

Exemptions from VAT

Chartered Accountancy Strategic Level Corporate Taxation (TAX)

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PART II (EXEMPTIONS FROM VAT)

For any taxable period commencing on or after 01.01.2004 (subject to effective dates specified in subsequent amendments to the Schedule) (11 of 2015)

(a) The supply or import of -

- (i) Wheat, wheat flour or infant milk powder with effect from 01.11.2016. (25 of 2018)
- (ii) Pharmaceutical products and drugs (other than cosmetics including such products and drugs certified by Cosmetics, Devices, and Drugs Authority, established by the Cosmetics, Devices and Drugs Act, No. 27 of 1980, and raw materials for the production or manufacture of such products or drugs.
- (iii) Ayurvedic preparations which belong to the Ayurveda Pharmacopoeia or Ayurveda preparations (other than cosmetic preparations) or unani, siddha or homeopathic preparations (other than cosmetic preparations identified under the Harmonized Commodity Description and Coding System Numbers for custom purposes) and raw materials for such preparations with the recommendation of the Commissioner of Ayurveda. (7 of 2014)
- (iv) Aircrafts or Helicopters (prior to date of commencement of this amendment Act) (25 of 2018), pearls, diamonds, natural or synthetic precious or semi-precious stones, diamond powder, precious metals, metals clad with precious metals, gold coins. (15 of 2008)
- (v) Books (other than cheque books, periodicals, magazines, newspapers, diaries, ledger books and exercise books) for any period prior to 11.11.2016. (25 of 2018)

Books, magazines, journals or periodicals (other than newspapers) for any period on or after 11.11.2016 identified under the Harmonized Commodity Description and Coding System Numbers for Custom purposes; and unused postage and revenue stamps of the Government of the Democratic Socialist Republic of Sri Lanka or of a Provincial Council; (25 of 2018).
- (vi) Crude petroleum oil, kerosene, liquid petroleum gas and aviation fuel, diesel and aviation fuel, oil for ships or fuel oil specified under HS Code No. 2710. 19. 60. (14 of 2007)
- (vii) Artificial limbs, crutches, wheel chairs, hearing aids, accessories for such aids or appliances which are worn or carried or implanted in the human body to compensate for a defect or disability, white canes for the blind, Braille typewriters and parts, Braille writing papers and Braille writing boards and any other articles which are used by disabled persons which are

- approved by Minister, taking into consideration the degree of relief requested by such persons, on an application made for that purpose. *(14 of 2007)*
- (viii) Agricultural tractors or road tractors for semi trailers (with effect from the date on which this Act comes into operation) *(11 of 2015)*
 - (ix) Cellular mobile phones
 - (x) Agricultural machinery, mammoties, forks, fertilizer, artemia eggs & peat moss classified under the Harmonized Commodity Description & Coding System Numbers for Custom purposes. *(7 of 2012)*
 - (xi) Agricultural seeds, agricultural plants, shrimp feed inclusive of prawn feed and animal feed but excluding poultry feed. *(6 of 2005)*
 - (xii) Machinery used for the construction industry, milk processing machinery, computers including computer accessories, machinery, yarn use for textile industry and dyes used for handloom industry as identified under the Harmonized Commodity Description & Coding System Numbers for Custom purposes and machinery used for rice milling industry which are identified by the Commissioner General of Inland Revenue under Harmonized Commodity Description & Coding System Numbers for Custom purposes. *(15 of 2008) (7 of 2012)*
 - (xiii) Plant and machinery by a company for the use in a new undertaking by such company in any district other than Colombo and Gampaha as having a capital investment of not less than Rs. 30 million and the other criteria specified in Section 20 of the Inland Revenue Act for the purpose of tax holiday. *(8 of 2006)*
 - (xiv) Media equipment or motor bicycles recommended by the Secretary to the Ministry in charge of the subject of media and approved by the Minister for use by media personnel. *(8 of 2006)*
 - (xv) Prawns. *(14 of 2007)*
 - (xvi) Solar panel modules, accessories or solar home system for the generation of solar power energy identified under the specified Harmonized Commodity Description & Coding System Numbers for Custom purposes. *(15 of 2009)*
 - (xvii) High tech medical equipment or any machinery used for the manufacture of ticket issuing machinery identified under the specified Harmonized Commodity Description & Coding System Numbers for Custom purposes. *(15 of 2009)*

