

## **I. Value Added Tax**

- I. Revision of rate – The VAT rate should be increased to 15%
- II. Revision of threshold
  - a) The present threshold of registration for VAT should be revised to Rs. 3 million per quarter or Rs. 12 million per year.
  - b) The present Threshold of registration for VAT on wholesale and retail trade should be reduced to Rs. 12.5 million per three months.
- III. Removal/ restriction of exemption – The present exemptions on the following supplies should be removed:
  - a) Liquor, Cigarette
  - b) Coal
  - c) Electrical and electronic goods
  - d) Spare parts for Ceylon Transport Board and Department of Sri Lanka Railway
  - e) Perfume
  - f) Locally manufactured Jewelry
  - g) Telecommunication services
  - h) Healthcare services – However, value of following supplies should not be taken into account in calculating the value of supply of health care services;
    - Diagnostic tests
    - Dialysis
    - Services provided by the Outdoor Patients' Department (excluding medical consultation services/ Channeling)
    - Surgeries (Excluding Doctors' fee and room charges)

IV. Exemptions –

- a) Sale of houses (Residential) by any person

**2. Nation Building Tax**

I. Revision of threshold

- a) The present threshold to NBT should be revised from 3.75 million per quarter to Rs. 3 million per quarter.
- b) Restriction of threshold of Rs. 25 million per quarter applicable on hotel, guest house, restaurant or other similar businesses, the processing of any locally procured agricultural produce in the preparation for sale, educational services and supply of labor (manpower) only for processing of any locally procured agricultural produce in the preparation for sale

I. Removal/ restriction of exemption

- a) Supply of electricity, lubricants and telecommunication services

## **Revision of Value Added Tax (VAT) on the Importation of Certain Goods**

As per the Value Added Tax (Amendment) Bill and subsequent Committee Stage amendments presented and passed by Parliament on 26<sup>th</sup> October 2016, following changes to the Value Added Tax should be implemented with effect from November 1, 2016.

### **02. Removal of Exemption from VAT**

- 1) Milk powder
- 2) Liquor
- 3) Cigarettes
- 4) Coal
- 5) Perfumes
- 6) Electrical and electronic goods
- 7) telecommunication equipment

03. List of the items which are liable for VAT with effect from 01.11.2016 are annexed hereto.

HS	HS Code	DESCRIPTION
0402		<b>Milk and cream, concentrated or containing added sugar or other sweetening matter.</b>
	0402.21 ✓	-- Not containing added sugar or other sweetening matter
	0402.29 ✓	-- Other
22.03	2203	<b>Beer made from malt.</b>
	2204.10 ✓	- Sparkling wine
	2204.21 ✓	-- In containers holding 2 l or less
	2204.29 ✓	-- Other
	2204.30 ✓	- Other grape must
22.05		<b>Vermouth and other wine of fresh grapes flavoured with plants or aromatic substances.</b>
	2205.10 ✓	- In containers holding 2 l or less
	2205.90 ✓	- Other
22.06	2206	<b>Other fermented beverages (for example, cider, perry mead); mixtures of fermented beverages and mixtures of fermented beverages and non-alcoholic beverages, not elsewhere specified or included.</b>
22.07		<b>Undenatured ethyl alcohol of an alcoholic strength by volume of 80% vol or higher; ethyl alcohol and other spirits, denatured, of any strength.</b>
	2207.10 ✓	- Undenatured ethyl alcohol of an alcoholic strength by volume of 80% vol or higher
	2207.20	- Ethyl alcohol and other spirits, denatured, of any strength :
	2207.20.10 ✓	--- Spirits denatured in accordance with regulations framed under the Excise Ordinance
	2207.20.20 ✓	--- Spirits citronella imported for testing citronella oil; industrial spirits imported for de-icing aircraft
	2207.20.90 ✓	--- Other
22.08		<b>Undenatured ethyl alcohol of an alcoholic strength by volume of less than 80% vol; spirits, liqueurs and other spirituous beverages.</b>
	2208.20 ✓	- Spirits obtained by distilling grape wine or grape marc
	2208.30 ✓	- Whiskies
	2208.40.10 ✓	--- Rum
	2208.40.90 ✓	--- Other
	2208.50 ✓	- Gin and Geneva
	2208.60 ✓	- Vodka
	2208.70 ✓	- Liqueurs and cordials

