



STATUTORY PROVISIONS

Prabath Weerasinghe – ACA, MAAT, BB Mgt (HRM) SP,
ACMA, ATII, MBA in Taxation (PIM SJP)

Statutory provisions

Key learning outcome

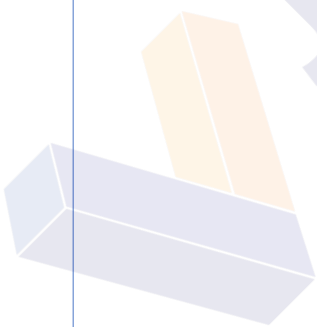
1. Outline the provisions of the Inland Revenue Act with regard to taxable sources, returns, assessments, time-bar, finality, administrative review, appeals and penal provisions.
2. Outline the procedure in making a valid request for an Administrative Review and the settlement procedure, including appeals to the Tax Appeals Commission.
3. Outline the procedure of payment of tax under self-assessment scheme, repayment of tax, recovery of tax in default and penalties for non-compliance.
4. Outline the statutory provisions applicable to recovery of income tax.

Payment of Income Tax

- Payment of income tax may be made in following three ways:
 1. By withholding -
 2. By installments
 3. By Assessment

Payment of Income Tax

By withholding -



Payment of Income Tax

By withholding -

Advance personal income tax [Sec 83 a (1a)] APIT (Know as PAYE)

Advance Personal Income Tax (APIT) introduced with effect from 01.04.2020, for employment income and it was a compulsory deduction for non-residents and non-citizens but optional for residents and citizens. (up to 31.12.2022)

Deduction of APIT by employer is mandatory from employment income of employees, with effect from 01.01.2023

The obligation of an employer to deduct APIT shall not be reduced or extinguished when the employer has a right or is under an obligation to deduct and withhold any other amount from the payment; or any other law provides that an employee's income from employment shall not be reduced or subject to attachment

Commissioner General has published APIT Tables (based on the individual tax rates) and related procedure

Taxation of terminal benefits – No change (Regular income 36%)

Payment of Income Tax

Advance personal income tax [Sec 83 a (1a)] APIT (Know as PAYE)

Tax Table 01 :- where the payment constitutes regular profits from the employment, of any resident employee or any non-resident employee but citizen in Sri Lanka who has furnished a Primary Employment Declaration. (Primary employment – Monthly Gross income is more than LKR 100,000/-)

Tax Table 02:- where the payment constitutes a Lump-sum payment.

Tax Table 03:- where the payment constitutes a Once-and-for-all payment (Terminal Benefits).

Tax Table 04:- where the payment received by the Non-Resident employees who are non- citizens in Sri Lanka.

Tax Table 05:- where the monthly regular profits of an employee from a primary employment is less than LKR 100,000 but the cumulative profits from the primary employment up to any month in the year of assessment exceeds LKR 1,200,000 due to payment of higher remuneration in certain months, in such instances.

Tax Table 06:- where the payment constitutes a payment or reimbursement of the employee's tax liability on his income from employment by the employer.

Tax Table 07:- where the payment constitutes of the remuneration of any employee, who has not furnished a Primary Employment Declaration, or who has more than one employment.

Payment of Income Tax

Responsibility of a tax agent

Applying the appropriate tax table and deduct tax on the benefits paid to employee

Tax deducted from employment income from every employee during a particular month should be remitted to the Commissioner General of Inland Revenue on or before the 15th day of the month immediately succeeding that month

Submit the Employer's (APIT) Annual declaration – on or before 30th April

Issuing the Certificate (T10) to the employee on the gross earning, tax deducted and remitted to Commissioner General of Inland Revenue on or before 30th April or within 30 days from the termination of employment.

Maintaining details of employee related payments etc..

*Allowed an option of not maintaining a tax file/ not submitting an income tax return for an employee who is having only employment income and such employment income is subject to the deduction of APIT (no quarterly or assessment payments are due).

