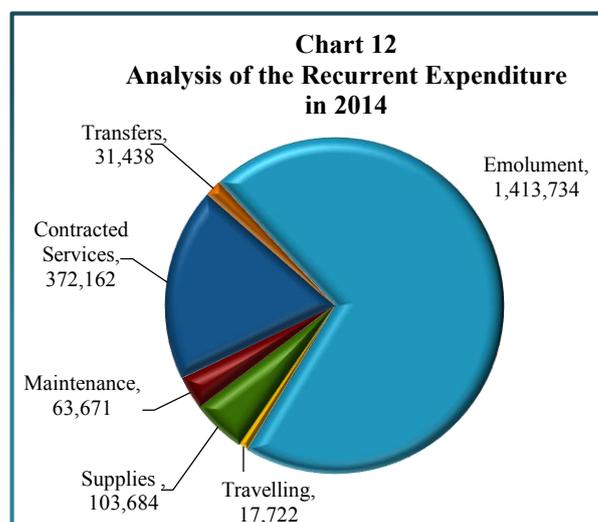
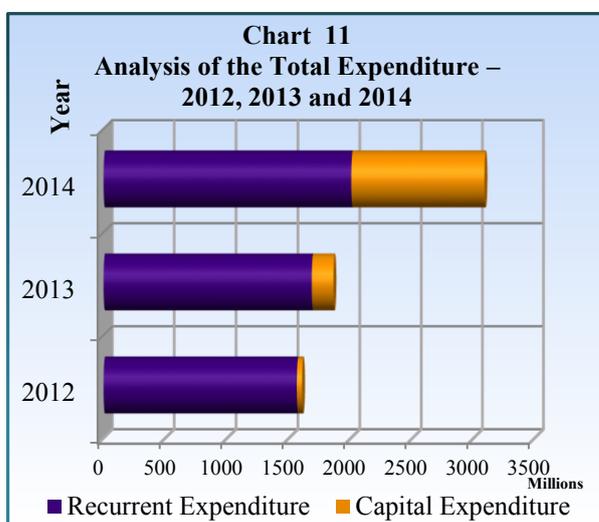
Total expenditure of the Department in the year was Rs. 3,088 Mn which recorded a 102% increase when compared with the previous year's figure of Rs. 1,876 Mn. Out of the total expenditure, 64.85% or Rs. 2,002 Mn was spent for recurrent expenditure. In 2013, the corresponding amount was Rs.1,683 Mn. Expenditure on emoluments increased by 11.08% as against that of 2013 which was Rs.1,272 Mn. This was the largest single expenditure item that accounted for 45.78% of the total expenditure and 70.60% of the recurrent expenditure.

The capital expenditure during the year recorded an increase of 463.57% when compared to 2013 and reached Rs. 1,086 Mn. That was Rs.193 Mn in 2013. Out of the total expenditure of the Department, 35.15% represents capital expenditure.

As proposed in 2013 budget proposals IRD took preliminary steps to implement the Revenue Administration Management Information System with the view of enhancing the efficiency of the Department and investment made on this project during the year was Rs. 806,802 Mn.

3.1 Comparison of the Total Expenditure incurred during the years – 2012, 2013 and 2014

Description	2012		2013		2014	
	(Rs.'000)	%	(Rs.'000)	%	(Rs.'000)	%
Recurrent Expenditure						
Emolument	1,209,700	75.40%	1,272,722	67.85%	1,413,734	45.78%
Travelling	24,231	1.51%	19,124	1.02%	17,722	0.57%
Supplies	61,851	3.86%	67,269	3.59%	103,684	3.36%
Maintenance	33,851	2.11%	30,999	1.65%	63,671	2.06%
Contracted Services	210,813	13.14%	265,284	14.14%	372,162	12.05%
Transfers	21,761	1.36%	27,871	1.49%	31,438	1.02%
Other	60	0.00%				
Sub Total	1,562,267	97.38%	1,683,269	89.73%	2,002,411	64.85%
Capital Expenditure						
Rehabilitation and Improvements	19,893	1.24%	131,414	7.01%	101,614	3.29%
Acquisitions of capital Assets	13,875	0.86%	40,243	2.15%	49,343	1.60%
Capacity Building	8,293	0.52%	20,963	1.12%	127,793	4.14%
Investment (RAMIS Project)					806,802	26.13%
Sub Total	42,061	2.62%	192,620	10.27%	1,085,552	35.15%
Total	1,604,328	100%	1,875,889	100%	3,087,963	100.00%



3.2 Productivity Ratio

The total expenditure of the Department in the year 2014 was Rs.3,087,962,992/- and the revenue collected was Rs.514,160,713,222/-. The productivity ratio (i.e. the revenue collected for every rupee of expenditure) therefore, works out to 166:1. In other words, the cost of collection for Rs.100/- was 60 cents. The cost of collection for the Rs.100/-

excluding VAT and NBT on imports, accounted 79 cents. (in previous year the corresponding amounts were 38 cents and 50 cents respectively).

Table 22 provides a classification of revenue collection, total expenditure and the cost of collection for the year 2012 to 2014.