- (xviii) Petrol, Coal (if supplied prior to 01.11.2016) (20 of 2016) or Bitumen identified under the specified Harmonized Commodity Description & Coding System Numbers for Custom purposes. (9 of 20118)
- (xix) (a) machinery and equipment for manufacture of grain mixed bakery products
- (b) machinery and equipment for the use of leather or footwear industry or bags, motor homes, taxi meters, agricultural machinery and parts, electronic equipments or articles use manufacture of fashion jewellery
- (c) light weight electrical and electronic items with effect from 01.06.2010 but prior to 01.11.2016. (20 of 2016)
- (d) fruit seeds with effect from 16.08.2010.
- (e) telecommunication equipment with effect from January 1, 2011 but prior to May 2, 2016 and for the period commencing from July 11, 2016 but ending on or before on 01.11.2016. (20 of 2016)

As specified under Harmonized Commodity Description and Coding System Numbers for Custom purposes. (9 of 2011)

- (xx) Any machinery or high-tech equipment for the telecom industry, having identified that such machinery or equipment is imported or purchased exclusively for the use in the telecom industry and imported or purchased by any operator of telecommunication services, with effect from 01.01.2011 and prior to 02.05.2016 and for the period ending on or before 01.11.2016. (20 of 2016)
- (xxi) Spare parts and accessories for exclusive use by Sri Lanka Railways, prior to 01.11.2016. (20 of 2016)
- (xxii) (i) Lorries, trucks, buses, sports equipments, machinery used for the production of rubber or plastic products, sunglasses (prior to the date of commencement of this Act) (25 of 2018), perfumes (if supplied prior to 01.11.2016) (20 of 2016), moulding (steel, glass, mineral materials, rubber or plastic), photo sensitive semi conductor devices.
- (ii) Raw materials for the manufacture of spectacles and spectacles frame.
- (iii) Items & spares for the poultry industry
- (iv) Wood (sawn) (prior to the date of commencement of this Act). (25 of 2018)

(v) Fabric for domestic consumption subject to a cess at a specific rate in lieu of chargeability of any other tax payable on importation at the point of entry in to the country, as specified in a gazette notification issued under the Sri Lanka Export development act No 40 of 1979, identified under the specified HS Code. (prior to the date of commencement of this Act). (25 of 2018)

(vi) Browsers, bulldozers, graders, levelers, excavator, fire fighting vehicles, gully browsers, semi trailers for road tractors, machinery, equipment used for garbage disposal activities or garbage trucks. (7 of 2014)

(vii) Energy saving bulbs, for any period with effect from 01.01.2017 and raw materials for the manufacture of energy saving bulbs. (25 of 2018)

(viii) Ties and bows or designer pens (7 of 2014)

Classified under the Harmonized Commodity Description and Coding System Numbers for Custom purposes

(xxiii) Goods for any international event approved by the minister of finance taking in to consideration the economic benefit to the country, by conducting such event in Sri Lanka.

(xxiv) Frozen bait, fish hooks/rods/reels. Fishing tackle and marine propulsion engines identified under Classified under the Harmonized Commodity Description and Coding System Numbers for Custom purposes. (7 of 2014)

(xxv) Copper cables for telecom industry -

i. imported prior to May 2, 2016 where such copper cables are not available in Sri Lanka; or

ii. purchased from a local manufacturer prior to May 2, 2016 and for the period commencing from July 11, 2016 but ending on or before November 1, 2016. (7 of 2018)

(xxvi) Ethyl alcohol imported or manufactured and supply as a by-product which is liable to customs duty and cess on importation or excise duty under the Excise Duty Ordinance on manufacturing of such products. (11 of 2015)

(xxvii) Plants, machinery or accessories for renewable energy generation identified under the Harmonized Commodity Description and Coding System Numbers for Custom Purposes with effect from November 11, 2016; (25 of 2018)

- (xxviii) Electrical goods identified under the Harmonized Commodity Description and Coding System Numbers for Custom Purposes with effect from November 1, 2016; *(25 of 2018)*
- (xxix) Medical machinery or medical equipment identified under the Harmonized Commodity Description and Coding System Numbers for Custom Purposes with effect from November 11, 2016; *(25 of 2018)*
- (xxx) Hot air balloons identified under the Harmonized Commodity Description and Coding System Numbers for Custom Purposes with effect from January 1, 2017. *(25 of 2018)*

(b) The supply of

- (i) (a) (1) educational services provided by educational establishment (effective from 01.01.2006 and ending on 31.12.2010) *(9 of 2011)* and
(2) educational services provided by any person or partnership with effect from 01.01.2011. *(9 of 2011)*, or

Government school or a school funded by the Government or (effective from 01.07.2004) *(15 of 2008)* school registered with the Ministry of education that followed the Government curricula other than any service not within the context of educational services or any part of such educational services not within the Government curricula and

(b) Public library service by the Government, Provincial council or local authority.

