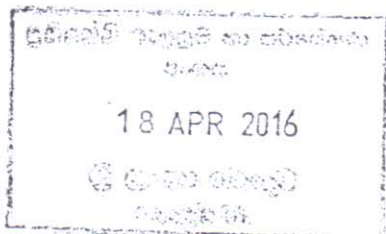


Implementation of Tax Changes – VAT, NBT and STL

You are hereby informed to implement amendments to the Value Added Tax (VAT), Nation Building Tax (NBT) and Share Transaction Levy (STL), as follows:

1. Value Added Tax (VAT)

- (i) Amendments to the VAT Act should be implemented with effect from 02.05.2016.
- (ii) VAT rate should be increased to 15%.
- (iii) Threshold for the registration for VAT should be Rs.3 million per quarter or Rs.12 million per annum.
- (iv) Wholesale and retail trade (other than by a manufacturer or importer) should be liable for VAT and the tax should be charged only on liable supplies. The restriction on exempt supplies (deemed VAT) should be removed. Threshold for the VAT liability of wholesale and retail trade should be reduced to Rs.3 million per quarter or Rs.12 million per annum.
- (v) Following supplies which are currently exempted should be liable for VAT.
 - a) Supply of Telecommunication services,
 - b) Import or supply of telecom equipment or machinery, high tech equipment including copper cables for telecom industry,
 - c) The issue of licenses to local telecom operators by TRC.
 - d) Supply of healthcare services
 - e) Supply of goods or services to any specified projects other than housing projects



2. Nation Building Tax (NBT)

- (i) Amendments to the NBT Act should be implemented with effect from 02.05.2016.
- (ii) NBT rate currently applicable should be remained unchanged at 2%.
- (iii) Threshold for the registration for NBT should be Rs.3 million per quarter.
- (iv) The present threshold of Rs.25 million per quarter should be reduced to Rs.3 million per quarter, except for any locally procured agricultural produce in the preparation for sale.
- (vi) The present exemptions on the following articles or services should be removed.
 - a) Telecommunication service,
 - b) Supply of electricity,
 - c) Lubricants
 - d) Supply of goods or services to any specified projects other than housing projects

3. Share Transaction Levy

Share Transaction Levy should be re-imposed with effect from 01.04.2016 at the rate of 0.3 percent from every buyer and seller, on the turnover of every share trading transaction, which is conducted through a Stock Exchange.

Implementation of Tax Changes- VAT, NBT and STL

Letter No FP/06/100/02/2016 dated 11.04.2016 referred by the Secretary; Ministry of Finance on the above subject is annexed hereto for your information and compliance.

In addition to 1.(ii) of the above mentioned letter, commodities that are falling under the following HS codes and are currently exempted should be liable for VAT as per 1.(V) (b) of the said letter.

H.S. Codes

8443.32.40 ✓	8517.12.90 ✓	8517.18 ✓	8517.61 ✓
8517.62.10 ✓	8517.62.90 ✓	8517.69 ✓	8517.70 ✓
8523.52 ✓	8536.69.10 ✓	8536.69.90 ✓	8536.90.10 ✓
8536.90.90 ✓	8544.11.90 ✓	8544.19 ✓	8544.70 ✓