Table 22 - Revenue Collection, Total Expenditure and Cost of Collection (Rs. Million)			
Description	2012	2013	2014
Revenue collection			
Income tax	157,728.90	199,070.03	191,960.05
Economic Service Charge	14,864.24	6,595.60	6,154.51
Value Added Tax	204,656.03	217,686.92	237,915.43
Nation Building Tax	57,105.79	59,397.33	65,353.98
Debit Tax	-0.48	-0.08	-
Betting And Gaming Levy	289.18	591.87	815.18
Share Transaction Levy	1,285.74	1,197.41	2,048.05
Turnover Tax	138.26	218.08	472.18
Stamp Duty	6,535.31	6,884.39	7,918.14
Goods and Services Tax	11.99	15.97	3.46
National Security Levy	3.93	2.15	13.77
Construction Industry Guarantee Fund Levy	709.65	750.91	841.83
Land Tax		96.74	579.47
Social Responsibility Levy	127.22	32.11	84.66
Total Collection	443,455.76	492,539.43	514,160.71
Expenditure			
Recurrent Expenditure			
Emoluments	1,209.70	1,272.72	1,413.73
Travelling	24.23	19.12	17.72
Supplies and Equipment	61.85	67.27	103.68
Maintenance and repairs	33.85	31	63.67
Services	210.81	265.28	372.16
Transfers	21.76	27.87	31.44
Other	0.06		
Capital Expenditure			
Rehabilitation & Improvements	19.89	131.41	101.61
Acquisitions	13.88	40.24	49.34
Building capacity	8.29	20.96	127.79
Investment (RAMIS Project)	-	-	806.80
Total Expenditure	1,604.32	1,875.89	3,087.94
Cost of Collection per 100/-	0.36	0.38	0.6
Cost of Collection per 100/- , excluding VAT & NBT on imports	0.5	0.5	0.79

3.3 The Internal Audit

Audits carried out by the Internal Audit Branch included examining of all payments, daily vehicle running charts (maintained by the Head office and Regional offices), pay sheets, annual board of survey reports and bank reconciliation of

Peoples bank, Bank of Ceylon, Central Bank). In addition to these activities, examining the actions taken to recover the amount due on dishonored cheques, refunds relating to income tax and VAT, checking imprest account and imprest cash account were the other main tasks performed by the Internal Audit Branch.

Chapter 4

Taxes in Default



4.1 Taxes in Default

Table 23 shows the default tax amounts,

disputed amounts, penalties and the amount collectible as at 31.12.2014.

Table 23 - Analysis of the Default Taxes - as at 31.12.2014

Type of tax	Gross Tax in Default (Rs.)	Penalty (Rs.)	Disputed Taxes Excluding Penalty (Rs.)	Penalty related to disputed Taxes (Rs.)	Collectible Tax (Rs.)	Collectible Penalty (Rs.)
Income Tax	56,899,485,469	37,253,768,193	48,386,379,832	33,389,149,188	8,513,105,637	3,864,619,005
Surcharge on Income Tax	406,775,534	269,440,138	404,387,151	268,245,948	2,388,383	1,194,190
Income Tax (WHT on interest)	1,390,837,523	635,829,057	1,356,563,354	592,897,671	34,274,169	42,931,386
Value Added Tax	44,497,939,944	29,802,383,798	39,717,299,223	25,770,072,800	4,780,640,721	4,032,310,998
Value Added Tax (Financial Services)	8,593,768,538	4,842,592,562	8,550,240,806	4,830,389,132	43,527,732	12,203,430
Economic Service Charge	7,117,628,614	3,141,589,723	4,335,790,517	2,210,143,380	2,781,838,097	931,446,343
Nation Building Tax	2,727,620,407	1,920,389,170	1,614,856,989	1,217,591,210	1,112,763,418	702,797,960
Stamp Duty	9,732,724	3,773,302	-	-	9,732,724	3,773,302
Debit tax	2,215,581,368	-	2,215,581,368	-	-	-
Turnover Tax	2,611,068,311	1,271,691,854	2,611,068,311	1,271,691,854	-	-
Good & Services Tax	945,024,420	1,038,025,892	945,024,420	1,038,025,892	-	-
National Security Levy	1,538,591,036	627,138,614	1,538,591,036	627,138,614	-	-
Save the Nation Contribution	22,443,029	6,561,055	22,443,029	6,561,055	-	-
Wealth Tax	851,542	473,924	851,542	473,924	-	-
Gift Tax	2,409	1,204	2,409	1,204	-	-
Social Responsibility Levy	2,111,474	154,110	1,864,758	147,171	246,716	6,939
Compounding Penalty	-	283,067,976	-	115,718,169	-	167,349,807
Total	128,979,462,342	81,096,880,572	111,700,944,745	71,338,247,212	17,278,517,597	9,758,633,360

Note:

- i. Total taxes in default represent remained cumulative balances of respective taxes. However, taxes in default as classified above do not fully remain as arrears per se.
- ii. Arrears or defaults arises when an assessment is issued for whatever reason (non-furnishing a returns, non-payment of taxes on the basis of returns, furnishing incorrect returns or declarations etc. by the taxpayers). Penalty is generally, 10% for the non-payments on due date and further 2% for each month of default until it reaches 50% of tax in the case of income

- iii. tax and as much as 100% with regard to VAT. Where the tax payers have lodged appeals invoking their rights, against assessments and consequently, when such appeals are taken up to higher appellate levels (Tax Appeals Commissioner, Courts of Appeal), related taxes are considered as default tax. Such of tax amounts are categorized as disputed taxes, penalties or held over taxes. On the settlements of the appeals, any excess amount assessed together with the relevant penalty added has to be discharged.

4.2 Plans for reduction of Default Taxes

Reduction of taxes in default was another major area among the targeted activities of the IRD within year, planned as follows.