(ii) *(14 of 2007)*

(a) Public passenger transport services (other than air transport, water transport, or transport of tourists, excursion tours and tax services)

(b) the provision of leasing facilities for -

A (i) such motor coaches with a seating capacity not less than twenty-eight passenger seats and used for such public passenger transport services if such lease agreement is

entered into prior to January 1, 2004 and ending on December 31, 2010; *(9 of 2011)*

- (ii) lorries, tractors or motor coaches with a seating capacity of not less than twenty eight passenger seats, in respect of any rental falling due for payment on or after April 1, 2012; if such lease agreement is entered into on or before October 24 2014 *(11 of 2015)*
- (iii) bowsers, bulldozers, graders, levelers, excavators, fire fighting vehicles or road tractors for semi-trailers as exempted for Custom purposes under Harmonize Commodity Description and Coding System Numbers in respect of any rental falling due for payment on or after January 1, 2013, if such lease agreement is entered into on or before October 24 2014 *(11 of 2015)*
- B. three wheelers in respect of rental falling due for payment on or after January 1, 2005; if such lease agreement is entered into on or before October 24 2014 *(11 of 2015)*
- C. any bus referred to in item (xv) of paragraph (c), if such lease agreement is entered into on or before October 24 2014 *(11 of 2015)*
- (iii) Electricity including distribution *(14 of 2007)*
- (iv) Free or subsidized meals by an employer to his employees at their places of work and transport free or at a subsidized rate by an employer to his employees using a motor coach between the place of residence and work place of such employees;
- (v) Services in relation to burials and cremations by any institution or person.
- (vi) Services by a person in Sri Lanka to another person outside Sri Lanka to be consumed or utilised by such other person outside Sri Lanka for which the payment is made in Sri Lanka rupees;
- (vii) Services at a restaurant situated beyond the immigration counter at the Bandaranaike International Airport;
- (viii) Goods and Services to the mission of any state or any organization to which the provisions of the Diplomatic Privileges Act, No. 9 of 1996 applies or to any diplomatic personnel of such mission or organization who is entitled to such benefits provided that reciprocal benefits are available to their counter parts from Sri Lanka and identified as such by the Commissioner General

- (ix) Goods or services funded directly by foreign organizations for the relief of sudden distress caused by natural or human disasters or to any activity having regard to the interest of the national economy, as approved by the Minister;
(8 of 2006)
- (x) The following financial services
- a. the operation of any current, deposit or savings account
 - b. the exchange of currency
 - c. the issue, payment, collection or transfer of ownership of any note, order for payment, cheque or letter of credit
 - d. the issue, allotment, transfer of ownership, drawing, acceptance or endorsement of any debt security, being any interest in or right to be paid money owing by any person
 - e. the issue, allotment or transfer of ownership of any equity security, debt security or participatory security
 - f. the underwriting or sub-underwriting the issue of any equity security, debt security or participatory security
 - g. the provision of any loan, advances or credit
 - h. the provision
 - (a) of the facility of installment credit finance in a hire purchase conditional sale or credit sale agreement for which facility a separate charge is made and disclosed to the person to whom the supply is made
 - (b) of goods under any hire purchase agreement or conditional sale agreement, which have been used in Sri Lanka for a period not less than twelve months as at the date of such agreement
 - (c) of leasing facilities under any;
 - finance lease agreement; or
 - operating lease agreement in respect of any installment for any period prior to November 1, 2016, on any asset, if such agreement is entered into on or after October 25, 2014 and not being an agreement entered into prior to October 25, 2014;
(20 of 2016)

- i. The life insurance, "Agrahara" insurance and crop and livestock insurance;
- j. The transfer of non-performing loans of a licensed commercial bank by way of transfer of such loans to any other person in terms of a restructuring scheme or other scheme of such bank as approved by the Central Bank of Sri Lanka with the concurrence of the Minister.

(xi) (20 of 2016)

services being the supply, lease or rent of residential accommodation -

- (a) if such supply has taken place prior to November 1, 2016, other than the supply, lease or rent of residential accommodation by a person, being an enterprise which has entered into an agreement with the Board of Investment of Sri Lanka, under section 17 of the Board of Investment of Sri Lanka Law, No. 4 of 1978, on or after April 1, 2001 and the total cost of the projects which such agreement relates is not less than ten million United States Dollars or its equivalent in any other currency and the project relates exclusively to the aforesaid supply, lease or rental;
- (b) on or after November 1, 2016 by any person, other than any lease or rent of residential accommodation.
- (c) if such supply has taken place on or after April 1, 2019, other than any lease or rent by any person, and where such supply-
 - (i) is not relating to a sale of any condominium housing unit; or
 - (ii) is a supply of a condominium housing unit of a condominium housing project and the maximum price or the market value (whichever is higher) of any single unit of that project does not exceed rupees fifteen million. (25 of 2018)

(xii) (25 of 2018)

- (a) all healthcare services provided by medical institutions or professionally qualified persons providing such care, prior to May 2, 2016 and for the period commencing from July 11, 2016, but ending on or before November 1, 2016;

(b) on or after the date of commencement of this (Amendment) Act, all healthcare services provided by medical institutions or professionally qualified persons providing such care other than hospital room charges.

