

Ref. 04/2020

Circular to Clients

Changes to Income Tax (IT)

New tax proposals made to Income Tax (IT) and announced by the Department of Inland Revenue, will be implemented subject to formal amendments to Inland Revenue Act No.24 of 2017.

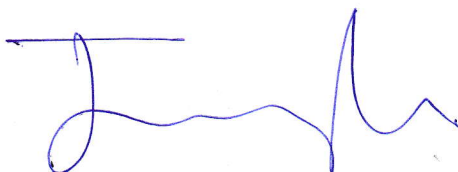
01. Pay As You Earn (PAYE) Tax

- PAYE on any employment receipts to any resident or non-resident individual is removed with effect from January 01, 2020.
- Any PAYE already deducted after January 01, 2020 on above payments should be paid back to the respective persons (employees).

02. With Holding Tax (WHT) on Section 84

- WHT on any payments (including interest, dividends rent etc.) made to any resident person is removed with effect from January 01, 2020.
- Any WHT already deducted after January 01, 2020 on above payments should be paid back to the respective persons (deposit holders or any other persons).
- However, WHT on following payments would continue to apply:
 - Payments made to resident person;
 - at 14% WHT on the amounts paid as winning from lottery, reward, betting or gambling.
 - at 2.5% WHT on sale of any gem at an auction conducted by the National Gem & Jewelry Authority.
 - Payments made to non- resident person under section 84 & 85

Please feel free to contact us, if you need any further clarifications in this regard.



Jayasinghe & Co.,
Chartered Accountants,
06th February 2020