- a. The respective enactments stipulate actions and steps to be taken for recovery of tax in default. Although, such actions were continuously taken after the issuing of assessments, considerable amount of taxes remains in default.
- b. The Default Tax Recovery Unit has prepared relevant reports of default taxes as provided in the Default Taxes (Special Provisions) Act No. 16 of 2010. (An Act to provide for a streamlined and speedier process for the recovery of taxes) and effective recovery actions with an added authority are intended for better results.

4.3 Maintenance of arrears of tax at 3%

In terms of section 12 of Default Taxes (Special Provisions) Act No. 16 of 2010, it shall be the duty of the Commissioner General to ensure that the aggregate of any taxes, not including any penalty accrued thereon or any part of tax held over or deferred, which is in default under

any law specified in the schedule to that Act as at the end of any calendar year commencing on or after January 1, 2010, over the aggregate of taxes in default as at the end of the immediately preceding year, shall not exceed three *per centum* of the total amount of the taxes levied and charged under the said laws, in the immediately preceding year.

Accordingly,

Net tax in default as at 31.12.2014	Rs.17,278,517,597
less	
Net tax in default as at 31.12.2013	Rs.11,439,439,119
Increase of Default Tax in 2014	Rs. 5,839,078,478
Total collection of taxes in the year ended 31.12.2013	Rs.467,162,276,566
3% of the total tax collection in 2013	Rs 14,014,868,297

Therefore, there is no net addition of taxes in default in 2014, thus it is below 3% of total tax collection in the preceding year, as required under the Default Taxes (Special Provisions) Act No.16 of 2010.

Chapter 5
Audits, Additional Tax Collection,
Refunds, Recovery Action, and
Appeals



5.1 Audits

Audits and investigations were undertaken during 2014 to a widest possible coverage of the taxpayers, in terms of business activity, entity type and business size. It has been found that the most productive use of investigation resources has paid dividends in respect of the

largest taxpayers. In the year under review, the selection process focused heavily on this category resulting in a notable increase in back duty. Accordingly, audit functions were carried out to a satisfactory level resulting in collection of additional taxes, which are shown in the Table 24.

	Income Tax	VAT	ESC	PAYE	NBT	Other	Total
Total amount of additional Tax assessed during the year	12,752,079	10,518,518	454,457	209,147	1,996,733	2,706,956	28,637,890
Total amount of additional Tax collected during the year	11,031,622	9,138,496	365,514	192,932	1,408,365	2,618,089	24,755,018
Number of tax audits commenced during the year 2014	5,091						
Number of tax Audits finalized during the year 2014	5,038						

Description	Additional income/ Turnover assessed & agreed (Rs.'000)	Additional Tax Assessed & Agreed (Rs. '000)				Additional Tax Collected (Rs.'000) (includes Refund claims setoff)
		Corporate (LTU)	Corporate (Other)	Other units	Total	
Income Tax	49,593,380	10,241,508	1,137,733	1,372,838	12,752,079	11,031,622
VAT	43,916,221	5,382,048	2,211,630	2,924,840	10,518,518	9,138,496
ESC	74,217,241	289,083	78,648	86,726	454,457	365,514
PAYE	1,209,720	54,953	80,401	73,793	209,147	192,932
NBT	105,044,798	943,206	491,258	562,269	1,996,733	1,408,365
Others	7,444,417	2,665,305	39,964	1,687	2,706,956	2,618,089
Total	281,425,777	19,576,103	4,039,634	5,022,153	28,637,890	24,755,018

5.2 Appeals

During the year, the Department has finalized 965 appeals received against the assessments

issued, and the analysis of appeal position is as follows:

		Income Tax	VAT	ESC	NBT	Others	Total
Balance as at 01.01.2014	Units (as per APL 2)	114	135	0	15	2	266
	Appeal Branch (as per APL 2)	49	460	20	23	0	552
	CGIR'S Hearing	53	246	1	5	2	307
Registered (as per APL 2) during the year		506	338	9	174	3	1030
Finalized	Determined (CGIR)	23	258	1	0	2	284
	Units (APL 4)	186	9	0	26	0	221
	Appeal Branch	83	348	17	10	2	460
Submitted for CGIR's hearing		141	374	8	43	0	566
Balance as at 31.12.2014	Units (as per APL 2)	129	9	0	6	0	144
	*Appeal Branch (as per APL 2)	130	193	4	127	3	457
	CGIR 's Hearing	171	362	8	48	0	589
*Files received to appeal branch during the year		92	149	0	65	5	311

5.3 Post VAT Refund Audits

Special VAT Audit Branch of the Department completed 220 cases (files) as post VAT refund audits during the year covering 3,110 taxable periods, resulting in the collection of Rs.934,779,904/- as additional tax.

5.4 Recovery Actions

Following table shows the number of cases attended and notices issued for recovery of taxes during the year.

Table 27 – Recovery Action

	Cases	Notices
Issuing Seizure Notices	1,082	1,364
Prosecution Actions	1064	647
Other Actions	4,139	3,005
Total	6,285	5,016

5.5 Refunds

An analysis of refunds made during the year (excluding refunds, which were set off against outstanding taxes) is as follows.

Table 28 - Refund Analysis

Type of tax	2013		2014	
	Amount of Refund (Rs.)	% to Net Revenue Collection of each tax	Amount of Refund (Rs.)	% to Net Revenue Collection of each tax
VAT	459,692,181	0.21%	1,112,689,379	0.47%
Corporate Income tax	167,326,086	0.20%	30,901,245	0.04%
Other non-Corporate Income tax	50,932,924	0.59%	31,600,314	0.39%
WHT on Specified fees	2,154,419	0.84%	2,275,268	1.06%
WHT on Interest	4,326,494	0.01%	8,214,435	0.01%
PAYE	375,690,454	2.02%	13,934,469	0.06%
Debit Tax	213,182	-	-	-
Total	1,060,335,740	0.23%	1,199,615,110	0.23%

During the year 7846 claims of VAT refunds were finalized by refunding Rs. 1,112.69 Mn. Out of total amount refunded during the year, a sum of Rs. 224.57 Mn was transferred or setoff against the total outstanding taxes.