(xiii) (11 of 2015)

imported-

(a) unprocessed timber logs, ships or rattans; or

(b) any article subject to the Special Commodity Levy under the Special Commodity Levy Act, No. 48 of 2007 subject to the condition that such articles are sold without any processing except adaptation for sale;”;

(xiv) Food products made out of grains, cultivated in SL, as identified by the CGIR as high protein and high energy agro foods provided that such procurement of such grain with backward integration from out-growers is undertaken. (8 of 2006)

(xv) Services by Tower Hall Theatre Foundation established by the Tower Hall theater Foundation Act, No. 1 of 1978 or Central Cultural Fund established under the Central Cultural Act, No. 57 of 1980. (8 of 2006)

(xvi) Sea sand. (8 of 2006)

(xvii) Any film, for distribution or exhibition. (14 of 2007)

(xviii) Laboratory facilities for production of any film. (14 of 2007).

(xix) Locally manufactured handloom textiles. (14 of 2007)

(xx) Locally manufactured coconut oil or coco peat, coir fiber, grows pellets. grow bags, twist fiber or coconut husk made out of coconut waste. (14 of 2007) (17 of 2013)

(xxi) Services being chartering of any vessel. (14 of 2007)

(xxii) Clay roof tiles or chemical naphtha to the extent that such clay roof tiles or chemical naphtha are manufactured in Sri Lanka. (15 of 2008)

(xxiii) Unprocessed agricultural, horticultural or fishing products produced in Sri Lanka, including the local supply of unprocessed agricultural, horticultural or fishing products where value added tax has not been collected or paid to the Department of Inland Revenue. (15 of 2008)

- (xxiv) Unprocessed prawns produced in Sri Lanka including a local supply of unprocessed prawns, where value added tax has not been collected or paid to the Department of Inland Revenue on or after 01.01.2004. *(15 of 2008)*
- (xxv) Imported rattans. *(15 of 2008)*
- (xxvi) Locally produced dairy products other than powdered milk containing added sugar or other sweetening matter, out of locally produced fresh milk in so far as such milk is produced in Sri Lanka and locally produced rice products containing rice produced in Sri Lanka. *(20 of 2016)*
- (xxvii) Locally manufactured sugar. *(15 of 2008)*
- (xxviii) Locally manufactured machinery used for tea industry and identified by Sri Lanka Tea Board established by the Sri Lanka Tea Board Law, No. 14 of 1975 as a tea machinery (effective from 01.10.2008). *(15 of 2009)*
- (xxix) Locally manufactured surgical gauze used for surgery. *(15 of 2009)*
- (xxx) Locally manufactured Jewellery, prior to 01.11.2016 for any period from 22.11.2016. *(25 of 2018)*
- (xxxi) Telecommunication services subject to the telecommunication levy under the Telecommunication Levy Act, No. 21 of 2011, and the services specifically excluded from such liability in the definition of the expression "telecommunication services" in that Act, prior to May 2, 2016 and for the period commencing from 11.07. 2016, but ending on or before 01.11.2016. *(20 of 2016)*
- (xxxii) Locally manufactured briquettes and pallets using bio mass wastes. *(9 of 2011)*
- (xxxiii) Locally developed software. *(9 of 2011)*
- (xxxiv) Services being receipts from re-insurance by any local insurance company by way of commission or compensation in an insurance business. . *(9 of 2011)*
- (xxxv) Services being the issue of licenses to local telecom operators by Telecommunication Regulatory Commission, established by the Sri Lanka Telecommunications Act, No. 25 of 1991, prior to May 2, 2016 and for the period commencing from July 11, 2016, but ending on or before November 1, 2016. *(20 of 2016)*
- (xxxvi) *(7 of 2012)*

Locally manufactured;

- (i) Hydro power or wind power machinery and equipment.
- (ii) Turbines.
- (iii) Canned fish or clay pottery products using locally produced raw materials
- (iv) products using locally manufactured raw materials for the specification of tourist hotels or airlines.
- (v) specified products to identified state institutions replacing imports, by the manufacturer in so far as such products are locally value added products, as per the conditions specified in the guidelines issued for this purpose.

