

NOTICE TO NON RESIDENT ACCOUNT HOLDERS

WITHHOLDING TAX PAYABLE BY NON RESIDENT PERSONS – AS PER THE INLAND REVENUE ACT NO 24 OF 2017

As per the circular number SEC/2020/03(Revised) issued by the Department of Inland Revenue, With Holding Tax should be deducted from only Non Resident Persons.

However, in the case of a **Non Resident but a Sri Lankan citizen** (As per the citizenship act of Sri Lanka) WHT would be deducted, when the persons aggregate Interest income or similar payments from a Financial Institution exceeds Rs. 250,000/- for any month or Rs. 3,000,000/- for any year of assessment.

Therefore, it is mandatorily required by eligible customers to provide a declaration as per the format attached to this notice given by the Department of Inland Revenue. Eligible customers are required to **e-mail same to the Account holding Branch**. A guideline is given below on how to complete the above mentioned declaration issued by the Department of Inland Revenue.

(As per the above act, interest earned on all Sri Lankan Rupee deposits/accounts are subject to withholding tax.)

Guidelines for completing the declaration

1. If the assessable income earned from HNB, any other bank/any other financial institution or other source of income derived in Sri Lanka **does not exceed Rs. 3,000,000/-** during the year of assessment, Eligible customers are not liable to pay withholding tax of 5%. Therefore, you should strike off (2*) statement in the declaration.
2. If the aggregate interest income earned from any other bank/any other financial institution or other source of income derived in Sri Lanka **exceeds Rs. 3,000,000/-** during the year of assessment, eligible customers should strike off (1*) statement in the declaration form. Thereafter, should declare whether to debit 5% WHT from the total interest amount from HNB or to deduct only if interest income exceeds any specific amount (**mandatory to be filled by the eligible customer**) at the given space in the paragraph following statement (2*)

INLAND REVENUE DEPARTMENT

To:

.....

.....

(Name & Address of the Bank or Financial Institution)

Account Number(s)

Year of Assessment:

DECLARATION BY NON-RESIDENT, SRI LANKAN CITIZEN
INDIVIDUALS TO BANKS OR FINANCIAL INSTITUTIONS

I.....

..... (Full Name of
the Declarant) of

.....

..... (Address
of the Declarant) hereby declare that;

I am a non-resident of Sri Lanka (as per the provisions of the Inland Revenue Act, No. 24 of 2017) and a Sri Lanka Citizen (as per the Citizenship Act of the Sri Lanka). *

I am the duly Authorized Agent / Attorney* of Mr. / Mrs. /Ms.....

.....

.....(Full Name of the Deposit Holder) of.....

.....

.....

(Address of the Deposit Holder) and he / she* is a non-resident of Sri Lanka (as per the provisions of the Inland Revenue Act, No. 24 of 2017) and a Sri Lanka Citizen (as per the Citizenship Act of the Sri Lanka). *

1.* The Assessable Income (including the other sources of income from Sri Lanka) derived by me / him / her* for the above year of assessment is not likely to exceed Rs. 3,000,000 including this interest income.

Therefore, please don't deduct the Withholding Tax (WHT) for the above year of assessment.

2.* The Assessable Income (including the other sources of income from Sri Lanka) derived by me / him / her* for the above year of assessment is likely to exceed Rs. 3,000,000 including this interest income.

Therefore, please deduct the Withholding Tax (WHT) for the year of assessment on the total interest payment / on the amount which exceeds Rs.
[=Rs. 3,000,000 – Total of Other Sources of Income from Sri Lanka other than this interest (if other sources are less than Rs. 3Mn)] *

Deposit Holders'

Passport Number and Issued Country

National Identity Card No. of Sri Lanka (if any)

Taxpayer Identification No. of Sri Lanka (if any)

Country of Residence.....

I certify that the above declaration made by me is true and correct.

.....
Date

.....
Signature of the Declarant

(*please strike-off the statements not relevant)

Note

A declaration, statement or certificate provided to a bank or financial institution is treated as a statement made to a tax official for the purpose of section 181 of the IRA and penalty will be imposed for false or misleading in a material particular.