Payment of Income Tax

Advance income tax [SEC 84 (1)] AIT (Know as WHT)

- Withholding from investment returns
 1. Person shall withhold tax at the rate provided for in paragraph 10 of the First Schedule
 - a) Where a Person;
 - Pays a dividend, interest, discount, charge, natural resource payment, rent, royalty, premium
 - Pays amounts as winnings from a lottery, reward, betting or gambling
 - b) the payment or allocation has a source in Sri Lanka
 2. The National Gem and Jewellery Authority shall withhold tax at the rate provided in paragraph 10 of the First Schedule from the sale price of any gem sold at an auction conducted by it, from the sum payable to the seller of such gem and at the time of such sum is paid to the seller. (receiver can claim exemption)

Payment of Income Tax

Advance income tax [SEC 84 (1)] AIT (Know as WHT)

Withholding from investment returns

1. With effect from April 1, 2020, but prior to January 1, 2023 the taxpayer who is resident in Sri Lanka may make a request to the withholding agent to deduct Advance Income Tax from the payment
2. Person shall withhold tax at the rate provided for in paragraph 10 of the First Schedule Where a Person;

Pays a dividend, interest, discount, charge, natural resource payment, rent, royalty, premium

On the receipt of such request, a withholding agent shall deduct advance income tax as specified by the Commissioner-General.

Payment of Income Tax

Withholding from investment returns

With effect from January 1, 2023, a person shall deduct Advance Income Tax from the payment of dividend, interest, discount, charge, natural resource payment, rent, royalty or premium which has a source in Sri Lanka, at the rate provided in paragraph 10 of the First Schedule to the Act

Pays amounts as winnings from a lottery, reward, betting or gambling the payment or allocation has a source in Sri Lanka

The National Gem and Jewellery Authority shall withhold tax at the rate provided in paragraph 10 of the First Schedule from the sale price of any gem sold at an auction conducted by it, from the sum payable to the seller of such gem and at the time of such sum is paid to the seller. (received can claim exemption)

Payment of Income Tax

Income	Rate
Payments to non-resident person with respect to land, sea, air transport or telecommunication service in terms of section and Extraordinary Gazette Notification No. 2064/51 dated April 01, 2018	2%
Interest or discount paid by a person	5%
Rent payments made to a resident person where the aggregate payment exceeds Rs. 100,000 per month **Rent = Payment for the use of or right to use property (movable or immovable) of any kind *** Hiring services is not subject to AIT/WHT	10%
Rent payments to Non-residents, Charge, natural resource payment, royalty, premium or pays amounts as winnings from a lottery (exceeds Rs.500,000), reward, betting or gambling Payment or allocation has source in Sri Lanka (Non-Residents)	14%
Dividend	15%
Sale price payable to the seller of any gem sold at an auction conducted by the National Gem & Jewellery Authority	2.5%

Payment of Income Tax

Withholding from service fees , contract payments and payments to non- residents

a person shall , prior to January 1, 2020, withhold tax at the rate provided for in paragraph 10 of the First Schedule,

where such person Pays a service fee with a source in Sri Lanka to a resident individual who is not an employee of the payer –

for teaching, lecturing, examining, invigilating or supervising an examination;

as a commission or brokerage to a resident insurance, sales or canvassing agent;

as an endorsement fee;

in relation to the supply of any article on a contract basis through tender or quotation; or

for such other matters as may be prescribed by regulation; or

(b) Pays a service fee or an insurance premium with a source in Sri Lanka to a non-resident person.

Resident person shall withhold tax when the person makes a payment to a non-resident person of a type referred to in paragraph (h) or (i) of section 73 (land, sea or air transport or telecommunication services)

Payment of Income Tax

- Withholding from service fees , contract payments and payments to non- residents
- With effect from April 1, 2020, but prior to January 1, 2023 the taxpayer who is resident in Sri Lanka may make a request to the withholding agent to deduct Advance Income Tax from the payment Person shall withhold tax at the rate provided for in paragraph 10 of the First Schedule

(1 A) where such person Pays a service fee with a source in Sri Lanka to a resident individual who is not an employee of the payer –

- for teaching, lecturing, examining, invigilating or supervising an examination;
- as a commission or brokerage to a resident insurance, sales or canvassing agent;
- as an endorsement fee;
- in relation to the supply of any article on a contract basis through tender or quotation; or
- for such other matters as may be prescribed by regulation;

On the receipt of such request, a withholding agent shall deduct advance income tax as specified by the Commissioner-General.