The simplified VAT (SVAT) scheme minimizes the VAT refunds for VAT registered persons who are engaged in exports and special projects by transferring to the system of issuing credit vouchers. Under the SVAT Scheme

monitored by the Commissioner General, more persons were qualified to purchase goods and services from SVAT registered persons, where the supply of goods or services to qualified persons are more than 50% of their taxable activities. Hence, no VAT is collectible in these cases, but previously paid VAT was claimed as input tax.

539 Persons were registered for SVAT scheme during the year.

Table 29 - SVAT Credit Voucher Analysis

	2011	2012	2013	2014
Amount of Refunded VAT Rs.	6,348,377,132	3,149,577,623	459,692,181	1,112,689,379
% to Net Revenue Collection of the year	2.94%	1.54%	0.21%	0.47%
Value of VAT portion of issued SVAT Credit Voucher Rs. (related to local purchases)	26,100,132,430	41,991,314,893	45,337,507,743	47,304,211,325

Chapter 6

International Relations



6.1 Double Tax Avoidance Agreements

Sovereign states of the world enter into double tax treaties to eliminate or mitigate the incidence of juridical double taxation and fiscal evasion in the international trade (or transactions). These treaties are particularly important for developing countries to establish credit mechanism of avoidance of double taxation in attracting foreign investments,

paving the way to obtain expertise, modern technology, employment opportunities etc.

In addition double tax conventions are entered in for having solidarity and cooperation between countries as it happened with several treaty partners of Sri Lanka.

Sri Lanka has as at 31.12. 2014 entered into double tax avoidance agreements with 42 countries and a multilateral treaty (SAARC) as referred to in the table 30.

	Country	Date of Signing the Agreement	Gazette		Operative in Sri Lanka From the Year of Assessment
			No.	Date	
1	Australia	18-12-1989	657/2	08-04-1991	1992/93
2	Bangladesh	24-07-8196	448/13	07-04-1987	1989/90
3	Belgium	03-02-1983	292/6	09-04-1984	1984/85
4	Canada	23-06-1982	253/8	13-07-1983	1986/87
5	China	11-08-2003	1374/20	6-01-2005	2006/07
6	Denmark (Rev.)	22-12-1981	228/15	20-01-1983	1980/81
7	France	17-09-1981	210/17	17-09-1982	1982/83
8	Finland	18-05-1982	253/8	13-07-1983	1981/82
9	Germany	13-09-1979	113	31-10-1980	1982/83
10	Hong Kong (Limited)	26-03-2004	1374/21	06-01-2005	2005/06
11	India (Rev.)	22-01-2013	1828/9	17-09-2013	2014/15
12	Indonesia	03-02-1993	789/10	21-10-1993	1995/96
13	Iran	25-07-2000	1187/16	06-06-2001	2002/03
14	Italy	28-03-1984	322/4	05-11-1984	1978/79
15	Japan	12-12-1967	14803/5	29-05-1968	1969/70
16	Korea	28-05-1984	342/11	29-03-1985	1980/81
17	Kuwait	05-02-2002	1245/19	18-07-2002	2002/03
18	Malaysia (Rev.)	16-09-1997	1028/21	22-05-1998	99/2000
19	Mauritius	12-03-1996	958/10	15-01-1997	1998/99
20	Nepal	06-07-1999	1116/6	26-01-2000	2001/02
21	Netherlands	17-11-1982	281/13	26-01-1984	1979/80
22	Norway (Rev.)	01-12-1986	464/4	27-07-1987	1989/90
23	Oman (Limited)	26-07-1994	881/7	26-07-1995	1979/80
24	Pakistan (Rev.)	15-10-1981	210/17	17-09-1982	1983/84
25	Philippines	11-10-2000	1237/7	21-05-2002	2010/11
			1256/27	02-10-2002	
26	Poland	25-04-1980	130	27-02-1981	1984/85
27	Qatar	07-11-2004	1422/10	05-12-2005	2008/09
28	Romania	19-10-1984	371/9	15-10-1985	1986/87
29	Russia	02-03-1999	1101/22	15-10-1999	2003/04

30	Saudi Arabia (Limited)	16-12-1999	1101/23	15-10-1999	1983/84
31	Singapore	29-05-1979	57/11	10-10-1979	1977/78
32	Sweden	23-02-1983	297/28	18-05-1984	1985/86
33	Switzerland	11-01-1983	292/6	09-04-1984	1981/82
34	Thailand	14-12-1988	571/16	18-08-1989	1990/91
35	U.A.E. (Limited)	07-07-1992	824/13	23-06-1994	1979/80
36	U.A.E. (Comprehensive)	24-09-2003	1346/1	21-06-2004	2004/05
37	U.K.	21-06-1979	60/23	02-11-1979	1977/78
38	U.S.A. Protocol	20-09-2002	1298/8	21-07-2003	2004/05
39	U.S.A	14-03-1985	398/4	22-04-1986	
40	Vietnam	26-10-2005	1455/9	24-07-2006	2007/08
41	Seychelles	23-09-2011	1837/14	20-11-2013	2015/16
42	Belarus	26-08-2013	1837/13	20-11-2013	2015/16
43	Palastine	16-04-2012	1838/8	26-11-2013	2015/16
44	Luxembourg	31-01-2013	1838/9	26-11-2013	2015/16
Multi National Treaties					
1	SARRC Multilateral Treaty	13-10-2005	1447/3	29-05-2006	2011/2012

6.1.1 Affairs related to Double Taxation

Treaties during the Year 2014

Revised Agreement with Singapore

The Cabinet Approval was obtained and signed at the Government level.

