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Finance Act No.21 of 2019

The Finance Act No.21 of 2019 ("Finance Act") was passed in Parliament on 23 October 2019 and was certified by the Honorable Speaker on 31 October 2019.

Under the Finance Act, the following amendments have been enacted.

1. Definition of specified motor vehicle

The definition of a "specified motor vehicle" for the purposes of luxury tax introduced under Part VII of the Finance Act No.35 of 2018, has been amended as below.

In relation to a vehicle where first registration falls prior to 01 November 2019	In relation to a vehicle where first registration falls on or after 01 November 2019
<p>Any assembled or unassembled:</p> <ul style="list-style-type: none">• diesel motor vehicle where cylinder capacity exceeds 2,300 CC or• petrol motor vehicle where cylinder capacity exceeds 1,800 CC or• an electric vehicle where motor power of the engine exceeds 200 kw <p>However the following vehicles are not covered.</p> <ul style="list-style-type: none">• a dual purpose petrol motor vehicle with cylinder capacity less than 2,200 CC• a dual purpose electric motor vehicle, a van, a single cab or a wagon	<p>Any assembled or unassembled motor vehicles. However this excludes vans, single and double cabs, motorcycles, motor tricycles, motor ambulances, motor hearses, lorries, tractors, hand tractors, trailers or any motor vehicle for transport of goods of as identified by the HS Code System.</p>

2. Carbon tax

The Carbon Tax, levied under Part XI of the Finance Act No.38 of 2018 has been amended as indicated below.

The Carbon Tax which was imposed from every registered owner of motor vehicles from 01 January 2019, will be removed with effect from 30 November 2019.

This will not be imposed on any motor vehicle registered for the first time during this time frame (i.e. 01 January 2019 to 30 November 2019).

3. Cellular tower levy

This levy charged under Part XII of the Finance Act No.35 of 2018 has been amended as indicated below.

The Cellular Tower Levy of Rs. 200,000/- per annum/ per cellular tower was imposed from every mobile operator owning a cellular effective from 01 January 2019.

The Finance Act imposes a surcharge on any default of the levy as indicated below.

- a) 10% of the amount of levy in default for one month or part thereof from the due date of payment of the levy
- b) 2% of the amount of levy in default for the subsequent period of one month or part thereof, from the due date of payment of the levy and surcharge under (a)

Further, procedure for recovery of any tax in default given under paragraph (a) has been provided under the Finance Act.

4. Levy on foreign commercial transactions

This is imposed under Part IV of the Finance Act and will come into operation, on a date as specified by an order published by the Minister, through a Gazette notification. This order is subject to Parliamentary approval. The date of Parliamentary approval will be published through a Gazette notification.

A levy of 3.5% is to be imposed on the sums remitted for the purchase of any goods or services from a person outside Sri Lanka, where payment is made through a payment card (i.e. a debit/credit/charge/stored value card). The levy will be collected at the time the sums are remitted outside of Sri Lanka, by every financial institution which transfers such sum.

Currently a stamp duty of 2.5% is levied on transactions for the purchase of goods or services through credit cards from persons outside Sri Lanka.

The financial institutions must remit the levy collected during the month, on or before the 20th day of the succeeding month, to the Commissioner General of Inland Revenue (CGIR). Further the financial institutions must furnish a return to the CGIR within a period of 6 months, from the end of the respective financial year, in the form and manner as specified by the CGIR.

The Minister is empowered to exempt any transaction from the application of this levy through an order published by a Gazette notification



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