



Sri Lanka

VAT Standard rate

VAT standard rate in Sri Lanka in 2023 is 15%. It applies to supplies of goods and import. Export in Sri Lanka is zero-rated.

VAT registration threshold

VAT threshold in Sri Lanka is LKR 20,000,000 (approx. EUR 57,500) per quarter and LKR 80,000,000 (approx. EUR 230,000) per year. Once the business has exceeded this any of this threshold amount, it must register for VAT in Sri Lanka. Voluntary registration is allowed. If the business is acting through an agent, then this business is not required to register for VAT in Sri Lanka and their agent will be liable for filing and payment VAT in Sri Lanka.

Deductible VAT

Businesses can reclaim input tax by deducting it from output tax. Expenses that are not relevant to the business cannot be claimed for deduction. The input tax incurred by businesses not registered for VAT in Sri Lanka is not the subject to refund.

Registration procedure

The registration request form TPR_005_E should be filed no later than 15 days from the date on which the responsibility to register occurred. The business can apply for TIN and VAT registration with the Department of Inland Revenue in the Tax Registration Unit at 2nd Floor of the Inland Revenue Headquarters in person, or is also possible online with the e-Services.

For VAT registration in Sri Lanka the following documents are required:

- 1) Business Registration Certificate;
- 2) Additional documents for LLC:
 - Memorandum;
 - Articles of association;
 - List of Directors;
 - Certificate of incorporation.
- 3) Copies of NIC of the Directors and business owners;
- 4) Documents, which prove sales and turnover;
- 5) Monthly Bank statements to prove cash flow.

VAT returns filing and payment date

The submission of VAT returns may be on monthly or quarterly basis. The deadline for filing VAT returns is not later than the last day of the month after the end of each taxable period. Payment must be made for a particular tax period no later than the 20th of the following month.

Penalties in Sri Lanka

Penalty for late registration and errors – fine up to LKR 25,000 (approx. EUR 72) or(and) imprisonment.

Penalty for late payment – 10% of amount due, plus 2% for each month.



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