

**Economic Service Charge (ESC) Amendments Applicable With Effect
from 01.04.2016**

- (i) The present exclusion of profit making businesses shall be removed.
- (ii) The present maximum liability of Rs.120 million per year shall be removed.
- (iii) The rate is increased from 0.25% to 0.5%.
- (iv) The period for carried forward of ESC to be set off against income tax payable for any period commencing from April 1, 2016, is reduced from 5 years to 3 years.
- (v) Petrol, diesel and kerosene retail trade shall be liable for ESC if the aggregate turnover for a Quarter is Rs.50 million. Tax shall be calculated on 1/10th of the liable turnover of such trade.
- (vi) ESC shall be charged in advance by the Commissioner General of Inland Revenue from the importers of items subject to Special Commodity Levy (SCL), on the CIF value of such imports, before clearance of such items from the Sri Lanka Customs, disregarding the threshold for ESC liability.

The advance payment of ESC could be set off against the actual liability of ESC for the same year of assessment and not entitle for any refund.