Pays a service fee or an insurance premium with a source in Sri Lanka to a non-resident person.

Payment of Income Tax

- Withholding from service fees , contract payments and payments to non- residents
- With effect from January 1, 2023, a person shall withhold tax at the rate of 5% of the payment, where such person pays a service fee with a source in Sri Lanka to a resident individual who is not an employee of the payer –
- for teaching, lecturing, examining, invigilating or supervising an examination;
- as a commission or brokerage to a resident insurance, sales or canvassing agent; or
- for services provided by such individual in the capacity of independent service provider such as doctor, engineer, accountant, lawyer, software developer, researcher, academic or any individual service provider as may be prescribed by regulation:
- Provided however, this subsection shall not apply to a service payment which does not exceed Rs.100,000 per month.
- With effect from January 1, 2023, a person shall withhold tax at the rate of 14% of the payment, where such person pays a service fee or an insurance premium with a source in Sri Lanka to a non- resident person (Or rate specified in DTAA)
- Resident person shall withhold tax when the person makes a payment to a non-resident person of a type referred to in paragraph (h) or (i) of section 73 (land, sea or air transport or telecommunication services); and

Payment of Income Tax

Income (Aggregate Payment more than 100,000/- per month)	Rate
Teaching, lecturing, examining, invigilating or supervising an examination (Payment to resident individual)	
Commission or brokerage to a resident insurance, sales or canvassing agent (Payment to resident Individual)	5%
Services provided by an individual in the capacity of independent service provider such as doctor, engineer, accountant, lawyer, software developer, researcher, academic or any individual service provider as may be prescribed by regulation ** Construction services, janitorial and security services, catering, management services, Consultancy services etc.. not subject to WHT as per prevailing law. (Payment to resident individual)	
Pays a service fee or an insurance premium with a source in Sri Lanka to a non-resident person	14%

Payment of Income Tax

Withholding payment [SEC 86]

Every withholding agent shall pay to the Commissioner-General within fifteen days after the end of each calendar month any tax that has been withheld during the month in accordance with Division II of the Chapter VIII.

A withholding agent who fails to withhold tax in accordance with this Division shall however pay the tax that should have been withheld in the same manner and at the same time as tax that is withheld

Where a withholding agent fails to withhold tax from a payment as required by this Division –

- a) the withholder shall be jointly and severally liable with the withholding agent for the payment of the tax to the Commissioner-General; and
- b) the tax shall be payable by the withholder within fifteen days after the end of the calendar month in which the payment is received.

Payment of Income Tax

Withholding payment [SEC 86]

A withholding agent who withholds tax under this Division and pays the tax to the Commissioner-General shall be treated as having paid the amount withheld to the withholder for the purposes of any claim by the withholder for payment of the amount withheld.

A withholding agent who fails to withhold tax but pays the tax that should have been withheld to the shall be entitled to recover an equal amount from the withholder.

Payment of Income Tax

Final withholding payment

1. Amounts paid as winnings from a lottery, reward, betting or gambling, other than amounts received in conducting a business consisting of betting and gaming;
2. on or after January 1, 2023, dividends paid by a resident company (refer exemption)
3. Payments made to a non-resident person who is not a citizen of Sri Lanka or to a nonresident entity that is subject to withholding, other than payments derived through a Sri Lankan Permanent Establishment

The withholder of a payment that is not a final withholding payment shall be entitled to a tax credit in an amount equal to the tax treated as paid

Payment of Income Tax

Responsibility of AIT Agent

1. Applying the appropriate tax rate and deduct tax on the payment (SEC/2022/E/03 – 23.12.2022)
2. Tax deducted on payments made during a particular calendar month should be remitted to the Commissioner General of Inland Revenue on or before the 15th day of the following month.
3. Payment code to be used WHT/AIT on interest 43 and WHT on other payments (Rent etc..) 44
4. Submit the WHT Return – on or before 30th April
5. Issuing the WHT Certificate on the gross payment, tax deducted and remittance details within 30days after the end of the calendar month.
6. Maintaining details of related payments etc..

