



KPMG Sri Lanka

Tax News Flash

May 2021

TAX UPDATE

For clients of KPMG Sri Lanka

The Inland Revenue (Amendment) Act No. 10 of 2021 was passed in Parliament and certified by the Speaker on 13th May 2021. We have provided below a synopsis of the key changes in the Amendment Act compared to the Bill which was published in March 2021 (we have already circulated a synopsis of the Bill via Tax Alert dated 9th April 2021).

A. Changes to tax rate for the renewable energy sector

- The Amendment Act provides for a concessionary rate of tax for gains and profits on the supply of electricity to the national grid generated by using renewable energy resources, with effect from 1st April 2021.
- Accordingly, the above gains and profits derived by a company would be liable to tax at the rate of 14%. For an individual, such gains and profits derived will be taxed at a maximum rate of 14%.

B. Changes to the administration provisions

- The Amendment Act provides for the requirement for a person who has prepared a tax return or part of it for a payment, to issue a separate certification specifying the extent of his involvement in the preparation of same, the documents examined, and the information relied upon. This certification should be submitted along with the return and is deemed to be a part or parcel of the return. Previously, the Bill provided for the requirement to sign the return by such person, without the ability to specify the extent of involvement of such person.
- The Amendment Act introduces punitive provisions for any person involved in fraudulent preparation or certification of any document/ information to be submitted to the Commissioner General of Inland Revenue.

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