

# Excise Duty

## AAT Level III CPT - Corporate and Personal Taxation

Mahinda Danawardana  
FCA, ACMA, FCBA, MCPM, AITSM (UK)



JMC Jayasekera Management Centre (Pvt) Ltd  
Pioneers in Professional Education

65/2A, Chittampalam Gardiner Mawatha, Colombo 02 | T: +94 112 430451 | E: info@jmc.lk | F: +94 115 377917

# Taxation Excise Duty

Mahinda Danawardana

## Excise Duty

- **This tax applicable to whom?**
- 1. On importation of liquor and tobacco products to Sri Lanka.
- 2. Manufacture of liquor and tobacco.
- 3. **Any product which is listed by section 3<sup>rd</sup>** of Excise Duty (Special Provision) Act No 13th of 1989.

## Excise Duty

- Any person opt to sell these product should get the registration from Director of Department of Excise.
- Once a person register , when the products are moving one place to another place it should be informed to Director of Excise to inspect by officer of Department of Excise within **48 hours**.
- It is **applicable on importation also**.

©JMC vLearning

## Excise Duty

- **The value of product. = open market price**
- Excise duty will be charged on open market price.
- If Director of Department of Excise believe the price is under valued can assess the value based on open market value.
- **On importation the value will be decided as follows.**
- **(CIF+Bank and other charges) \*110 + (Duty and PAL + Cess tax)**

©JMC vLearning

## Excise Duty

- **Payment of tax**
- **It is on quarterly basis.**
- Manufacture or imports that are moving to one place to another place tax is payable within one month after ending such quarter.
- Example quarter ended 30<sup>th</sup> September 2021 tax is payable on or before 31<sup>st</sup> October 2021.

©JMC vLearning



## Excise Duty chargeable under the Excise (Special Provisions) Act

**Mahinda Danawardhana**

FCA, ACMA, FCBA, MCPM, AITSM (UK)

## Imposition

- As per the provisions of Excise (special provisions) Act, no 13 of 1989 (the Act), Excise Duty is charged, levied and paid on every excisable article manufactured or produced in Sri Lanka or imported into Sri Lanka at rates specified by the Minister by order published in the gazette.
- Every such article in respect of which an order is made under section 3 of the Act is referred to as “an excisable article”.
- The rate or excise duty levied in respect of articles will be determined by reference to the class or description of articles

©JMC vLearning

## Registration

- All applications for registration should be made to the Director of Excise with the prescribed fee. Director of Excise shall issue to every person registered under Excise Duty (special Provisions) Act, no 13 of 1989 as amended, a certificate of registration in the prescribed form and assigning a registration number to every such person.
- Unless the registration is obtained from the Director of Excise, no person should engage in manufacture, wholesale purchase and sale, storing of goods for the purpose of wholesale trade or import goods, after expiry of two months from the date on which an article becomes a prescribed excisable article consequent to the order made by the minister.

©JMC vLearning

## Notification of Removal

- Where the manufacturer of any excisable article intends to remove or to cause the removal of any quantity of such excisable articles from the factory or other place at which such excisable articles were produced or manufactured, he shall give at least 48 hours notice of that fact to the Director-General or an excise officer designated by the Director-General for that purpose.

©JMC vLearning

## Notification of Removal Cont.

- Where the importer of any excisable articles intends to remove or to cause the removal of, any quantity of such excisable articles from the Customs warehouse or such other place as is authorized by the Director-General of Customs, at which such excisable articles were stored after their import, he shall give at least 48 hours notice of that fact to the Director-General or an excise officer designated by the Director-General for that purpose.

©JMC vLearning

## Value of Excisable Articles

- Excise Duty is levied on excisable article (other than imports) based on its value. The value for such goods would be;
  - The normal sale price at which an excisable article is sold at the time such articles are removed from the place of manufacture, and in the colour of wholesale trade, where the buyer is not a related person.
  - The nearest ascertainable sale price when the normal price is not ascertainable as the goods are not sold or for another reason.

©JMC vLearning

## Power to estimate the sale price

- If a manufacturer, producer or importer sells any excisable article at a price below the open market price, which causes him to reduce the amount of excise duty payable by him, then the Director of Excise has the power to re compute tax as if the article was sold at the open market value.

©JMC vLearning

## Value for Imports

- The value of any imported article, for the purpose of calculating excise duty will be the sum of the following;
  - Cost, insurance and freight value of the article.
  - 10% of cost, insurance and freight value of the article as above, for bank and other charges.
  - An amount equal to the total of customs duty, cesses and ports and airport development levy on import of that article.

©JMC vLearning

## Payment of Excise Duty

- Where an excisable article has been produced or manufactured in Sri Lanka, duty should be paid by the producer or manufacturer of that excisable article, after its removal from the factory or in any other place that such excisable article was produced, within one calendar month from the last date of each quarter in the year in which the removal of goods takes place.

©JMC vLearning



## **Payment of Excise Duty Cont.**

- Where an excisable article has been imported into Sri Lanka, duty should be paid by the importer of such excisable article after its removal from the Customs warehouse or any other place such excisable article was stored, immediately after its importation into Sri Lanka, within one calendar month from the last date of each quarter in the year in which such import takes place.

©JMC vLearning

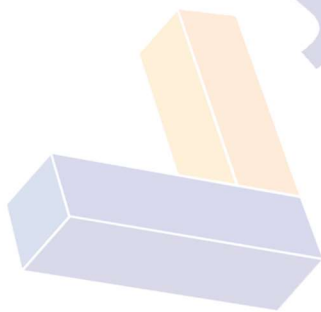
## **Proceeding for Recovery before Magistrate**

- Where the payment of any excise duty is in default, the Director General may take recovery action through magistrate courts.

©JMC vLearning

**Thank You...**

©JMC vLearning



JMC vL  
"your virtual learn