Agreement with Kingdom of Bahrain

Agreement which was signed at Government level in 2011 was gazetted on January 01, 2014.

6.2 Participations at International Taxation Matters Abroad

Table 31 - Participations of International Taxation Matters

	Name and Designation of the Officer	Programme	Country	Duration
1	Mr. K A G Abayaratne Deputy Commissioner General	UN-OECD Practical Workshop on the Negotiation of Tax Treaties	Austria	19.05.2014- 23.05.2014
2	Mrs. W Anulawathie Deputy Commissioner General	3rd Annual Meeting of the Global Forum of Transfer Pricing	France	26.03.2014- 28.03.2014
3	Mr. D M L I Dissanayake Deputy Commissioner General	3rd Annual meeting of of Global Forum on Transfer Pricing	France	26.03.2014- 28.03.2014
4	Mr. A N Guruge Deputy Commissioner General	OECD 19 th Annual Tax Treaty Meeting	France	24.09.2014- 26.09.2014
5	Mr. A A D U Abeysinghe Deputy Commissioner General	3rd Meeting of SAARC Competent Authorities on Avoidance of Double Taxation	Bhutan	28.07.2014- 29.07.2014
6	Miss D G P W Gunathillake Deputy Commissioner General	OECD 19 th Annual Tax Treaty Meeting	France	24.09.2014- 26.09.2014
7	Mr. J P D R Jayasekera Deputy Commissioner General	The Second Round of Negotiation of the proposed China Sri Lanka free trade agreement	China	26.11.2014- 29.11.2014
8	C H Weerasinghe Senior Commissioner	OECD 19 th Annual Tax Treaty Meeting	France	24.09.2014- 26.09.2014

9	Ms H M D Munasinghe Senior Commissioner	2nd meeting of the OECD Global forum on VAT	Japan	17.04.2014- 18.04.2014
10	Mrs.K.S.B.R.D.S Karunaratne Senior Commissioner	2nd meeting of the OECD Global forum on VAT	Japan	17.04.2014- 18.04.2014
11	Mr. K Dharmasena Senior Commissioner	SAARC Seminar on International Taxation	India	04.03.2014- 07.03.2014
12	Mr. H M G Wijesinghe Senior Commissioner	3rd Annual meeting of of Global Forum on Transfer Pricing	France	26.03.2014- 28.03.2014
13	Mr.D.B.Dissanayake Senior Commissioner	3rd Annual meeting of of Global Forum on Transfer Pricing	France	26.03.2014- 28.03.2014
14	Mr.K.D.A.P.Koralearachchi Senior Commissioner	3rd Annual meeting of of Global Forum on Transfer Pricing	France	26.03.2014- 28.03.2014
15	Mr.W.S.K.De Costa Senior Commissioner	3rd Annual meeting of of Global Forum on Transfer Pricing	France	26.03.2014- 28.03.2014
16	Mr. M S M Fuward Senior Commissioner	OECD 19 th Annual Tax Treaty Meeting	France	24.09.2014- 26.09.2014
17	Mr. P M Dissanayake Senior Commissioner	OECD 19 th Annual Tax Treaty Meeting	France	24.09.2014- 26.09.2014
18	Mr.A.A.Dayaratne Senior Commissioner	OECD 19 th Annual Tax Treaty Meeting	France	24.09.2014- 26.09.2014
19	Mr. J.A.A. Parakrama Senior Commissioner	3rd Meeting of SAARC Competent Authorities on Avoidance of Double Taxation	Bhutan	28.07.2014- 29.07.2014
20	Mr.H.M.W.C.Bandara Senior Commissioner	2nd meeting of the OECD Global forum on VAT	Japan	17.04.2014- 18.04.2014
21	Mr. D R S Hapuarachchi Commissioner	UN-OECD Practical Workshop on the Negotiation of Tax Treaties	Austria	19.05.2014- 23.05.2014
22	Mr. D R S Hapuarachchi Commissioner	Taking Forward the Tax Treaty Work Related to BEPS	Dubai	25.11.2014- 27.11.2014
23	Mr. K D M N Gunathunga Commissioner	2nd meeting of the OECD Global forum on VAT	Japan	17.04.2014- 18.04.2014
24	Mr.W.K.K.Jayarathne Commissioner	CATA : Workshop on Taxation of International Transactions	Malaysia	9.06.2014- 27.06.2014
25	Mr. P Sumanasiri Commissioner	Joint IRBM -OECD Practical workshop on the Negotiation of Tax Treaties	Malaysia	10.03.2014- 14.03.2014
26	Mr. J D Dimantha Deputy Commissioner	CATA : Workshop on Taxation of International Transaction	Malaysia	09.06.2014- 27.06.2014
27	Mr. A.M. Nafeel Deputy Commissioner	Taking Forward the Tax Treaty Work Related to BEPS	Dubai	25.11.2014- 27.11.2014
28	Mrs. W R R Wickramasuriya Assistant Commissioner	SAARC Seminar on International Taxation and Transfer Pricing	India	04.03.2014- 07.03.2014
29	Mrs. H M K Pushpalatha Assistant Commissioner	SAARC Seminar on International Taxation and Transfer Pricing	India	04.03.2014- 07.03.2014
30	Mrs. P N M Panagoda Assistant Commissioner	SAARC Seminar on International Taxation and Transfer Pricing	India	04.03.2014- 07.03.2014
31	Mrs. C.G. Balasuriya Assistant Commissioner	Taking Forward the Tax Treaty Work Related to BEPS	Dubai	25.11.2014- 27.11.2014

