



Tax Flash News

Important Tax Filing Update: Statement of Estimated Tax Payable (SET) for 2025/2026

KPMG in Sri Lanka



July 2025

Important Tax Filing Update: Statement of Estimated Tax Payable (SET) for 2025/2026

Dear All,

As per Section 90 of the Inland Revenue Act, No. 24 of 2017 (as amended), taxpayers who are required to pay income tax by installments must submit their Statement of Estimated Tax Payable (SET) for the Year of Assessment 2025/2026 by 15 August 2025.

It's important to note that while the Budget 2025 proposed a new method for calculating installments based on the prior year's tax liability, this proposal has not yet been enacted into law. Therefore, taxpayers must continue to file their SET using the existing method.

For your reference, please find attached Notice No. PN/IT/2025-03, dated 23 July 2025, which was published on the Department of Inland Revenue (DIR) website.

The DIR is currently working to enable e-filing of the SET through their portal to streamline the submission process.

**Contact Us,
KPMG Tax Team.**



INLAND REVENUE DEPARTMENT

Notice to Taxpayers

Payment of quarterly income tax instalments and filing of the Statement of Estimated Tax (SET) for the Year of Assessment 2025/2026

As per the Inland Revenue Act, No. 24 of 2017 (as amended), every person required to pay income tax by instalments under Section 90 must file a Statement of Estimated Tax payable (SET) for the year of assessment with the Commissioner-General on or before the due date of the first instalment (August 15th)

Although the 2025 National Budget proposed a new method to calculate each tax instalment based on the income tax payable for the immediately preceding year of assessment, this proposal has not yet been enacted as an amendment to the Inland Revenue Act, No. 24 of 2017. Therefore, as instructed by the Ministry of Finance, Planning and Economic Development, **taxpayers are required to file the SET for the Year of Assessment 2025/2026** (just as in previous years) in accordance with the existing provisions of the Act, on or before August 15, 2025.

Accordingly, the first quarterly instalment for the Year of Assessment 2025/2026 must be paid on or before August 15, 2025. Please refer the guidelines issued by the Inland Revenue Department (IRD) in the web portal www.ird.gov.lk for further information.

Please note that arrangements will be made shortly to facilitate the e-filing of the SET via the IRD web portal.

Commissioner General of Inland Revenue



TAXES - FOR A BETTER FUTURE