(xxxvii) (7 of 2012)

- (i) locally manufactured fabric in the domestic market by any manufacturer who does not enjoy any concession under any agreement entered in to BOI of Sri Lanka.
- (ii) fabric which are subject to a cess at a specific rate classified under the Harmonized Commodity Description and coding system numbers for custom purposes, in lieu of chargeability of any other tax on importation at the point of entry in to the country, by the Director General of Customs as specified in a gazette notification issued under the Sri Lanka Export Development Act No 40 of 1979

(xxxviii) (7 of 2012)

Services, being research & development services provided by the supplier of such services within the meaning of the IRD Act No 10 of 2006 for the purpose of deduction under sec. 25 of that act.

(xxxix) painting at the point of sale ,by the artist thereof: (7 of 2012)

(xl) Services by the Department of Commerce, services by the BOI or the Sri Lanka Port Authority, w.e.f 1January 2012 in so far as such services are provided to exporters or to providers of services which are zero rated services for the purposes of tax under this Act. (7 of 2012)

(xli) Being any sum paid out of the Export Development Fund as export development rebate. (7 of 2012)

- (xlii) Specific services for any international event approved by the Minister of Finance having taken in to consideration the economic benefit of the country by conducting such an event in Sri Lanka. *(7 of 2012)*
- (xliii) Services which result in the improvement of quality, character or value of any yarn, fabric or garment so far as such services are provided to persons other than exporters of such products. *(17 of 2013)*
- (xliv) Locally manufactured palm oil. *(7 of 2012)*
- (xlv) Services by a unit trust management company so far as such services are provided to any unit trust. *(17 of 2013)*
- (xlvi) Services being hotel accommodation to any sportsman, organizer of any sport event or sponsor arriving in Sri Lanka for participating in any sport event or activity connected with sports, as may be approved by the Minister who is in charge of the subject of Sports. *(17 of 2013)*
- (xlvii) Desiccated coconut, rubber, latex, tea including green leaf, rice, rice flour, bread, eggs, liquid milk, so far as such products are manufactured locally . *(7 of 2014)*
- (xlviii) Machinery or equipment for tea or rubber industry or agricultural tractors or road tractors for semitrailers, so far as such products are manufactured locally. *(7 of 2014)*
- (xlix) Services by any headquarters or regional head office of institutions in the international network relocated in Sri Lanka as exempted for income tax purposes under section 7 of the Inland Revenue Act, No. 10 of 2006, so far as such receipts are in foreign currency received. *(7 of 2014)*
- (l) locally manufactured ayurvedic preparations which belong to the Ayurveda Pharmacopoeia or Ayurveda preparations (other than cosmetic preparations) or unani, sidha or homeopathic reparations (other than cosmetic preparations)
(7 of 2014)
- (li) Locally manufactured coconut milk (with effect from 01.11.2015) *(11 of 2015)*
- (Ll) Geriatric services or child care services; *(25 of 2018)*
- (Lii) International telecommunication services provided by "External Gateway Operators" to local telecommunication operators. *(25 of 2018)*
- (c) **The import of-**

- (i) Goods by the mission of any state or any organization to which the provision of the Diplomatic Privileges Act, No. 9 of 1996 applies, or by any diplomatic personnel of such mission or organization, including the import under a temporary admission carnet for re-export.
- (ii) Any article entitled to duty free clearance under the Passenger's Baggage (Exemptions) Regulations made under Section 107 of the Customs Ordinance, or any article cleared duty free on a re-importation certificate as provided for in Schedule A of the Customs Ordinance, or any article cleared ex-bond for use as ship stores.
- (iii) Goods by any organization approved by the Minister, where he is satisfied that such goods are gifts from persons or organizations abroad for the relief of sudden distress caused by natural or human disasters or such goods being medical machinery, medical equipment or an ambulance. (8 of 2006)
- (iv) goods by any person who has entered into an agreement –
 - (a) prior to May 16, 1996; or
 - (b) prior to April 1, 1998 in respect of a project, the total cost of which is not less than Rs. 500 million, with the Board of Investment of Sri Lanka under section 17 of the Board of Investment of Sri Lanka Law No. 4 of 1978, which goods are prescribed as a project related article, to be utilised in the project specified in the agreement, during -
 - (i) the project implementation period of such project as specified in such agreement; or
 - (ii) upto the date of completion of such project, which date shall not be later than thirty six months from the date of the last agreement entered into prior to the 19, November, 2003,whichever is earlier, other than any article in the negative list published by the Secretary to the Treasury for the purpose of this paragraph.
- (v) goods by any person who has entered into an agreement with the Board of Investment of Sri Lanka under section 17 of the Board of Investment of Sri Lanka Law No. 4 of 1978, which is prescribed as a project related article, to be utilised in the project specified in the agreement, which project one completed will be solely in the business of making exempt supplies -
 - (a) for a period of two years from August 1, 2002; or