Chapter 7

Legislation



7.1 Legislation enacted during the year

- i. Inland Revenue (Amendment) Act No. 08 of 2014
- ii. Economic Service Charge (Amendment) Act No. 09 of 2014
- iii. Value Added Tax (Amendment) Act No. 07 of 2014
- iv. Nation Building Tax (Amendment) Act No. 10 of 2014
- v. Default Taxes (Special Provisions) (Amendment) Act No 14 of 2014

7.2 Approved Charities

There was one approval granted during the year

Charitable Institute	Children Home of Angel Foundation
Address	Temple Road, Mudunkotuwa, Marawila
Gazette Number	1847
Date of Registration	24/01/2014

7.3 Gazette Notifications

Following Gazette notices were issued during

the year under the respective Acts administered by the IRD.

Table 32 - Gazette Notices Published During the Year 2014

	Gazette No.	Date	Description
I	1847/51	31.01.2014	Agreement between the Government of the Democratic Socialist Republic of Sri Lanka and the Government of the Kingdom of Bahrain for the Avoidance of Double Taxation and prevention of fiscal evasion with respect to taxes as income.
II	1868/10	23.06.2014	VAT on financial Service
III	1864/02	26.05.2014	Stamp Duty - shares
IV	1857/09	09.04.2014	ESC - Regulations
V	1857/08	09.04.2014	Income Tax SLFRS Adjustments
VI	1844/02	09.04.2014	Written off of Default tax of SLTB Kasbewa Depot

7.4 Interpretation Committee

The Committee for Interpretation of Tax Laws (CITL), appointed in 2011 by the Commissioner General of Inland Revenue under the Section 208A of Inland Revenue Act, comprises of senior officials of Inland Revenue Department and Chaired by the Senior Commissioner (Tax Policy), is responsible for the issuance of interpretations, clarifications, guidelines etc. on the provisions of Acts administered by the CGIR.

Any person, who finds any ambiguity in any provision of any enactment administered by The Inland Revenue Department, can make a request seeking interpretation thereon to the Committee. (Secretary of Committee, Secretariat, Inland Revenue Department). The CITL as mandated to issue necessary guidelines and instructions to ensure uniformity with regard to interpretations and procedures dealt with 73 cases during the year concerned. Table 33 shows the details of the interpretations given by the CITL.

Table 33 - Details of Interpretations given by the CITL during the year 2012						
Area	Income Tax	VAT	NBT	Stamp Duty	ESC	Total
Tax Liability	6	4	4	3	2	19
Dividends	1	-	-	-	-	1
Exemptions	3	6	2	-	1	12
Deductions allowed in ascertaining profits & income	1	-	-	-	-	1
Employment Income	5	-	-	-	-	5
Concessionary rates	8	-	-	-	-	8
Definition	8	-	-	-	-	8
WHT on debt securities	1	1	-	-	-	2
Set off Input Tax	-	7	-	-	-	7
Procedures	-	2	-	-	-	2
Refunds SDP	-	1	-	-	-	1
Others	4	-	-	-	-	4
Definition on Tax Appeal Commission						1
Eligibility of the Certificate issued under section 2 (1) (b) (ii) (a) of Finance Act No. 11 of 2006						2
Total						73

Chapter 8

Other Work



8.1 Taxpayer Service Unit

The taxpayer service unit facilitated the taxpayers and the public in common to access for Department's service conveniently. The unit is equipped with officers to assist every person seeking help or information. Relevant enactments, Departmental publications, paying in slips, forms etc. are available in this Unit. To avoid possible delays and inconveniences, arrangements had been made to issue Taxpayer Identification numbers (TINs) and temporary VAT numbers at this unit. Accordingly, the Unit issued 6,054 TIN certificates during the year. (7,908 temporary VAT applications were

forwarded by the Unit to Information Branch for opening new files and 6,205 TIN applications to corporate Units for the maintenance of these files).

Furthermore, 321 clearance certificates were issued for non-taxpayers and several types of leaflets were prepared during the year for the benefit of taxpayers. Moreover Taxpayer Service Unit provided tax consultancy services making the taxpayers and public aware of their issues through the "One Stop Service Center" established at the ground floor of the IRD head office in addition to organizing 14 awareness programs during the year.

8.2 Details of the Directions and Clearance Certificates issued by the Department

Description	2014	2013
<i>Directions issued</i>		
• To Banks for WHT on interest	272	97
• In relation to Specific Fees	-	7
<i>Clearance Certificates issued</i>		
• In relation to withdrawals from provident Fund	-	125
• In relation to persons leaving Island	321	276
<i>Privilege Cards Issued</i>		
• Gold Cards	102	157
• Silver Cards	68	93
<i>Certificate issued for tax concession on imports of Motor Cars</i>		
• No of certificates	166	129

8.3 Analytical Reports

The Economic Research and Planning Unit of the IRD carried out different types of researches by analyzing data received from various sources such as Central Bank, Census & Statistic Department etc.

The following reports were prepared during the year by the Economic Research and Planning Unit

1. Analysis report on revenue, considering the economic indicators by sector wise, activity

wise and tax wise (annually, quarterly, monthly, daily).