	2208.90.10 ✓	---	Coconut base arrack
	2208.90.90 ✓	---	Other
24.02			<b>Cigars, cheroots, cigarillos and cigarettes, of tobacco or of tobacco substitutes.</b>
	2402.20.20 ✓	---	Cigarettes, each not exceeding 60 mm in length
	2402.20.30 ✓	---	Cigarettes, each exceeding 60 mm but not exceeding 67 mm in length
	2402.20.40 ✓	---	Cigarettes, each exceeding 67 mm but not exceeding 72 mm in length
	2402.20.50 ✓	---	Cigarettes, each exceeding 72 mm but not exceeding 84 mm in length
	2402.20.60 ✓	---	Cigarettes, each exceeding 84 mm in length
27.01			<b>Coal; briquettes, ovoid and similar solid fuels manufactured from coal.</b>
	2701.11 ✓	--	Anthracite
	2701.12 ✓	--	Bituminous coal
	2701.19 ✓	--	Other coal
33.03			<b>Perfumes and toilet waters.</b>
	3303.00.10 ✓	---	Perfumes
	3303.00.20		Toilet waters
84.14			<b>Air or vacuum pumps, air or other gas compressors and fans; ventilating or recycling hoods incorporating a fan, whether or not fitted with filters.</b>
	8414.51 ✓	--	Table, floor, wall, window, ceiling or roof fans, with a self-contained electric motor of an output not exceeding 125 W
			<b>Electro-mechanical domestic appliances, with self-contained electric motor, other than vacuum cleaners of heading 85.08.</b>
	8509.40 ✓	-	Food grinders and mixers; fruit or vegetable juice extractors
	8510.10 ✓	-	Shavers
	8510.20 ✓	-	Hair clippers
	8510.30 ✓	-	Hair-removing appliances
	8516.31 ✓	--	Hair dryers
	8516.32 ✓	--	Other hair-dressing apparatus
	8516.33 ✓	--	Hand-drying apparatus
	8516.40 ✓	-	Electric smoothing irons
	8516.50 ✓	-	Microwave ovens
	8516.60.10 ✓	---	Rice cookers
	8516.71 ✓	--	Coffee or tea makers
	8516.72 ✓	--	Toasters
	8516.79.20 ✓	---	Electric kettles
	8516.90.10 ✓	---	Of rice cookers

	8517.11	✓ --	Line telephone sets with cordless handsets
	8517.61	✓ --	Base stations
	8517.62.10	✓ ---	Transmission apparatus with or without reception apparatus
	8517.62.90	✓ ---	Other
	8517.69	✓ --	Other
	8517.70	✓ -	Parts
	8518.30	✓ -	Headphones and earphones, whether or not combined with a microphone, and sets consisting of a microphone and one or more loudspeakers
	8519.81.90	✓ ---	Other
	8521.10	✓ -	Magnetic tape-type
	8521.90	✓ -	Other
	8525.80.90	✓ ---	Digital cameras and video camera recorders
	8527.12	✓ --	Pocket-size radio cassette-players
	8527.13	✓ --	Other apparatus combined with sound recording or reproducing apparatus
	8527.21	✓ --	Combined with sound recording or reproducing apparatus
	8527.29	✓ --	Other
	8527.91	✓ --	Combined with sound recording or reproducing apparatus
	8527.92	✓ --	Not combined with sound recording or reproducing apparatus but combined with a clock
85.28			<b>Monitors and projectors, not incorporating television reception apparatus; reception apparatus for television, whether or not incorporating radio-broadcast receivers or sound or video recording or reproducing apparatus.</b>
	8528.72.41	✓ ---	Having a screen of not exceeding 32 inches
	8528.72.91	✓ ---	Having a screen of not exceeding 32 inches
85.31			<b>Electric sound or visual signalling apparatus (for example, bells, sirens, indicator panels, burglar or fire alarms), other than those of heading 85.12 or 85.30.</b>
	8531.80.10	✓ ---	Electric Call Bells
85.36			<b>Electrical apparatus for switching or protecting electrical circuits, or for making connections to or in electrical circuits (for example, switches, relays, fuses, surge suppressors, plugs, sockets, lamp-holders and other connectors, junction boxes), for a voltage not exceeding 1,000 volts; connectors for optical fibres, optical fibre bundles or cables.</b>
	8536.69.10	✓ ---	For a voltage not exceeding 80 V
	8536.69.90	✓ ---	Other
	8536.90.10	✓ ---	For a voltage not exceeding 80 V
	8536.90.90	✓ ---	Other

85.44			Insulated (including enamelled or anodised) wire, cable (including co-axial cable) and other insulated electric conductors, whether or not fitted with connectors; optical fibre cables, made up of individually sheathed fibres, whether or not assembled with electric conductors or fitted with connectors.
	8544.11.90	✓ ---	Other
	8544.19	✓ --	Other
	8544.70	✓ -	Optical fibre cables
91.01			Wrist-watches, pocket-watches and other watches, including stop-watches, with case of precious metal or of metal clad with precious metal.
			wrist watches - other
	9101.99	✓	
	9101.11	✓ --	With mechanical display only
	9101.19	--	Other
	9101.19.10	✓ ---	With opto-electronic display only
	9101.19.90	✓ ---	Other
	9101.21	✓ --	With automatic winding
	9101.29	✓ --	Other
		-	Other :
	9101.91	✓ --	Electrically operated
	9101.99	✓ --	Other
91.02			Wrist-watches, pocket-watches and other watches, including stop-watches, other than those of heading 91.01.
		-	Wrist-watches, electrically operated, whether or not incorporating a stop-watch facility :
	9102.11	✓ --	With mechanical display only
	9102.12	✓ --	With opto-electronic display only
	9102.19	✓ --	Other
		-	Other wrist-watches, whether or not incorporating a stop-watch facility :
	9102.21	✓ --	With automatic winding
	9102.29	✓ --	Other
		-	Other :
×	9102.91	--	Electrically operated
×	9102.99	--	Other
91.05	Other locks.		
		-	Alarm clocks :
	9105.11	✓ --	Electrically operated
	9105.19	✓ --	Other
		-	Wall clocks :

	9105.21	✓	--	Electrically operated
	9105.29	✓	--	Other
			-	Other :
	9105.91	✓	--	Electrically operated
	9105.99	✓	--	Other
92.07	<b>Musical instruments, the sound of which is produced, or must be amplified, electrically (for example, organs, guitars, accordions).</b>			
	9207.10	✓	-	Keyboard instruments, other than accordions