PERSONAL TAX AT A GLANCE
YEAR OF ASSESSMENT 2010 / 2011

EMPLOYMENT INCOME

* Tax free allowance of Rs. 600,000/- on employment income
* PAYE Tax of Government & Private sector employees - considered as **final tax**
* No Directions /Refunds to be issued on employment income
* **Individuals employed under several employers -**
  Employment income from main employer — Normal PAYE Tax
  Employment income from other employers — Taxed @16%
* WHT on Directors fees — > 25,000/= p.m — 16%
  < 25,000/= p.m — 10%

GOVERNMENT SECTOR EMPLOYEES

* Pension / any retiring benefits — Exempt
* Motor Vehicle provided /Vehicle Allowance up to Rs.50,000/- p.m — Exempt
* Rental free official bungalow — Exempt
* Rewards or distribution of a share of fine received in official capacity — Normal Rates

PRIVATE SECTOR EMPLOYEES

* Terminal Benefits - Provident fund — Exempt
* Motor Vehicle provided /Vehicle. Allowance up to Rs. 50,000/- p.m — Exempt
* Tax on tax for employment income — Not tax deductible for the Company
* **Employee Share Option Scheme**
  Employee taxable on allotment of shares

INCOME TAX RATES

* Tax free allowance for Residents / Non- Resident citizens of S.L- Rs. 500,000/-

Taxable Income	Rates
First Rs. 500.000	@ 4%
Next Rs. 500.000	@ 8%
Next Rs. 500.000	@ 12%
Next Rs. 500,000	@ 16%
Next Rs. 1,000,000	@ 20%
On Balance	@ 24%

QUALIFYING PAYMENTS

* Donations to the government
* Investment in specified projects
* Life/ Health insurance & Cash donations to specified approved charities
  Lower of - 1/3rd of A.I or 75,000/-
* Special health Insurance premium for incurable sickness — 100%
  no carry forward facility

MISCELLANEOUS

* 25% duty waiver on vehicles - concession removed with immediate effect
* Share Transaction Levy increased to 0.3% w.e.f 01/01/2011
* Registration and transfer for motor vehicles rates revised from 01/01/2011
* Provincial Council Turnover tax abolished
* Debit tax removed w.e.f 01/04/2011
* No WHT on specified fees
* Agricultural income taxable at a rate not exceeding — 10%

INTEREST INCOME

WHT BY BANKS/FINANCIAL INSTITUTIONS

* Interest
  Less than Rs. 500,000/- per annum — **Nil**
  Rs. 500,001/- to Rs. 1,500,000/- — 2.5%
  More than Rs1,500,001/- — 8%
* Interest received by senior citizens on deposits in state banks up to Rs. 500,000/= p.a — Exempt

PROFESSIONAL SERVICES

* Professional fees in foreign currency from services provided in or out side S.L to a person or partnership out side S.L (Other than commissions , discounts or similar type of receipts for activities in S.L) — Exempt

PARTNERSHIP TAX

* Divisible profits of a partnerships — @8%
* Necessary adjustments to be made for credit for partnership tax credit on salaried /profit sharing partners

EXCHANGE CONTROL

* Foreigners to be granted approval to invest in rupee denominated Debentures issued by local Companies
* Foreigners on tour or business in Sri Lanka to open Accounts in foreign currency wef 22.11.2010
* Sri Lankan residents to be granted approval to invest in equity of overseas companies and make payments in respect of setting up of places of business outside Sri Lanka
* Permission granted to foreign embassy staff to open new foreign currency accounts w.e.f 22.11.2010

These facts are for general guidance only and professional advice should be sought prior to acting on same