(b) until the completion of the project as determined by the Board of Investment of Sri Lanka,

whichever is earlier, other than any article in the negative list published by the Secretary to the Treasury for the purposes of this paragraph;

- (vi) Personal items and samples in relation to business worth not more than ten thousand rupees through parcel post or courier.
- (vii) A motor vehicle by a disabled person specially designed for use by disabled persons approved by the Minister, on his being satisfied that such vehicle is for use specifically by such person ;
- (viii) Any capital items required for the purposes of providing training by any institution providing vocational training or practical training approved by the Minister in charge of the subject of Tertiary Education and Training in consultation with the Minister where the Government has provided funds or other assistance to such institution and the surplus funds of such institution are reinvested as to the maintenance or improvement of such institution ;
- (ix) Goods to any project approved by the Commissioner- General, as having a capital investment of not less than rupees one hundred million which are considered as project related capital goods, other than the goods in the negative list published by the Secretary to the Treasury, during the project implementation period which shall not exceed three years from the commencement of the project, provided that such project makes taxable supplies upon the completion of the project (effective from 1.1.2005). *(6 of 2005)*
- (x) Samples of garments for business purposes by any garment buying office in Sri Lanka registered with the Textile Quota Board established under the Textile Quota Board Act, No. 33 of 1996, so long as such item is not sold; *(6 of 2005)*
- (xi) Any ship; *(8 of 2006)*
- (xii) Unprocessed timber logs. *(8 of 2006)*
- (xiii) Any machinery or equipment by the Ceylon Electricity Board or an Institution which has entered into an agreement with the Ceylon Electricity Board to supply electricity required for the purpose of generating electricity identified under specified Harmonized Commodity of Description Numbers for custom purposes, approved by the Minister. *(14 of 2007)*
- (xiv) Any film which is produced in Sri Lanka and sent abroad for further

processing or printing, with the approval of the Chairman of the National Film Corporation ;
(14 of 2007)

- (xv) Any bus by the holder of any valid passenger service permit issued by the National Transport Commission or any Provincial Road Passenger Transport Authority for the replacement of a bus which is being used for the transport of passengers and which has been so used for not less than five years at the time of such import ; (14 of 2007)
- (xvi) Machinery prior to January 1, 2014 , identified under the specified Harmonized of Commodity Description Numbers for Custom purposes, for modernization of factories by the factory owner with the approval of the Commissioner-General of Inland Revenue; (7 of 2014)
- (xvii) Poultry keeping machinery, poultry incubators and brooders, the import of cattle, buffaloes, poultry, pigs, goats, sheep for breeding purposes and the semen and embryos of such animals for breeding purposes, under the specified Harmonized of Commodity Description Numbers for the Custom purposes, with the approval of the Commissioner-General of Inland Revenue: (14 of 2007)
- (xviii) Finished leather to be used for the shoe manufacturing industry, on the recommendation of the Secretary to the Ministry of Industrial Development subject to approval by the Minister in charge of the subject of Finance. (14 of 2007)
- (xix) (a) plant, machinery or equipment of high value to be used for any project;
or
(b) goods to be used as exhibition material or as material in any technical demonstration
and which are re-exported after the completion of such project, exhibition or demonstration , as the case may be and in respect of which tax is differed in terms of paragraph (b) of the second proviso to subsection (3) of section 2 (effective from 17/7/2007); (15 of 2008)
- (xx) aircraft engines or aircraft spare parts identified under specified Harmonized Commodity Description and Coding System Numbers for Custom purposes (effect from 17/7,2007), but prior to the date of commencement of this amendment Act; (25 of 2018)
- (xxi) rattans under HS Code No 1401.20 (effective from 1/7/2007) (15 of 2008)
- (xxii) plant and machinery by an undertaking qualified for a tax holiday under section 24C of the Inland Revenue Act No 10 of 2006, for use by such

undertaking for the purpose of manufacturing or for the provision of services (effective from 1/1/2008) (15 of 2008)