Payment of Income Tax

- Payment of income tax may be made in following three ways:
 1. By withholding -
 2. By installments
 3. By Assessment
- **Payment by Installments (Sec. 90)**
 - A person who is an “Installment payer” liable to income tax is required to compute the income tax liability for each Y/A. The income tax is to be paid in **four quarterly installments**. Non-payment of the income tax that results in penalties as per **Sec. 176** of the IRA.
- **Statement of Estimated Income Tax Payable (SET) (Sec. 91)**
 - As per **Sec. 91** of IRA, each person who is liable to pay income tax is required to submit a SET for the Y/A on or before 15th and estimated tax should be paid in four installments. If the estimate is changed subsequently a **revised SET** should be submitted.

Payment of Income Tax

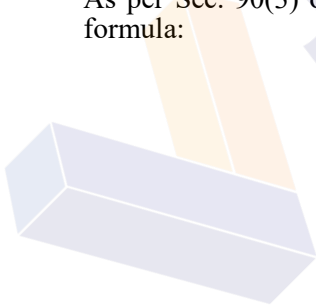
- **Due Dates (Sec. 90)**
- Due dates for quarterly installments if the year of assessment is ending on 31st March
 1. **1st Quarter** - On or before **15th August** of that year of assessment
 2. **2nd Quarter** - On or before **15th November** of that year of assessment
 3. **3rd Quarter** - On or before **15th February** of that year of assessment
 4. **4th Quarter** - On or before **15th May** of the subsequent year of assessment
- If any person has obtained approval to apply a different Y/A under **Sec. 20**, quarterly payment should be made before **15th day following end of each quarter**.

The estimated tax so calculated by a taxpayer shall remain in force for the whole year of assessment and If tax liability is increased or decreased, a **revised SET** has to be filed with the Commissioner General.

Payment of Income Tax

- **Calculation (Sec. 90(3))**

As per Sec. 90(3) of the IRA, installment tax payable is to be calculated using following formula:



Payment of Income Tax

- **Formula:**

Payment of Income Tax

- **Formula:**



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Payment of Income Tax

- **Ex 01:** Accountant of ABC PLC has estimated the tax liability for Y/A 2022/23 as Rs. 4,000,000/-.

- **Required:**

- Calculate** tax to be paid for 1st, 2nd, 3rd and 4th self assessment payment.
- State due date for the payment.
- Assumed there was a WHT credit of Rs. 500,000/- available as of 31.03.2023. **Re do the computation** of the installment tax payable by the company
- State due date for the payment.

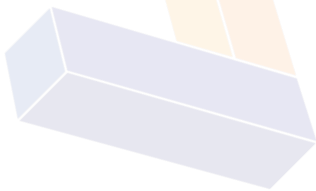
Payment of Income Tax



Payment of Income Tax

Payment of Income Tax

- **Tax payable on assessment (Sec. 82)**
 - Tax on gains from realization of investment assets should be paid within one months from the date of realization.
 - Any other balance tax payable on assessment before end of six months from the end of relevant year of Assessment. (eg. for Y/A 2022/23 - 30.09.2023)



Furnishing of Returns

- **Provisions Relating to Return of Income**
- **Who shall furnish Return of Income?**
 - **Every person chargeable with tax [Section 93 (1)]**
 - Every person chargeable with income tax for any year of assessment (subject to following exclusions) is required to furnish a return with the Commissioner-General not later than eight months after the end of each year of assessment.
 - Ex. 02 – Tax return submission for the year 2022/23?

Furnishing of Returns

The return should be in such form and containing such particulars as specified by the CGIR.

- i. the person's assessable income for the year from each employment, business , investment and other income and the source of that income;
- ii. the person's taxable income for the year and the tax payable with respect to that income under paragraph (a) of subsection (1) of section 2 - (tax on taxable Income) ;
- iii. any tax paid by the person for the year by withholding, instalment or assessment for which a tax credit is available under section 89 or 90 - (not final Withholding and tax paid by installment payment);
- iv. the amount of tax remaining to be paid for the year calculated as the sum of the tax referred to in subparagraph (ii) less the tax already paid referred to in subparagraph (iii) – (Tax on taxable income less WHT and Installment Tax payment); and
- v. any other information that the Commissioner- General may specify

