

## Tax update on rapidly emerging government policy and stimulus responses to COVID-19

Policy changes are being proposed and implemented on a daily basis to protect businesses and people from the economic disruption being caused by the COVID-19 pandemic. The EY Tax Update provides a snapshot of the policy changes that have been announced in response to the ongoing crisis.

### Income Tax

Overview	Policy Change	Reference
Transfer Pricing Disclosure Form (TPDF) for 2018/19 had to be filed by 31 March 2020.	The due date to submit the Transfer Pricing Disclosure Form (TPDF) has been extended to 30 April 2020.	Attached the notice issued by the Department of Inland Revenue.  Date: 20.03.2020 Notice #: PN/IT/2020-04

### Value Added Tax

Overview	Policy Change	Reference
Payment of VAT and VAT on financial services for the month of February and March 2020 are due by 20 March and 20 April 2020.	VAT and VAT on Financial Services payments for the months of February and March can be deferred until 30 April 2020.  The automatic penalty imposed on same will be waived.	Attached the notice issued by the Department of Inland Revenue.  Date: 26.03.2020 Notice #: PN/VAT/2020-03
VAT Return for the month of February had to be filed by 31 March 2020.	VAT Returns (electronically or manually) for the Month of February 2020 can be deferred until 30 April 2020.	
Credit Vouchers for VAT Deferment.	The validity of extension letters issued with regard to Credit Vouchers (for deferment facilities at the point of Customs/ BOI) expiring before 30 April 2020 has been extended by one month from the respective expiry date.	
Temporary VAT registration validity periods extended.	The validity of any Temporary VAT registration expiring prior to 30 April 2020 has been extended till 30 April 2020.	

### Stamp Duty

Overview	Policy Change	Reference
The payment and Return for Compounded Stamp Duty for the quarter ending 31 March 2020 had to be paid/filed by 15 April 2020.	The payment and Return for Compounded Stamp Duty for the quarter ending 31 March 2020 can be deferred until 30 April 2020.	Attached the notice issued by the Department of Inland Revenue.  Date: 28.03.2020 Notice #: PN/SD/2020-01

### Tax Clearance Certificate issued for Liquor Licenses

Overview	Policy Change	Reference
Tax Clearance Certificate validity period is generally for one year.	The validity period of any Tax Clearance Certificates expiring prior to 30 June 2020 has been extended till 30 June 2020.	Attached the notice issued by the Department of Inland Revenue.  Date: 29.03.2020 Notice #: PN/TC/2020-01

### Withholding Tax

Overview	Policy Change	Reference
Monthly WHT payment for the month of February and March 2020 are due by 15 March and 15 April 2020.	Withholding Tax payment for the month of February and March can be deferred until 30 April 2020.  The automatic penalty imposed on same will be waived.	Attached the notice issued by the Department of Inland Revenue.  Date: 31.03.2020 Notice #: PN/WHT/2020-04



### Contact details

If you would like to know more about these developments and how they may affect your business, please contact one of the EY tax professionals based in the locations listed below:

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## INLAND REVENUE DEPARTMENT

### Notice to Taxpayers

#### Extension of Submission Date of Transfer Pricing Disclosure Form for the Year of Assessment 2018/2019

Taking in to the account of prevailing situation in the country, Submission of **Transfer Pricing Disclosure Form (TPDF)** has been allowed up to **30<sup>th</sup> April, 2020**.

Taxpayers who have submitted the Tax Return through e-service could upload the TPDF to the RAMIS system, and others are advise to e-mail a PDF copy of the TPDF to the below e-mail addresses;

Senior Commissioner (Taxpayer Services)	<a href="mailto:weerakoon.lmc@ird.gov.lk">weerakoon.lmc@ird.gov.lk</a>
Commissioner (CDMU)	<a href="mailto:perera.mkpjss@ird.gov.lk">perera.mkpjss@ird.gov.lk</a>

*[Persons who submit Transfer Pricing Disclosure Form on or before 30.04.2020 would be deemed to have submitted it on the date the Tax Return had been submitted]*

Commissioner General of Inland Revenue



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## INLAND REVENUE DEPARTMENT

### Notice to Taxpayers

## Value Added Tax (VAT)

As per the directions issued by the Presidential Secretariat on March 23, 2020 taxpayers are informed on the following.

