Amendments to the Value Added Tax Act approved by the Committee on Public Finance

Date : 23-03-2022

- **Value Added Tax on the provision of financial services increased from 15% to 18%**
- **Medical equipment, machinery and medicines donated to government hospitals and the Ministry of Health in the event of any epidemic or public emergency exempted from Value Added Tax**

The Bill to amend the Value Added Tax Act No. 14 of 2002 was passed in the Committee on Public Finance. The approval was given at a meeting of the Committee on Public Finance chaired by Member of Parliament Anura Priyadarshana Yapa at the Parliament complex yesterday (22).

This Bill has been prepared to implement the tax policy proposals mentioned in the Cabinet Paper No. MF / FP / 32 / CM / 2021/212 dated 14th December 2021.

Accordingly, the Value Added Tax on the provision of financial services will be increased from 15% to 18% with effect from 1 January 2022. In addition, this amendment will provide for the exemption of VAT only on medical equipment, machinery and pharmaceutical donations made to Government Hospitals and the Ministry of Health in the event of any epidemic or public emergency.

The tax amendment bill will be presented to Parliament on the 24th.

Members of the Committee on Public Finance were of the view that a proper economic analysis should be done on any reduction or increase in the tax collection process in the country.

The Committee on Public Finance also approved the Agreement between the Government of the Democratic Socialist Republic of Sri Lanka and the Government of the Republic of Turkey for the avoidance of double taxation and prevention of tax evasion with respect to taxes on income.

State Ministers Hon. Nalaka Godahewa, Hon. Kanchana Wijesekera, Members of Parliament Hon. Dilan Perera, Hon. (Prof.) Ranjith Bandara, Hon. Nalin Fernando, Hon. (Dr.) Harsha de Silva, Hon. Suren Raghavan, Hon. Mujibur Rahman, Hon. Isuru Dodangoda and a group of officials from the Ministry of Finance were present at this occasion.

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