



INLAND REVENUE DEPARTMENT

Implementation of Changes to Nation Building Tax (NBT) as passed in Parliament on 23rd October 2019

Changes to NBT will be implemented as per the Bill to amend NBT Act and subsequent Committee Stage Amendments (CSA) as passed in Parliament on the 23rd October 2019 with effect from November 1, 2019 unless different dates of operation specified and would become law once the Hon. Speaker certifies the Bill which will be incorporated into the final enactment.

According to the Bill presented in Parliament together with the CSA, the significant changes are set out below.

1. Removal of Exemption

The following exemptions are removed and made liable for NBT, with effect from November 1, 2019:

- Import of Cigarettes (is liable for NBT at 2%)
- Sale of imported Cigarettes by an importer (is liable for NBT at 2% on its half of the turnover)
- Sale of locally manufactured Cigarettes by a manufacturer (is liable at 2%)

Accordingly, any person or partnership as an importer or a manufacturer whose liable turnover from the sale of imported cigarettes and/or locally manufactured cigarettes is not less than Rs. 3 million for any quarter commencing from October 1, 2019 is liable for NBT

However, for the quarter ended with December 31, 2019 and if the turnover for such quarter is 3 Mn or more, NBT is liable only for such liable turnover of the month of November and December of 2019.

2. New Exemptions

- Importation of gem stones by a person registered with the National Gem and Jewellery Authority, for the purpose of re-exporting such gems upon being cut and polished and if the payment for such services of cut and polish is made in foreign currency and remitted to Sri Lanka through a bank
- Turnover of any **manufacturer** of palm oil manufactured locally out of imported crude palm oil or imported palm olein subjected to the Special Commodity Levy charged under the Special Commodity Levy Act, No. 48 of 2007;
- Importation of Lucerne (alfalfa) meal and pellets;
- Importation of yachts and other vessels for pleasure or sports, rowing boats and canvas as classified under the HS Code of 8903.91.00.
- Importation of any project related article by an enterprise which has entered into an agreement with the BOI under section 17 of the BOI Law No. 4 of 1978, for the use in any project of such enterprise having a capital investment of not less than fifty million US Dollars during the project implementation period and prior to the date of commencement of the commercial operations
- Service on or after November 1, 2019, of a construction contractor or a sub-contractor in so far as such services are in respect of constructing any building, road, bridge, water supply, drainage or sewerage system, harbour, airport or any infrastructure project in telecommunication or electricity.
- Services provided by a hotel, guest house, restaurant or other similar business, on or after November 1, 2019, where the payment for such service is received in foreign currency through a bank in Sri Lanka, where such hotel, guest house, restaurant or other similar business is registered with the Ceylon Tourist Board

Commissioner General of Inland Revenue



TAXES - FOR A BETTER FUTURE