

Section 07 (1) – Zero rated supply for Value Added Tax

- (a) Goods shall be zero rated where the supplier of such goods has exported such goods for which payment is received in foreign currency through a bank in Sri Lanka licenced under the Banking Act, No. 30 of 1988 within a period of six months from the end of the taxable period of which such exportation has taken place; *[s4(1) of 9 of 2021]*
w.e.f
13.5.2021
- For the purpose of this paragraph, any goods supplied by any construction contractor to be utilized on a construction project carried out by such contractor outside Sri Lanka, shall be deemed to be goods exported by such contractor; and
- (b) Services shall be zero rated where the supply of such services are directly connected with –
- (i) any movable or immovable property outside Sri Lanka immovable property outside Sri Lanka, for which payment is received in foreign currency through a bank in Sri Lanka licenced under the Banking Act, No. 30 of 1988 within a period of six months from the end of the taxable period of which supply of such service is provided; *[s 4(2)(a) of 9 of 2021]*
w.e.f
13.5.2021
- (ii) the repair of any foreign ship, aircraft or any merchant ship registered in Sri Lanka, or the refurbishment of marine cargo containers; *[s 4 of 13 of 2004]*
w.e.f.
1/7/2003
- (ia) any goods imported into Sri Lanka for the purpose of re-export under entre-port trade , for which payment is received in foreign currency through a bank in Sri Lanka licenced under the Banking Act, No. 30 of 1988 within a period of six months from the end of the taxable period of which supply of such service is provided; *[s4(2)(b) of 9 of 2021]*
w.e.f
13.5.2021
- (iii) a copyright, patent, licence, trade mark or similar intellectual property right, to the extent that such right is for use outside Sri Lanka, for which payment is received in foreign currency through a bank in Sri Lanka licenced under the Banking Act, No. 30 of 1988 within a period of six months from the end of the taxable period of which supply of such service is provided; *[s4(2)(c) of 9 of 2021]*
w.e.f
13.5.2021
- (iv) the international transportation (including trans-shipment) of goods or passengers as are specified by the Commissioner-General by Notification published in the Gazette; *Gazette No. 1267/5 of 17.12.2002*

- (v) computer software development, in respect of software developed by the developer for use wholly outside Sri Lanka, and for which payment is received in foreign currency through a bank in Sri Lanka licenced under the Banking Act, No. 30 of 1988 within a period of six months from the end of the taxable period of which supply of such service is provided, if; and only if, documentary evidence is produced to the satisfaction of the Commissioner – General of the supply of such services;

[s4(2)(d) of 9 of 2021]
w.e.f 13.5.2021
- (vi) client support services provided, on or after April 1, 2001 over the internet or the telephone by an enterprise set up exclusively for the provision of such services to one or more identified clients outside Sri Lanka, for which payment is received in foreign currency, through a bank in Sri Lanka licenced under the Banking Act, No. 30 of 1988 within a period of six months from the end of the taxable period of which supply of such service is provided;

[s4(2)(d) of 9 of 2021]
w.e.f 13.5.2021
- (vii) the provision of services to overseas buyers by a garment buying office registered with the Textile Quota Board established under the Textile Quota Board Act, No.33 of 1996 or the Simplified Value Added Tax Scheme, as the case may be, where payment for such service is received in foreign currency through a bank in Sri Lanka licenced under the Banking Act, No. 30 of 1988 within a period of six months from the end of the taxable period of which supply of such service is provided, in so far as such services are identified by the Commissioner General as being services essential for facilitating the export of garments to such overseas buyers.

[s4(2)(d) of 9 of 2021]
w.e.f 13.5.2021
- c Any other service, being a service not referred to in paragraph (b) , provided by any person in Sri Lanka to another person outside Sri Lanka to be consumed or utilized outside Sri Lanka shall be zero rated provided that payment for such service in full has been received in foreign currency from outside Sri Lanka through a bank in Sri Lanka licenced under the Banking Act, No. 30 of 1988 within a period of six months from the end of the taxable period of which supply of such service is provided.

[s4(2)(d) of 9 of 2021]
w.e.f 13.5.2021