

Strategic Level Exam – June 2026

Strategic Tax Planning – Question bank 1

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Question 1

Thomas is an Australian citizen. He visited Sri Lanka on 01st May 2024 to incorporate a company under the provisions of the Companies Act No. 7 of 2007 for providing investment advisory services to foreign clients in Sri Lanka. During the year of assessment 2024/25, his travel details are as follows:

Date of arrival to Sri Lanka	Date of departure from Sri Lanka
01.05.2024	15.08.2024
15.11.2024	20.01.2024
05.03.2025	31.03.2025

You are required to:

Explain the residence status of Thomas for taxation purpose in Sri Lanka in relation to the year of assessment 2024/25 as per the provisions of the Inland Revenue Act No. 24 of 2017

Question 2

You have been given the following information:

1. Ravi is a citizen of India. He was employed in a Sri Lankan ship from 01st May 2024 to 30th April 2025.
2. Amara was born in Sri Lanka and migrated to Australia for employment in January 2023. He earns a rent income from a property in Sri Lanka.
3. Sarah, a citizen of United Kingdom was appointed as an officer in UK High Commission in Sri Lanka with effect from 15th March 2024 for a period of three years. She was provided an apartment in Colombo and after assuming duties, she had not left from Sri Lanka.

You are required to:

Explain the residence status of the above individuals for taxation purpose in Sri Lanka for the year of assessment 2023/24 as per the provisions of the Inland Revenue Act No 24 of 2017.

Question 3

Jason, a citizen of Sri Lanka was appointed as an officer in Sri Lankan High Commission in Australia with effect from 01st May 2023 for a period of three years. He was provided an apartment in Melbourne and his salary will continue to be credited to his bank account in Sri Lanka. After assuming duties, he has stayed in Australia throughout the year of assessment 2024/25.

You are required to:

Explain the residence status of Jason for taxation purpose in Sri Lanka for the year of assessment 2024/25 as per the provisions of the Inland Revenue Act No. 24 of 2017.

Question 4

Angela, is a citizen of Sri Lanka. Commencing from 01st June 2024, she was appointed as an officer of the embassy of Sri Lanka in Japan for a period of 2 years. She was provided an apartment in Tokyo and her salary will continue to be paid to her bank account in Sri Lanka with an additional allowance. Angela's husband, Thilina too accompanied her to Japan.

You are required to:

Explain the residence status of Angela and Thilina for taxation purpose in Sri Lanka for the year of assessment 2024/25 as per the provisions of the Inland Revenue Act No 24 of 2017.

Question 5

Build Experts (Pvt) Ltd. (BEL), is a company incorporated in Sri Lanka to run several construction projects in Sri Lanka. It is a subsidiary of Build Tech (India) (BTI), a construction giant in India. During the year 2025/26 BEL procures most of the equipment and accessories from its parent company in India.

You are required to:

Explain the residence status of BEL for taxation purpose in Sri Lanka for the year of assessment 2025/26 as per the provisions of the Inland Revenue Act No 24 of 2017.

Question 6

Millar International Ltd. (MIL) is a company incorporated in India. The directors of the company plans to expand their operations to Sri Lanka. For this purpose, a subsidiary of MIL will be incorporated in Sri Lanka with 60% of the shareholding of MIL while the balance 40% of the shareholding will be owned by a Sri Lankan investor. This subsidiary company will import raw materials from India and re-export the finished product to the holding company in India.

You are required to:

Explain the residence status of the subsidiary company in Sri Lanka.

Question 7

P & G International Inc. (PGII), incorporated in Canada, is engaged in the business of manufacturing and selling pharmaceutical products. As part of its expansion strategy, PGII established a wholly-owned subsidiary in Sri Lanka under the name P&G Sri Lanka (Pvt) Ltd. The subsidiary was incorporated on 1 January 2026 and commenced business operations on 15 January 2026. Based on the forecasted financials for the fiscal year 2025/26, P&G Sri Lanka (Pvt) Ltd. is expected to generate profits and intends to declare dividends.

You are required to:

Determine the tax liability of P & G International Inc. in relation to the above transaction.