2. Monthly and Quarterly Tax Bulletins (up to 31.10.2014).
3. Preparation of an activity code data base selecting Unit 5A, Unit 5B and Unit 5C.

8.4 Training Branch

Training branch of the IRD organized several awareness programs for taxpayers during the year in addition to usual training programs conducted for officers of the department.

Subject	Institute	No. of persons attend
WHT Implication on Convergence to Bank Officers	Bank of Ceylon	156
Taxation and Crime Proceeds	Police Department	26
WHT Implication on Transaction in Commercial Banks	Peoples Bank	188
Corporate taxation and PAYE	Civil Aviation Authority	40
VAT for construction Contractors	Kalmunai	120
VAT for construction Contractors	Vauniya	160
Tax Regime in Sri Lanka	Institute of Valuer's of Sri Lanka	25
Withholding Tax	Hatton National Bank - Matara	50
VAT liability on Construction payment & PAYE	Ministry of justice	70
Taxation on Projects	Project Management Engineering Service Bureau	100

8.5 Revenue Administration and Management Information System (RAMIS)

Implementation of Revenue Administration and Management Information System (RAMIS) is aimed at supporting the IRD in simplifying the tax administration and tax compliance for taxpayers. RAMIS is also envisioned to support in increasing the revenue collection and tax compliance and thereby revenue collection by enabling IRD to reach out to taxpayers in a more efficient and effective way. It is expected to widen the tax net and improve compliance, enhancing the efficiency of the revenue collection process, increasing the quality of work environment to generate higher productivity, and provide better service to taxpayers with a view to increasing voluntary compliance.

In 2013 Preliminary steps were taken to implement RAMIS of the IRD under the supervision of Ministry of Finance and Planning.

During the year Inception Report and Project Plan of RAMIS were concluded and System Requirement Specification Report was submitted to core team for observation and approval.

Requirement of infrastructure facilities such as end user hardware, computers, printers and scanners that are necessary to perform the activities of the Department and in the implementation of RMIS were estimated and procurement process was commenced to accomplish those requirements.

In discharging the duties, Inland Revenue Department has to collect some necessary information from certain Governmental institutions and Banks. Discussions were concluded with 23 external institutions which are to be connected with network under the project and memorandums of understanding were scheduled to be signed in the year concerned.

Change management team of the RAMIS project has organized several workshops and awareness programs for all the officers of the Department during the year.

Distribution of Staff, Files and Revenue Among The Assessing Divisions as at 31-12-2014