Furnishing of Returns

have attached to it –

- (i) any withholding certificates supplied to the person with respect to payments derived by the person during the year; and
- (ii) any other information that the Commissioner- General may specify

Information required to attached to the Return of Income

1. Auditors Opinion
2. Income Statement /Statement of Comprehensive Income
3. Balance Sheet/Statement of Financial Position
4. Statement of Cash Flow
5. Statement of changes in equity
6. Income Tax Computation Sheet
7. Accounting policies and notes to the financial statement
8. Detailed Profit and Loss Account
9. Transfer Pricing Disclosure Form
10. Other Documents (if applicable)
11. Schedule for Withholding Tax Credit

Furnishing of Returns

- The return should be in such form and containing such particulars as specified by the CGIR. As per the Sec. 94 of the Act a return of Income for a year of assessment shall not be required if,
 - resident individual who has no tax payable for the year of assessment
 - a non-resident person who has no tax payable for the year
- Registration by any person (Section 102)

Every person who is liable to furnish a return of income for a year of assessment, and who has not already registered, shall register with the Commissioner-General not later than thirty days after the end of the basis period for that year. Basis period refers the period where person become liable for income tax. Further, The Minister with the consent of the Commissioner- General may specify additional classes of persons required to register with CGIR.

Furnishing of Returns

- **Notice to require filing (Sec. 127)**

- Where it appears to the CGIR that any person who is liable to furnish a return and has not done so, the CGIR may, by notice in writing, require such person to furnish a return within such time as may be specified in the notice, not being less than fourteen days from the date of service of such notice.

- If the Tax Return is prepared by a person other than the taxpayer (except a fulltime employee of the taxpayer) such person's signature is also required on the Tax Return.

- At the request of the taxpayer, the commissioner General of Inland Revenue may grant extended time period to file a tax return.

Assessments

- Types of assessment can be identified under the Act;

1. Self Assessment

2. Default Assessment

3. Advanced Assessment

4. Amended/ Additional Assessment

Assessments

- Self Assessments (Section 132)
- A taxpayer who filed a Self Assessment return for a tax period including “NIL” Return is treated as a self-assessment having made.
- A self assessment taxpayer who has filed the proper return and declared loss is treated that he has an assessment of the amount of loss declared in the return.

A taxpayer who has filed a self-assessment return may apply to the Commissioner-General for making an amendment to the self-assessment within a period of twelve months from the date on which the self-assessment return was filed.

Where an application has been made, the Commissioner General may make a decision to amend the self-assessment or to refuse the application

Assessments

- Self Assessments (Section 132)

Where the Commissioner-General makes a decision to refuse an application he shall serve the taxpayer with written notice of the decision with reasons for the decision

Where the Commissioner-General has not made a decision on an application made within ninety days of the application being filed, the Commissioner-General shall be deemed to have:-

- made a decision to disallow the application; and
- served the taxpayer with notice of the decision on the ninetieth day after the application was filed

Assessments

- **Default Assessments (Section 133)**

Where a taxpayer has failed to file a tax return but the Assistant Commissioner having to his or her judgement to the liability may make a default assessment for amount payable by the Taxpayer for the period.

- A default assessment may be made at any time.
- Nothing in this section shall relieve a taxpayer from being required to file the tax return to which the default assessment served under this section relates.
- A tax return filed by a taxpayer for a tax period after a default assessment has been served on the taxpayer for the period shall not be a self-assessment return

Assessments

- **Advance Assessments (Section 134)**

An Assistant Commissioner may issue an advance assessment with evidence available with him/her for a tax period.

- An advance assessment is applicable, only when;
 - no return is furnished for the tax period
 - Tax is collected by assessment
- An advance assessment should be made;
 - before the date taxpayer's return due for the period, and
 - Shall be made in terms of the law prevail at that time

Nothing in this section shall relieve a taxpayer from the requirement to file the tax return to which the advance assessment served under this section relates.