- (xxiii) Goods, for a project identified as a strategic development project under the provisions of the Strategic Development Project Act, No. 14 of 2008, during the project Implementation period, subject to the conditions specified therein or with the approval of the Minister of Finance any special project referred to in paragraph (f); (15 of 2008) (7 of 2012)
- (xxiv) Any bus with the approval of National Transport Commission or any Provincial Road Passenger Transport Authority by the owner of such bus to replace a bus destroyed due to terrorist activities (effective from 9/7/2008); (15 of 2009)
- (xxv) Brass sheets, brass ingots, thread, dyes, paraffin wax or shellac for manufacture of brassware by the National Craft Council with the approval of Minister of Rural Industries and Self Employment Promotion (effective from 1. 1.2009) (15 of 2009)
- (xxvi) Chemical naphtha by the Ceylon Petroleum Corporation to be supplied to Ceylon Electricity Board for the generation of electricity effective from 1/1/2009); (15 of 2009)
- (xxvii) Packing materials exclusively for the use of packing of pharmaceuticals or ayurvedic medicines manufactured in Sri Lanka and which are imported by the manufacturer of such pharmaceuticals or ayurvedic medicines, so far as such packing materials are not manufactured in Sri Lanka as approved by the Secretary to the Ministry of the Minister to whom the subject of Health is assigned or the Commissioner of the Department of Ayurveda, as (the case may be, for this purpose. (15 of 2009) (17 of 2013)
- (xxviii) Cine films, cinematographic films exposed or developed, magnetic cine sound recorders, cinematographic cameras, projector parts and accessories, prior to the date of commencement of this Act. (25 of 2018) apparatus and equipment for cinematographic laboratories, electric filament or discharge lamps, arc lamp carbon, speakers, amplifiers, digital stereo processors and accessories, cinema media players and digital readers,, identified under the Harmonized Commodity Description and Coding System Numbers, for custom purposes with the approval of the Chairman . National Film Corporation. (15 of 2009) (7 of 2012)
- (xxix) Aircraft stimulators and parts specified under Harmonized Commodity Description and Coding System Numbers for Custom purposes with effect from January 1, 2011, but prior to the date of commencement of this amendment Act. (25 of 2018)

- (xxx) Samples in relation to a business worth not more than rupees-
- (a) twenty five thousand, on such imports made prior to January 1, 2015; and
 - (b) fifty thousand on such imports for any period on or after January 1, 2015, subject to such terms and conditions as specified by the Director-General of Customs. *(11 of 2015)*
- (xxxi) Pharmaceutical machinery and spare parts for the pharmaceutical machinery which are not manufactured in Sri Lanka, classified under the Harmonized commodity Description and Coding System Numbers for Custom proposes, imported by pharmaceutical manufacturers and recommended by the Secretary to the Ministry of Health, including pharmaceutical machinery or parts imported after June 1, 2011 under the same conditions on which Value Added Tax has been deferred; *(7 of 2012)*
- (xxxii) machinery for the manufacture of bio mass briquettes and pallets so far as such machinery is imported by the manufacturer of such products classified under the Harmonized Commodity Description and Coding System Numbers for Custom proposes. including such machinery imported after June 1, 2011 under the same conditions oil which Value Added Tax has been deferred; *(7 of 2012)*
- (xxxiii) Green houses, poly tunnels and materials for the construction of green houses, by any grower of agricultural products or plants of any type, prior to the commencement of this Act subject to the condition that such items are not manufactured in Sri Lanka, and approved by the Director General, Department of Fiscal Policy on the recommendation of the Secretary to the Ministry of Agriculture; *(25 of 2018)*
- (xxxiv) Plant, machinery or equipment by any enterprise qualified for a tax exemption under section 16 D and 17 A of the Inland Revenue Act, No.10 of 2006, for the use by such enterprise for the purposes specified in the agreement entered into with the Board of Investment of Sri Lanka on which tax is deferred during the project implementation period, subject to the fulfillment of the conditions specified in the agreement, during the project implementation period; *(7 of 2012)*
- (xxxv) Any goods, (other than motor vehicles and goods for personal use) required for the purpose of provision of services being international transportation which is consigned to Sri Lankan Air Lines Limited, Mihin Lanka (Pvt) Ltd. or Air Lanka Catering Services Ltd. *(7 of 2012)*
- (xxxvi) Fabric, specified under the Harmonized Commodity Description and Coding System Numbers for Custom proposes, prior to the date of

commencement of this Act this for the sale in the domestic market without any value addition, subject to the chargeability of a Cess at a specific rate referred to in sub-item (ii) of item (xxxvii) of paragraph (b) of PART II of the First Schedule. (25 of 2018)