Assessing Divisions	Staff										Files						Revenue (Rs. Mn)							
	CIR	DCIR	ACIR	STO	TO	Others	Total	IT/WHIT	NR	VAT/Op/VAT	NBT	PAYE	ESC	B&GLSD	NGO	INCOME TAX/SRL	PAYE	E.S.C.	VAT/GST/DAVA	NBT	TT, B&G/OTHER	DT/STL	SD/LAND TAX	Total
International Unit (5B)	1	-	9	1	-	10	21	84	938	100	30	114	21	-	180	4,610.24	876.91	12008	597.72	57.99	-	-	-	6,262.94
Unit 1,2&3	2	1	18	2	-	9	32	4,304	-	-	9	-	14	-	-	829.50	-	0.32	2.30	4.97	-	-	-	837.08
Unit 4	1	2	8	-	7	18	28	1,025	-	771	604	756	66	-	-	810.15	314.16	133.91	1,579.62	663.19	-	-	-	3,501.04
Unit 4A	1	3	13	2	-	9	28	5,117	-	926	2,292	1,394	22	-	-	695.70	215.21	83.52	1,488.07	524.02	0.03	-	-	2,956.55
Unit 5	1	-	6	3	-	9	19	862	-	624	593	653	87	-	-	1,002.68	468.59	240.04	1,581.46	538.27	0.02	-	-	3,831.05
Unit 5C	1	1	6	6	-	7	21	4,113	-	1,035	579	1,005	39	-	-	886.81	316.82	143.48	1,139.73	524.02	0.16	-	-	3,010.61
Unit 12 (5A)	1	-	14	1	-	7	23	904	7	880	514	764	767	1	-	1,905.70	229.08	188.57	1,613.95	519.63	3.74	-	-	4,688.56
Unit 5D	1	-	11	3	-	5	21	3,821	-	903	463	735	54	-	-	735.79	229.08	117.51	1,121.21	373.91	0.14	-	-	2,577.64
Unit 14	1	-	8	10	-	8	27	5,557	-	1,882	684	780	14	-	-	630.86	135.55	99.15	1,762.14	908.74	0.14	-	-	3,536.58
Unit 15	2	2	21	9	-	11	45	4,047	-	1,171	1,027	1,537	749	-	-	892.29	117.12	120.45	1,792.91	806.33	0.72	-	-	3,729.83
Corporate Tax Audit	1	1	14	-	-	3	20	10,573	-	1,188	729	1,005	104	-	-	1,085.00	651.93	111.40	3,087.05	978.33	-	-	-	5,913.72
Unit 6A	2	1	15	3	-	15	36	411	3	408	392	341	33	-	-	8,394.72	1,858.31	520.85	12,141.99	5,394.07	-	-	-	28,309.93
Unit 6C	2	2	13	2	1	17	37	267	9	319	280	184	96	-	-	28,692.69	3,882.42	233.10	35,451.97	5,219.82	-	-	-	73,480.00
Unit 7A	2	2	20	1	-	12	37	434	4	369	358	332	164	-	-	11,266.94	4,206.79	1,143.79	18,572.57	7,243.52	448.36	-	-	42,881.97
Unit 7B	2	1	21	2	-	12	36	439	-	389	358	365	43	-	-	9,852.12	1,711.69	643.98	19,677.75	4,273.15	8.34	-	-	36,167.03
Unit 8	2	1	21	4	-	8	36	432	8	443	352	400	429	-	-	14,880.31	3,096.50	963.12	18,195.35	2,767.81	6.94	-	-	39,910.03
Unit 10	2	1	21	3	-	7	34	623	-	428	365	463	376	-	-	5,235.09	2,637.14	1,069.36	12,264.60	3,801.20	0.00	-	-	25,007.37
Unit 17	2	-	23	2	-	7	34	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Unit 23	2	-	6	3	-	5	15	2,628	-	-	-	-	-	-	-	70,252.16	-	-	-	-	-	-	-	70,252.16
WHIT on Interest	1	-	8	-	-	7	16	-	-	-	-	1,276	-	-	-	1,368.01	77.94	-	-	-	-	2,048.68	-	3,494.62
PAYE Branch	1	-	6	-	-	5	13	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
ESC, NBT, B&G	1	1	6	-	-	5	13	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VAT Special Audit	1	1	18	1	-	6	27	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VAT Refund	4	2	23	2	-	20	51	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VAT Registration	1	-	6	-	-	10	17	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VAT Audit & Collection	2	-	28	1	-	7	38	-	-	3,670	-	-	-	-	-	-	-	-	4,655.69	-	-	-	-	4,655.69
SVAT Unit	2	-	23	-	-	15	40	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
SVAT Audit Unit	1	-	13	-	-	5	19	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
SVAT Supervision	1	1	2	-	-	1	5	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Stamp Duty	1	1	14	3	-	7	26	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
REGIONAL OFFICES																								
Colombo South	1	1	21	4	-	12	39	9,572	-	-	401	-	31	-	-	1,031.12	-	10.84	0.09	160.63	-	-	-	1,202.69
Colombo Central	1	2	20	2	-	13	38	8,411	-	-	985	-	5	-	-	833.84	-	16.31	-	457.14	-	-	-	1,307.29
Colombo City	1	-	22	1	-	14	38	9,327	-	-	1,148	-	11	-	-	768.91	-	10.85	-	485.95	-	-	-	1,265.71
Maharagama East	1	-	14	3	-	12	30	10,330	-	-	874	-	1	-	-	330.27	-	11.20	1.29	277.32	-	-	-	620.08
Maharagama West	1	-	16	1	-	11	29	10,808	-	-	695	-	2	-	-	356.47	-	7.61	0.35	238.17	-	-	-	602.60
Baddula	1	-	15	-	-	15	31	5,747	-	-	534	-	0	-	-	236.52	-	5.58	0.02	180.18	-	-	-	422.30
Galle	1	-	18	4	-	15	38	7,047	-	-	542	-	4	-	-	242.82	-	7.72	-	202.59	-	-	-	453.13
Kalutara	1	1	17	-	-	20	39	8,145	-	-	469	-	0	-	-	225.48	-	2.17	-	175.23	-	-	-	402.88
Matara	-	-	16	1	-	22	39	9,304	-	-	500	-	-	-	-	274.05	-	7.59	0.01	216.46	-	-	-	498.10
Nuwara Eliya	1	1	11	1	-	15	29	4,298	-	-	408	-	3	-	11	182.99	-	2.33	0.01	120.10	-	-	-	305.44
Rathnapura	1	1	14	6	-	15	37	7,150	-	-	591	-	4	-	-	243.23	-	21.51	0.04	202.13	-	-	-	466.91
Amarapura	1	1	15	-	-	17	34	4,492	-	-	542	-	-	-	-	254.66	-	3.55	0.24	206.52	-	-	-	463.97
Gampaha	1	-	18	1	-	11	31	13,636	-	-	874	-	-	-	-	411.35	-	27.53	0.05	541.15	-	-	-	980.09
Batticaloa	1	-	8	2	-	17	28	4,532	-	74	923	-	106	-	-	116.19	-	9.20	1.13	107.92	-	-	-	234.44
Jaffna	1	-	2	-	-	13	16	2,321	-	-	420	-	0	-	-	87.17	-	2.43	0.14	124.05	-	-	-	213.80
Kandy	1	-	31	-	-	22	54	11,040	-	-	803	-	4	-	-	473.97	-	7.51	0.07	335.41	-	-	-	816.97
Kegalle	1	2	16	1	-	16	36	5,848	-	-	395	-	5	-	-	166.19	-	2.46	-	127.41	-	-	-	296.06
Kurunegala	1	1	25	2	-	16	45	11,338	-	-	601	-	11	-	-	290.89	-	11.85	0.02	271.22	-	-	-	573.98
Dambulla	1	-	15	3	-	16	35	6,327	-	-	404	-	38	-	-	195.48	-	5.43	-	173.62	-	-	-	374.53
Negombo	1	-	16	1	-	11	29	10,839	-	-	318	-	212	-	-	406.56	-	6.12	0.01	250.80	-	-	-	663.48
TOTAL	63	37	752	96	2	561	1511	206,153	969	15,580	22,556	12,104	3,515	9,245	192									386,357.63
VAT (Import)																								102,235.48
NBT (Import)																								23,750.92
Treasury Transfer																								2,488.74
Refunds																								(1,199.61)
Adjustments, Unclassified Revenue, Dishonored Cheques and Others																								527.55
Net Collection (Including Stamp Duty & NBT 1/3 Transferred to Provincial Councils)																								514,160.71