

Strategic Level Exam – June 2026

Strategic Tax Planning – Question bank 5

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Question 1

Henatiyana Mills (Pvt) Ltd is a company incorporated in Sri Lanka under the Companies Act No. 07 of 2007. The company's primary business activity is the production of rice using locally sourced paddy. In addition, Henatiyana Mills manufactures rice flour from the rice produced and supplies this flour to both local and international markets.

For the local market, rice flour is distributed directly by the company as well as through a network of appointed distributors. The company also engages in the import and resale of Dhal, having been appointed as a recognized Dhal supplier to the domestic market.

The following information relates to the taxable quarter ended **31 December 2025**.

1. Sales/turnover

Local sale of Rice produced by the Company	Rs. 100,000,000
Local sale of Rice flour - wholesale	Rs. 200,000,000
Local sale of Rice flour – Registered distributor	Rs. 100,000,000
Local sale of Dhal – Import and distributed	Rs. 80,000,000
Lorry transport income	Rs. 20,000,000
Export of Rice flour	Rs. 80,000,000

2. Social contribution levy paid on purchases

Packing material	Rs. 1,200,000
Electricity	Rs. 2,500,000
Other expenditure	Rs. 300,000

Additional information

- **Dhal Imports and Distribution** The company imports dhal from India and distributes it within the Sri Lankan wholesale market. At the point of importation, dhal is subject to the Special Commodity Levy (SCL).
- **Transport Services** The company operates its own transport services, which are used internally and also offered to external parties for the transportation of goods.
- **SSCL Payments** The company has made installment payments of the Special Commodity Levy as follows:
 - 18 October 2025 – Rs. 2,500,000

- 18 November 2025 – Rs. 2,000,000
- 18 December 2025 – Rs. 2,000,000

Excess Payment An excess SSCL payment of Rs. 375,000 was recorded for the taxable quarter ended 30 September 2025.

Required:

Compute the Social Security Contribution Levy for the taxable quarter ended 31.12.2025

(5 marks)

Question 2

Kandyan Apparel (Pvt.) Ltd is engaged in the business of manufacturing readymade garments for local and foreign market.

Following details are extract from the management reports of the company for the three-month period ended 31.12.2025.

	(Rs) '000
Export of apparel	225,000
Local sale of manufactured garments by the company	200,000
Local sale of imported garment accessories	50,000
Sub -contact manufacturing charges to garment exporters	25,000
Sub -contact manufacturing charges to garment – local supplier	20,000
Distribution income – handloom items (Note 1)	20,000

Note 1 The company has been appointed as the sole distributor of handloom sarees and related items by a local manufacturer in the Central Province. The total invoiced amount, recorded under the manufacturer's invoicing system, is reflected in the statement above.

In addition to the above company has paid SSCL of Rs. 225,000/- on local purchases of packing material and services made for the above taxable quarter.

Company has paid Rs. 2,000,000/- on 10th October 2025, Rs. 2,000,000/- on 15th November 2025 and Rs. 2,000,000/- on 15th December 2025.

Required:

Compute the Social Security Contribution Levy for the taxable quarter ended 31.12.2025

(5 marks)