- VAT Payments for the months of February and March 2020

Making the VAT payment including VAT on Financial services for the month of February which was due on March 20, 2020 and the payment for the month of March which is due on April 20, 2020 has been allowed up to April 30, 2020.

Accordingly, payments made on or before April 30, 2020 for above periods shall be deemed as payments made on due dates and any penalty auto-imposed by the system on late payments for above periods will be waived off.

In addition, taking into account of the prevailing situation in the country, all VAT registered persons are informed on followings:

- VAT Deferment Facility at the point of Customs/BOI

Validity of the extension letters (which will be expired before April 30, 2020) issued with regard to Credit Vouchers due against the VAT deferred under deferment facility have been extended by one month from the respective expiring date.

- Temporary VAT

If any Temporary VAT Registration issued and period of validity expires prior to April 30, 2020 as per the certificate, the validity period has been extended till April 30, 2020.

- Submission of VAT Return

In terms of the provisions of the VAT Act, VAT Return for the month of February is required to submit on or before March 31, 2020. e-Filing facility is available through IRD Portal, e-Services to submit the VAT return for above period on the due date.

However, those who could not file the VAT return through e-Services or manually, they are allowed to submit the return until April 30, 2020.

**Commissioner General of Inland Revenue**



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## **INLAND REVENUE DEPARTMENT**

### **Notice to Taxpayers**

# **Compounded Stamp Duty**

## **Payment and Return for the Quarter ending March 31, 2020**

In terms of the provisions of the Stamp Duty Act, following persons who are permitted by the Commissioner General of the Inland Revenue to compound the amount of Stamp Duty are required to make the payment and submit the return for the quarter ending March 31, 2020, on or before April 15, 2020.

- any person issuing insurance policies
- any authority issuing licenses
- any service provider, on the presentation of a claim, demand or request for the payment of any money on the use of a credit card
- any employer employing more than one hundred persons accepting receipts for payments made to the employees
- any other person issuing any other instrument of a category, having regard to the impracticability or inexpediency of stamping instruments of such category, at the time and in the manner prescribed

Taking into account of the prevailing situation in the country, such persons are allowed to make the payment and submit the return for the above period until April 30, 2020.

**Commissioner General of Inland Revenue**



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**INLAND REVENUE DEPARTMENT**  
**Notice to All Divisional Secretaries and**  
**Liquor License Holders**

**Extension of Validity Period of the**  
**Temporary Tax Clearance Certificates**  
**relating to Liquor Licenses**

Taking into account of the prevailing situation in the country, all Divisional Secretaries and Liquor License Holders are informed to treat that the validity period of all Temporary Tax Clearance Certificates relating to liquor licenses (which will be expired before June 30, 2020) issued by the Inland Revenue Department to liquor license holders as extended until June 30, 2020.

Please note that this notice is issued with the awareness of the Commissioner General of Excise.

**Commissioner General of Inland Revenue**



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## **INLAND REVENUE DEPARTMENT**

### **Notice to Taxpayers**

#### **Withholding Tax (WHT) Payments for the Months of February and March 2020**

In line with the directions issued by the Presidential Secretariat on March 23, 2020 to provide relief measures due to Covid 19 outbreak, Inland Revenue Department announces the following with respect to WHT Payments.

Withholding agents and withholdees who are liable to make the payments [Subject to the proposed changes announced by the Notice PN/IT/2020-03 (amended) dated 18.02.2020] for the month of February 2020 which was due on March 15, 2020 and the payment for the month of March 2020 which is due on April 15, 2020 are allowed to make the respective payments till April 30, 2020.

Accordingly, payments made on or before April 30, 2020 for above periods shall be deemed as payments made on due dates and any penalty auto-imposed by the system on late payments for above periods will be waived off.

**Commissioner General of Inland Revenue**



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