

Tax Flash News

Social Security Contribution Levy (Amendment) Act No 24 of 2025

KPMG in Sri Lanka

December 2025

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The Social Security Contribution Levy (Amendment) Act No 24 of 2025 has been certified by the Speaker on 17 December 2025 and published as a Supplement to Part II of the Gazette of the Democratic Socialist Republic of Sri Lanka on 26 December 2025.

Synopsis of the Amending Act is as follows:

1. New Exemption

- Financial services of any person carrying on the business of providing financial services in Sri Lanka that are subject to Value Added Tax (VAT) at 20.5% will be exempt from the Social Security Contribution Levy (SSCL)
- Effective date 17 December 2025.

2. Restriction on the Exemption

Import or local purchase of machinery or equipment for electricity generation:

- Currently applicable exemption on machinery or equipment (classified under Customs HS Codes and approved by the Minister of Finance) imported or purchased locally for electricity generation by the Ceylon Electricity Board (CEB) or institutions supplying electricity to the CEB, will be ceased with effect from 18 February 2025.
- Any supply made after 18 February 2025 will be liable to SSCL
- Effective date 18 February 2025

3. Exemption Clarified

Wholesale and retail of petrol, diesel or kerosene

- Prior to 1 July 2025: Exemption applies to petrol, diesel, or kerosene sold at a filling station.
- From 1 July 2025 onwards: Exemption applies to sale of petrol, diesel, or kerosene.
- Effective date 01 July 2025

Expanding the exemption for “Transportation of goods & passengers

- Prior to 17 December 2025 : Exemption applies to Transportation of goods & passengers
- From 17 December 2025 onwards: Exemption applies to Transportation of goods & passengers including the services provided in relation to international transportation by container terminal operators
- Effective date 17 December 2025.