A tax return filed by a taxpayer for a tax period after an advance assessment has been served on the taxpayer for the period is not a self-assessment return

Assessments

- **Amended or Additional Assessment [Sec. 135(1)]**

- The Assistant Commissioner may amend a tax assessment by doing an alterations of additions based on such evidence as may be available and to the best of his judgement ,to the original tax assessment of a taxpayer for a tax period to ensure that,
- The taxpayer is assessed correct amount of the loss carry forward for the tax period.
- In any other case, the taxpayer is liable for the correct tax payable

Assessments

- **Time Bar for Assessments (Sec. 135 (2))**

The applicable provisions are summarized below.

- Under this provision, the Ass. Commissioner has been prevented from issuing assessments after the expiration of certain time period

Incase of fraud, or gross or willful neglect by or on behalf of, the taxpayer – At any time (No time bar provision is applied).

In any other case, within 30 months of;

- For a self-assessment date that taxpayer submitted self-assessment return
- For any other assessment date that the notice of assessment is served to the taxpayer

Assessments

Time Bar for Assessments (Sec. 135 (2))

Where the Assistant Commissioner has served a notice of an amended assessment on a taxpayer, the Assistant Commissioner may further amend the original assessment to which the amended assessment relates within the later of:-

(a) four years after:-

(i) for a self-assessment, the date the taxpayer filed the self-assessment return to which the self-assessment relates; or

(ii) for any other assessment, the date the Assistant Commissioner served notice of the original assessment on the taxpayer; or

(b) one year after the Assistant Commissioner has served notice of the amended assessment on the taxpayer.

Assessments

- Finality of assessment (Sec. 143 (1))
- If no request for review is made within the time permitted, an assessment shall be treated as final.
- If an assessment is treated as final, and the taxpayer timely files an amended return, the filing of the amended return has the effect of revising the assessment, but only if the tax shown on the amended return exceeds the tax assessed.

Appeals and Administrative review

- Right of Appeal
- A taxpayer who is dissatisfied with an assessment or other decision may request the CGIR to review the decision.
- Any taxpayer is empowered to obtain the services of an “authorized representative” (Refer Sec. 195) for the appeal procedure.
- 4.2 Administration review (Sec. 139)
 - A request for review shall be made to the CGIR in writing not later than 30 days after the taxpayer was notified of the decision. However, if the request has not been made within 30 days, he can submit a request after the lapse of 30 days period after satisfying the CGIR that owing to absence from Sri Lanka, sickness or other reasonable cause the taxpayer was prevented from making a request.
 - The request must specify in detail the grounds upon which it is made.
 - The Commissioner-General must acknowledge every request within 30 days from its receipts.
 - The date of the acknowledgement of such request is the date of the request.

Administrative review

- Consider the taxpayer’s request and notify the taxpayer in writing of the CGIR’s decision and the reasons for the decision.
- A tax official other than the tax official who made the assessment or decision should consider taxpayer’s request.
- The CGIR should take a decision by confirming the assessment, making an amended assessment, or an additional assessment or taking such other action to give effect to that decision.
- If no request is made within 30 days for administrative review, an assessment should be treated as final, subject to the right of the CGIR to issue a new or revised assessment.
- A person aggrieved by the decision of administrative review of an assessment may appeal against the decision of review to the Tax Appeals Commission (TAC) [Sec. 140].

Appeals

- **Review to the Tax Appeals Commission (TAC) (Sec. 140)**
 - 1) A person aggrieved by the decision of administrative review of an assessment under section 139 may appeal against the decision of review to the Tax Appeals Commission.
 - 2) An appeal to the Tax Appeals Commission shall not be made unless a request for administrative review has first been made, and —
 - a) a decision has been received from the Commissioner-General; or
 - b) 90 days (w.e.f. 01 April 2021, seven months) have lapsed since the request for administrative review was made.
 - 3) A petition of appeal under this section shall be filed in writing to the Tax Appeals Commission with a copy to the Commissioner-General within 30 days from the date of receipt of the decision of the Commissioner-General or within 30 days from the date on which the period of 90 days (w.e.f. 01 April 2021, seven months) lapsed since the request for administrative review was made under section 139.

