

# Investment Income

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## What is a Investment Income?

A person's income from an investment for a year of assessment shall be the person's gains and profits from that investment for the year (Section 07).

### What should be included?

- Dividends, Interests, Discounts, Charges, Annuities, Natural resource payments, rents, premiums and royalties.
- Gains on realization of investment assets.
- Gifts received in respect of investments.
- Winnings from lotteries, betting and gambling.

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## Charges

Charge is a sum received by a person arising out of a deed of a deceased person or as a result of a court decision.

## Premiums

- Premium is a for obtain the right to use an asset and above the actual usage of the asset. Eg: Key money.
- If the premium is for a period more than **three years, full amount is taxable** at the hands of the **recipient**.
- In such a scenario the payer can consider the same as an intangible asset and claim for capital allowance based on the actual period.

## Exemptions

- Interest derived by a charitable institution providing care to sick and needy.
- Interest derived from any sovereign bond denominated in foreign currency.
- Winnings from lottery where the winning is less than Rs. 500,000.
- Amounts realized from sale of quoted public share.

## Relief

- Interest income derived from a financial institution by a senior citizen (60+) up to Rs. 1,500,000 per year of assessment.
- 25% of the total rental income for an individual for an year of assessment.