



# Tax Flash News

## Notices in relation to the Simplified Value Added Tax (SVAT) Scheme

KPMG in Sri Lanka

October 2025

## Tax Flash News

The Inland Revenue Department (IRD) has published the following public notices on its website in relation to the Simplified VAT (SVAT) scheme

1. Abolition of SVAT and Introduction of Risk-Based VAT Refund Scheme (RBRS) - PN/SVAT/2025-01 dated 22 September 2025 (Annexure 01)
2. Final SVAT Schedule Submission and Transition - PN/SVAT/2025-02 dated 22 September 2025 (Annexure 02)



# INLAND REVENUE DEPARTMENT

## Notice to Registered Persons for SVAT

### Abolition of Simplified Value Added Tax (SVAT) Scheme and Introduction of Risk-Based Refund Scheme (RBRS)

In terms of the Value Added Tax Act, No. 14 of 2002 (as amended), **SVAT Scheme** will be **abolished** with effect from **1<sup>st</sup> October 2025**, and **replaced** by a **Risk-Based Refund Scheme**.

The **Risk-Based Refund Scheme** aims to facilitate timely and efficient VAT refunds, for **eligible exporters** and **projects**. Under this scheme, refunds will be issued within **45 days** from the **last day of the month after expiry of such taxable period** or from the **date of furnishing** a proper VAT return and relevant schedules for the relevant taxable period, whichever is later, depending on the **VAT Registrant's risk categorization**.

If any notice (**Notice 2**) is issued for **non-submission of schedules** or **schedule errors**, 45 days will be counted from the date of compliance with the Notice 2.

**Refunds** will be issued to eligible VAT registrants for taxable periods commencing **on or after 1<sup>st</sup> October 2025**, based on a risk-based rating system. **Eligible VAT Registrants** will be evaluated based on their **compliance behavior, including timely registration, accurate reporting, and on time payments**, using a scientific, statistically sound risk-rating methodology. Based on this assessment, eligible VAT Registrants will be **classified into three categories**: Low, Medium or High risk. This classification will determine how refunds are processed:

- **Low and Medium Risk taxpayers:** Refunds will be processed and issued more quickly without prior verification. Audit of tax returns will be carried out post refund.
- **High Risk taxpayers:** Refunds will be issued subject to pre-verification before being processed.

#### Eligible VAT Registrants for VAT refunds under the new scheme

- **Exporters:** Direct export value should exceed 50% of total supply in the preceding calendar year.
- **Projects:** Approved projects under Section 22(7) of the VAT Act.
- **Suppliers to projects:** Supplier to Special Projects (SP) approved by the Minister and Strategic Development Projects (SDP), where such supplies constitute more than 50% of total supplies.



For further information, refer to the FAQ using the below link:

[www.ird.gov.lk/Latest News & Notices/VAT31072025\\_SVAT\\_Repeal\\_FAQs\\_QG.pdf](http://www.ird.gov.lk/Latest News & Notices/VAT31072025_SVAT_Repeal_FAQs_QG.pdf)

**Commissioner General of Inland Revenue**



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# INLAND REVENUE DEPARTMENT

## Notice to Registered Persons for SVAT

### Simplified Value Added Tax (SVAT) Schedule Submission

SVAT Scheme will be repealed with effect from **1<sup>st</sup> October, 2025**. Therefore, Registered Identified Purchasers (RIP) and Registered Identified Suppliers (RIS) under SVAT Scheme are hereby required to complete all outstanding SVAT Schedules up to the **taxable period ending on 30<sup>th</sup> September 2025**, by **31<sup>st</sup> October 2025** through e-Services.

Accordingly, the SVAT Schedule submission time will be **terminated with effect from 1<sup>st</sup> November 2025**.

#### Due dates for SVAT Schedule submission

	As RIS		As RIP	
Schedules	For August Supplies	For September Supplies	For August Purchases	For September Purchases
<b>SVAT 04</b>	Update/Upload on or before 15 <sup>th</sup> September 2025	Update/Upload on or before 15 <sup>th</sup> October 2025	Approve on or before 20 <sup>th</sup> September 2025	Approve on or before 20 <sup>th</sup> October 2025
<b>SVAT05/ SVAT05a/ SVAT 05b</b>	Upload on or before 30 <sup>th</sup> September 2025	Upload on or before 31 <sup>st</sup> October 2025	-	-
<b>SVAT 06</b>	-	-	Update/Upload on or before 31 <sup>st</sup> September 2025	Update/Upload on or before 31 <sup>st</sup> October 2025
<b>SVAT 07</b>	Update/Upload On or before 30 <sup>th</sup> September 2025	Update/Upload On or before 31 <sup>st</sup> October 2025	-	-

### **In hand SVAT Credit Vouchers**

RIPs are required to hand over **balance credit vouchers** after allocating for all purchases on or before **10<sup>th</sup> November, 2025**.

### **SVAT Credit Notes**

If the value of suspended supplies made on or before **30<sup>th</sup> September 2025** is **reduced** (e.g., due to returned supply or any other reason where credit note is issued/received), the **relevant VAT return** corresponding to the original SVAT invoice date should be **amended** and relevant SVAT 05b schedules should be submitted to the **Consultation and Promotion Unit** for system updating.

### **SVAT Debit Notes**

If the value of suspended supplies made on or before **30<sup>th</sup> September 2025** is **increased** (e.g., on any reason where debit note is issued/ received), the **relevant VAT return** corresponding to the original SVAT invoice date should be **amended** and relevant SVAT 05a schedule should be submitted to the **Consultation and Promotion Unit** for system updating.

## **Commissioner General of Inland Revenue**

