

**TAX TABLE NO. 03**  
**Rates for the Deduction of Tax from Once-and-for-all Payments**  
**(Terminal Benefits - All Employees)**

Guideline for Employees' Trust Fund, All Provident Funds and All Employers to Retain Amounts, in lieu of Income Tax of Employees from Once-and-for-all Payments (Terminal Benefits) published under the Circular No. SEC/2020/02 dated 18.02.2020 should be applied on all terminal benefits payable to any resident and non-resident but citizen employees.

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| <br>දෙපාර්තමේන්තුව<br>14 වන මහල<br>දේශීය ආදායම් කොමසාරිස්වරු<br>ශ්‍රී ලංකා විදේශ විදුලි සම්ප්‍රේෂණ<br>කොමිෂන් සභාව, 515, කොළඹ 2 - ශ්‍රී ලංකාව | දෙපාර්තමේන්තුව<br>14 වන මහල<br>දේශීය ආදායම් කොමසාරිස්වරු<br>ශ්‍රී ලංකා විදේශ විදුලි සම්ප්‍රේෂණ<br>කොමිෂන් සභාව, 515, කොළඹ 2 - ශ්‍රී ලංකාව | දේශීය ආදායම් දෙපාර්තමේන්තුව<br>14 වන මහල<br>දේශීය ආදායම් කොමසාරිස්වරු<br>ශ්‍රී ලංකා විදේශ විදුලි සම්ප්‍රේෂණ<br>කොමිෂන් සභාව, 515, කොළඹ 2 - ශ්‍රී ලංකාව |
| දුරකථන<br>011 - 2338574/ 2338659/ 2338635/<br>2338570/ 2338543   | දුරකථන<br>011- 2135402/ 2135410/ 2135412 /<br>2135413/ 2135411  | E-Mail - secretariat@ind.gov.lk<br>Web- www.ind.gov.lk   |

Circular No. SEC/2020/02

Date: 18.02.2020

**GUIDELINE FOR EMPLOYEES TRUST FUND (ETF),**  
**ALL PROVIDENT FUNDS & ALL EMPLOYERS**  
**To Retain Amounts, in Lieu of Income Tax of Employees from Once-and-for-all**  
**Payments (Terminal Benefits)**

As instructed by the Ministry of Finance on January 31, 2020, and in line with the notice published by the Inland Revenue Department, changes have been proposed to the Inland Revenue Act, No. 24 of 2017 (IRA) with respect to terminal benefits of employee also, pending formal amendments being made to the Act and to be implemented with effect from **January 01, 2020.**

Accordingly, Employees Trust Fund, all Provident Funds & all Employers are instructed to adhere to the following guideline.

1. The amounts of the Once-and-for-all Payments to which this guideline applies are:
  - a. Any sum payable in commutation of pension;
  - b. Any sum payable as Retiring gratuity;
  - c. Any sum payable as compensation for loss of office or employment
  - d. Any sum payable from the Employees Trust Fund (ETF) (excluding the share of Investment Income of the fund, earned after 31.03.1987);
  - e. Any sum payable from any Provident Fund, which has not been approved by the Commissioner General of Inland Revenue
  - f. Any other payments or benefits made in respect of retirement.

**Exemptions –**

- i. Any amount paid from a Provident Fund approved by the Commissioner General of Inland Revenue or Regulated Provident Funds;
- ii. Capital sums paid to a person as compensation or a gratuity in relation to –
  1. personal injuries suffered by the person; or
  2. the death of another person;
- iii. Pension or any retiring benefit paid by the Government of Sri Lanka or a Department of the Government of Sri Lanka.

2. If the aggregate amount of the following payments **exceeds Rs. 5,000,000, you are required to retain 12% on the excessive amount.**
  - a. Amount payable in commutation of a pension;
  - b. Amount payable as a retiring gratuity;
  - c. Amount payable as **compensation** for loss of office or employment under a scheme, which is uniformly applicable to all employees as **approved by the Commissioner General** of Inland Revenue;
  - d. Any sum payable from the Employees Trust Fund (ETF) (excluding the share of Investment Income of the fund, earned after 31.03.1987).
  
3. You are required to retain 18% on any following payments or benefits.
  - a. **Compensation** for loss of office or employment under a scheme, which is not **approved by the Commissioner General of Inland Revenue;**
  - b. Payment from other than Regulated Provident Fund which has not been approved by the **Commissioner General of Inland Revenue;**
  - c. Any other payment;
  - d. Retirement Non-cash benefits (to be valued at the market price).
  
4. Please retain, the total amount mentioned in paragraph 2 or 3 as the case may be; and instruct the retiring employee to obtain a direction within 90 days of the date of retention, from the PAYE Audit Branch, at Nawam Mawatha, Colombo 02. Once you received the direction, please act accordingly.

If you have not received a direction before the expiry of 90 days, please remit the retained amount to the Commissioner General to the credit of Account No.2, Peoples Bank, Union place Branch.

**Please do not write your Taxpayer Identification Number (TIN) in the space provided for it on the Paying-in-Slip, but leave that space blank. You should write "Tax on Once-and-for-all Payment" in the space provided for "Type of Tax".**

Guidelines/ Notices issued in this regard prior to this notice as effective from 01.01.2020, should be disregarded.



A. Nadun Guruge  
**Commissioner General of Inland Revenue**

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