

Budget 2014

Amendments to the Value Added Tax (VAT)

Director General, Department of Fiscal Policy, by his letters bearing No. FP/06/20/01/02(XVII) dated 19.12.2013 and 31.12.2013, has informed the following amendments on Value Added Tax (VAT) in compliance with the 2014 Budget decisions.

1. The percentage of the **contribution to the VAT Refund Fund** by the Director General of Customs out of the VAT collected on the importation of goods into Sri Lanka is **reduced from 10% to 6%**.
2. **New VAT exemptions** on import or supply of the following goods:

	Item/Description	HS Code
(i)	Copper cables for telecommunication industry.	7413.00 (Conditional)
(ii)	Garbage trucks	HS code will be informed
(iii)	Ties and bows	6215.10, 6215.20 and 6215.90
(iv)	Designer pens	9608.30
(v)	Frozen bait, fish hooks/rods/reels, fishing tackle	0511.91.90, 9507.10, 9507.20, 9507.30 and 9507.90
(vi)	Marine propulsion engines	8407.21 and 8407.29

3. The VAT exemption on the importation of the following goods will be **removed** and VAT will be collected on the importation of such goods:

	Item/Description	HS Code	VAT Rate
(i)	liquid milk	0401.10, 0401.20, 0401.40, 0401.50	12%
	eggs	04.07, 04.08	
	desiccated coconuts, fresh coconuts	0801.11.10, 0801.11.90, 0801.12, 0801.19.20, 0801.19.30, 0801.19.90	
	tea including green leaf	09.02	
	pepper	0904.11, 0904.12	
	cinnamon	0906.11, 0906.20.10, 0906.20.20	
	cloves	09.07	
	nutmeg, mace, cardamom	09.08	
	Paddy, rice, rice flour	10.06, 1102.90.10	
	bread	1905.90.10	
	rubber, latex	40.01	
(ii)	Agricultural tractors or road tractors for semi-trailers	8701.10.10, 8701.10.90, 8701.20.10, 8701.90.10 and 8701.90.20	12%
(iii)	Machinery and equipment for the tea and rubber industry	84.20 and 8438.80.40	12%

(iv)	Pharmaceutical preparations	3003.90.11, 3003.90.12, 3003.90.13, 3003.90.15, 3003.90.19, 3004.90.11, 3004.90.12, 3004.90.13, 3004.90.15 and 3004.90.19	12%
(v)	Machinery for the modernization of factories by the factory owner (unless a specific exemption or deferment is available under the Act)	-	12%
(vi)	Plant and machinery by an undertaking qualified for a tax holiday under Section 24C of the Inland Revenue Act, No.10 of 2006	-	12%

These amendments are **effective from 01st January 2014.**