Appeals

- **File a notice of appeal with the Court of Appeal (Sec. 144)**
- **Either party to a proceeding before the Tax Appeals Commission who is dissatisfied with the decision of the Tax Appeals Commission may, within one month after being notified of the decision, file a notice of appeal with the Court of Appeal.**
- **An appeal to the Court of Appeal shall not be made unless a request for Tax Appeals Commission has first been made, and —**
 - **a decision has been received from the Tax Appeals Commission; or**
 - **90 days have lapsed since the request for appeal to the Tax Appeals Commission was made and no response to the request for appeal has been received from the Tax Appeals Commission.**
- **An appeal from a decision of the Tax Appeals Commission to the Court of Appeal shall be made only on a question of law.**

None compliance and punitive provisions

- **Interest on under payments (157)**
 - If an amount of tax is not paid by the due date, the taxpayer shall be liable for interest on the amount for the period from the due date to the date the tax is paid .
 - In the case of tax due under a revised assessment, the due date for the calculation of interest shall be the original due date of the tax.
- **Interest on refundable amounts (158)**
 - Where the Commissioner-General is required to refund a refundable amount under IR Act to a taxpayer, an interest shall be paid on such refundable amount to the taxpayer from the date of the refund claim filed until the date on which the refundable amount is paid.

None compliance and punitive provisions

- **Interest Rate (Sec. 159)**
 - The interest rate for payments pursuant to section 157 shall be 1.5% per month or part month, computed monthly.
 - The interest rate for payments pursuant to section 158 shall be 0.5% per cent per month or part month, computed monthly.
 - However, the Minister may vary the interest rate by Order published in the Gazette.

Due dates. (Sec 119)

1. When the last day for performing an act specified under this Act falls on a day on which the Department is not open to the public for business, the act shall be considered timely if it is performed on the next succeeding day on which the Department is open for business.
2. A declaration, appeal, or other document, other than a payment, shall be considered filed on the date it is stamped, as received by the Department or, in the case of filing by post, within four days of the date of the postmark.

None compliance and punitive provisions

- Tax in default and Penalty thereon
- A taxpayer who defaults tax due is liable to a penalty in addition to the tax in default.
- Failure to pay all or part of an installment tax within 14 days of the due date Sec. 179(2)
- 10% of the tax due (but not paid)
- Failure to pay tax due for a tax period; within 14 days of the due date per notice of assessment Sec. 179(1)
- 20% of the tax due (but not paid)

None compliance and punitive provisions

- **Penalty for Failure to file a Return**
- **Late filing of Return (Sec. 178)**
- **5% of the amount of the tax owing and further 1% of the amount of tax owing for each month (or part thereof), and**
- **Rs.50, 000/- and further Rs.10, 000/- for each month (or part thereof)]**
- **However, the maximum penalty chargeable is Rs.400, 000/-.**

Recovery actions (Sec. 160 to 175)

- The CGIR could take the following actions to recover taxes, and he can initiate action under more than one provision if he believes that it is appropriate. However, action should be initiated within five years from the date of default.
- Seizure of property through a lien. A lien in favour of CGIR is created in that amount (Interest +penalty+ cost of collection) on all property belong to taxpayer. CGIR may file an action in the High Court to enforce the lien.
- The CGIR may cause Execution against taxpayer's property if he has failed to pay tax within thirty days after service of the notice.
- Unless the CGIR has good reason to release the seized property, the property will be sold. The sales proceeds should apply first against the expenses of the recovery of the levy and sale, then against the liability for penalties & interest, and then tax. Excess should be returned to the taxpayer.
- Where a defaulter is about to or likely to leave Sri Lanka without paying the tax in default, taxpayer can be prevented from leaving Sri Lanka by issuing a direction to Inspector General of Police through the Magistrate Court who then issue a direction to the controller of Immigration and Emigration.

Recovery actions (Sec. 160 to 175)

- Where a government department, institution, or Ministry is about to make a payment to any person (other than salary and wages) that department may apply such amount in respect of default tax and will notify the defaulter accordingly.
- CGIR may serve a notice in writing on a third-party debtor. the third part debtor should remit such moneys to the CGIR.
- Where the CGIR has reasonable cause to believe that the taxpayer will not pay the tax due, CGIR may make an ex-parte application (without notice) to the District Court requesting for an "Asset preservation order" to preserve the Assets and prohibiting any person holding, controlling or managing assets belonging to the taxpayer.