



TAX ALERT

# VAT (Amendment) Act No. 32 of 2023

December 2023



Further to the KPMG alert issued on 12<sup>th</sup> December 2023, the Bill to amend the Value Added Tax Act No. 14 of 2002 (VAT Act) issued on 31<sup>st</sup> August 2023 has been certified by the Speaker on 13 December 2023. The snapshot of the amendments introduced via the Value Added Tax (Amendment) Act No.32 of 2023 are provided below and please refer the KPMG alert dated 12<sup>th</sup> December 2023 for further information.

## **Streamlining of VAT Exemptions**

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A new VAT exemption list is introduced with effect from 1<sup>st</sup> January 2024.

## **Simplified VAT (S VAT) Scheme to continue**

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Simplified VAT Scheme will continue to apply.





## TAX ALERT

# VAT (Amendment) Bill Issued on 14 December 2023

December 2023



The latest Bill to amend the Value Added Tax Act No. 14 of 2002 (VAT Act) has been ordered to be published by the Minister of Finance, Economic Stabilization and National Policies in the Government Gazette dated 14 December 2023. This is the second set of amendments proposed in the Year 2023 to amend the VAT Act. Following are the salient features of the latest VAT Bill -

## Increase in the VAT Rate

The standard VAT rate is increased from 15% to **18%** for any taxable period commencing from 01 January 2024. The rate for VAT on Financial Services will continue at 18%.

## Reduction in the Registration Threshold

The VAT registration threshold is proposed to be reduced from LKR 80mn for a period of 12 months and LKR 20mn per taxable period to **LKR 60mn for a period of 12 months and LKR 15mn per taxable period.**

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