- (xxxvii) Gully bowsers, semi-trailers for road tractors, any machinery or equipment used for garbage disposal activities carried out by any local authority for the purpose of provision of such services to the public, as approved by the Secretary to the relevant Ministry. (17 of 2013)
- (xxxviii) Machinery, equipment or spare parts imported by Sri Lanka Ports Authority to be used exclusively within the ports of the Sri Lanka Ports Authority. (11 of 2015)
- (d) **The import and supply** of goods at duty free shops for payment in foreign currency.
- (e) **The supply** of locally manufactured goods to duty free shops for payment in foreign (6 of 2005)
- (f) (15 of 2008)

The supply of -

- (i) goods or services to any project identified as a Strategic [s 9(4) of 15 of 20081 Development Project in terms of section 3)(4) of the Strategic w.e.f. 1/1/2008 Development Project Act No 14 of 2008 (effective from 1/1/2008); or
- (ii) (a) goods or services to any specified project identified by the Minister in charge of the subject of Finance, taking into consideration the economic benefit to the country, on which the tax is borne by the Government with effect from January 1, 2008); (9 of 2011) or
- (b) goods or services to any infrastructure development project funded through foreign loans or donations directly to the Government Ministries (with effect from January 1, 2011);

and every such project shall be approved by the Minister of Finance, and Notification of such approval shall be published in the Gazette;

- (iii) any goods or services provided prior to November 1, 2016, by any society registered under the Co-operative Societies Law, No. 5 of 1972 or under any respective Statute enacted by any Provincial Council

providing for such registration, or Lak Sathosa registered under the Companies Act, No. 7 of 2007. (20 of 2016)

- (g) The supply of services, being construction services for Gama Naguma, Maga Naguma, Samurdhi Projects jects or for community irrigation projects, carried out through the participation of the community and approved by Secretary to the Minister of the Minister in charge of the subject of Nation Building and State Infrastructure Development (effective from 1/1/2009). (15 of 2009)
- (h) goods or services by an institution set up by the Ministry of Defense for the rehabilitation of disabled soldiers, in so far as the activities are carried out by the participation of such soldiers. (with effect from January 1, 2011). (9 of 2011)
- (i) The supply of goods or services by the Central Bank of Sri Lanka established by the Monetary Law Act (Chapter 422); (17 of 2013)
- (j) the supply of any services by any public corporation to the extent of provision of such services on behalf of the Government of Sri Lanka, free of charge out of the funds voted by Parliament from the Consolidated Fund or out of any loan arranged through the Government. (17 of 2013)
- (k) the supply of goods or services by any individual who is a citizen of Sri Lanka and who carries on any business of manufacturing of any article other than any liquor or tobacco product 01' supply of any services after returning from a foreign employment for a period of five years reckoned from the beginning of the year of assessment in which such business commences if such Individual-
 - (i) returns from such foreign employment on or after January 1, 2013; and
 - (ii) invests his earnings from such foreign employment to commence such business. (17 of 2013)
- (l) (11 of 2015)

with effect from October 25, 2014, the import or supply of -

- (a)(i) any motor vehicle identified under the Harmonized Commodity Description and Coding Numbers for custom purposes and liable to the Excise (Special Provisions) Duty under the Excise (Special Provisions) Act, No. 13 of 1989 on the importation of such vehicle or any motor vehicle liable to the same duty on the manufacture of any such vehicle;

- (ii) any motor vehicle remain unsold as at October 25, 2014, which would otherwise have been liable to the same duty on the importation or manufacture of the same, if imported or manufactured after October 25, 2014, other than any vehicle supplied under a financial leasing agreement entered into prior to October 25, 2014, which are disposed after the repossession of the same by the lessor on which input tax had been claimed;
- (b) cigarettes identified under the Harmonized Commodity Description and Coding System Numbers for custom purposes and liable to the Excise (Special Provisions) Duty under Excise (Special Provisions) Act, No. 13 of 1989 and cess under Sri Lanka Export Value Added Tax (Amendment) 19 Act, No. 11 of 2015 Development Act, No. 40 of 1979 on the importation or manufacture of the same including cigarettes in the stocks remain unsold as at October 25, 2014 which would have been liable to the same duty on the importation or manufacture the same, if imported or manufactured after October 25, 2014; but prior to November 1, 2016 (20 of 2016) or
- (c) liquor prior November 1, 2016 (20 of 2016) identified under the Harmonized Commodity Description and Coding System Numbers for custom purposes and subject to the Customs Duty and cess on the importation or Excise Duty on manufacture of the same including liquor imported or manufactured prior to October 25, 2014 remain unsold as at October 25, 2014 which would have been liable to the same duty and cess on importation or Excise Duty on manufacture of the same, if imported or manufactured after October 25, 2014.

