

SSCL



Social Security Contribution Levy

Social Security Contribution Levy Act, No. 25 of 2022

The Social Security Contribution Levy (SSCL) is a new tax proposed in the Budget 2022.

IMPOSITION OF SOCIAL SECURITY CONTRIBUTION LEVY (SSCL)

A. Applicable “Taxable Person”

SSCL is payable by the following **persons** for every quarter on or after 1 October 2022

1. **Importer** of any article;
2. **Manufacturer** of any article;
3. **Service provider** of any description; and
4. **Wholeseller or retailer** of any article.

Relevant Definitions

“**Person**” shall have the same meaning as in the Inland Revenue Act, No. 24 of 2017

“**Quarter**” means the period of three months commencing on the first day of January, April, July or October of any year.

“**Liable Turnover**” – turnover other than Any bad debt incurred, VAT paid, Any rebate received

“**Manufacture**” means any process for—

- a) making an article;
- b) assembling or joining any article whether by chemical process or otherwise;
- c) adapting for sale any article; and
- d) packaging, bottling, putting into boxes, cutting into pieces, cleaning, polishing, wrapping, labeling, or in any other way whatsoever preparing for sale any article.

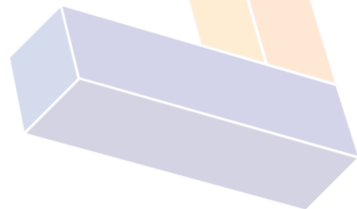
“**Importation**” excludes bringing any article in the personal baggage of the passenger into Sri Lanka

“**Service**” includes any business of real estate and improvements thereon

B. Registration Threshold

- **Importer** – No registration threshold
- **Other** chargeable persons
 - a. If the aggregate turnover exceeds LKR **120,000,000** within the **12-months** period immediately prior to 01 October 2022.
 - b. If the aggregate turnover for a quarter exceeds or is likely to exceed LKR **30,000,000**

The CGIR has the power to exclude turnover from a single isolated transaction in calculating the total turnover for registration threshold.



C. Registration Process

Every taxable person who meets the registration threshold, **other than an importer**, is required to be registered by making an application to the CGIR in the specified form, **not later than 15 days** from the date of the operation of the Act (01 October 2022) or not later than 15 days from the date on which it exceeds or is likely to exceed the quarterly registration threshold.

CGIR is empowered to carry out **forceful registration** of a person who is liable to SSCL.



D. SSCL Rate- at the rate of 2.5%

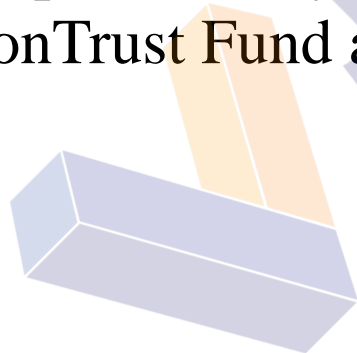
Taxable Person”	Turnover (Excluding exempted values)	Liable Portion (As a % of the Liable Turnover)
(a) Importing	Value of that article ascertained for the purpose of the VAT. (No minimum registration thresholds applicable)	100% of the turnover
(b) Manufacturing	Sum receivable whether received or not, in that quarter any article manufactured and sold in Sri Lanka.	85% of the turnover
(c) Providing a service of any description	Sum receivable whether received or not, - value from the supply in Sri Lanka of any Financial Services, - the value of any service arising from the business of real estate and improvement (on value addition as taking for VAT), - provision of any service other than above.	100% of the Value Addition attributable to financial services
(d) Wholesale or retail sale of any article including importation and sale	Sum receivable, whether received or not, from the wholesale or retail sale.	Distributor of Locally manufactured goods - 25% (Imported /Local) - 50% of the turnover

E. Exempt Articles

- a. Any article **exported by the manufacturer**
- b. Any article not being a plant, machinery or fixture imported by any person exclusively for the use in, or for, the manufacture of any article **for export**
- c. **Fertilizer**
- d. **Petroleum** and petroleum products
- e. **L.P. Gas**
- f. **Pharmaceuticals** identified under the HS Coding System.
- g. Any article **manufactured** by a company identified as a **Strategic Development Project (SDP)** under the SDP Act No. 14 of 2008 sold to another SDP or to a specialized project approved by the Minister of Finance.
- h. **Fresh milk, green leaf, cinnamon, or rubber** purchased from any local manufacturer or local producer

F. Exempt Services

- a. **Generation and supply of electricity other than** the supply of electricity by Ceylon Electricity Board
- b. **Medical services**
- c. Supply of **water**
- d. **Transportation** of goods and passengers
- e. The business of **life insurance**
- f. Any service provided by the **Central Bank** of Sri Lanka
- g. Services provided by **any Government Department**, Ministry or Local Authority
- h. Any services provided by the **Employee's Trust Fund**, Provident Fund, Pension Fund, Pension Trust Fund and Gratuity Fund



G. Administration Procedures

SSCL Payment	Importer - The Director General of Customs shall collect the levy at the time of importation. Other registered persons - Every quarter on or before the 20th day of the immediately succeeding month of the relevant month of that quarter.
Default of SSCL Payment	Every person who fails to pay the levy is identified as a defaulter. Penalty of 10% and an additional 2% for each additional month of default will be charged on default payments.
SSCL Return	Every registered person shall furnish to the CGIR a return either in writing or by electronic means for every quarter on or before the 20th day of the month after the end of each relevant quarter.
Time bar for raising additional assessment	3 years from the end of the relevant quarter.
Administration & Collection Authority	The CGIR shall be in charge of the administration of the SSCL.

Questions

- a. Liable Person ?
- b. Effective Date ?
- c. On What ?
- d. Rate of Levy?



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