TAX EXPENDITURE STATEMENT 2024/2025

Ministry of Finance, Planning and Economic Development
Sri Lanka
November 07, 2025

TAX EXPENDITURE STATEMENT 2024/2025

Issued under Section 20 of the
Public Financial Management Act, No. 44 of 2024

Ministry of Finance, Planning and Economic Development
Sri Lanka

November 07, 2025

CM 043535 - 140 (11/2025) Department of Government Printing, Sri Lanka

Tax Expenditure Statement – 2024/2025

This Report contains a statement of tax expenditures including the total cost of existing tax expenditures and the disclosure of new tax expenditures as specified in Section 20(2) (h) of the Public Financial Management Act, No. 44 of 2024.

Table of Contents

FIGURES

TABLES

Part I – Tax Expenditures and the Benchmark Tax System

Part II – Tax Expenditure Estimates

TAX EXPENDITURE INVENTORY

3.1 Inventory of CIT TE

3.2 Inventory of PIT TE

3.3 Inventory of VAT TE

3.4 Inventory of SSCL TE

3.5 Inventory of XID TE

3.6 Inventory of CID TE

Executive Summary

This Tax Expenditure Statement (TES) 2024/2025 is prepared in accordance with Section 20(h) of the Public Financial Management Act, No. 44 of 2024, this report reaffirms the Government's commitment to fiscal transparency, accountability, and evidence-based policymaking.

Tax expenditures—comprising exemptions, deductions, and preferential tax rates—serve as indirect instruments of government support, comparable in intent to direct spending programs. They are implemented to promote investment, employment generation, industrial development, and social welfare, while also facilitating the achievement of strategic economic objectives.

The largest tax expenditures are associated with Value Added Tax (VAT) exemptions on essential goods and services, Corporate Income Tax (CIT) concessions granted to non-Board of Investment (BOI) projects, and Social Security Contribution Levy (SSCL) exemptions aimed at mitigating the cascading effect of turnover-based taxation.

Across all tax types, the analysis highlights the substantial fiscal cost of these measures. A summary of the reported tax expenditures is given below;

Rs. Million

Tax Expenditure Items	Reporting Time Period	Tax Expenditure
Personal Income Tax (PIT)	2023/24	12,248
Corporate Income Tax (CIT)	2023/24	119,290
Value Added Tax (VAT)	2024	333,295
Value Added Tax (VAT)	2025.01.01 – 2025.06.30	207,359
Social Security Contribution Levy (SSCL)	2025.01.01 – 2025.06.30	61,746
Excise Duties (Special Provisions)	2024	9,927
Excise Duties (Special Provisions)	2025.01.01 – 2025.06.30	7,252
Custom Import Duties (CID)	2024	24,740
Custom Import Duties (CID)	2025.01.01 – 2025.06.30	9,298
Luxury Tax on Motor Vehicles	2024	1,928

Source: Inland Revenue Department, Sri Lanka Customs, Board of Investment of Sri Lanka

Looking forward, the Ministry of Finance, Planning and Economic Development, in collaboration with revenue agencies, aims to strengthen the institutional framework for tax expenditure management through improved data systems, regular evaluations, and integration of tax expenditure analysis into the annual budget process. This initiative forms part of Sri Lanka's broader fiscal reform agenda to enhance transparency, efficiency, and equity in public resource management.

Part I

Tax Expenditures and the Benchmark Tax System

Chapter 1 – Introduction

1.1. Overview

Tax expenditure reporting plays a vital role in enhancing fiscal transparency and accountability. Tax expenditures are the estimated revenue foregone due to provisions that deviate from the standard tax structure—such as exemptions, deductions, rebates, or preferential rates. As these measures function as indirect forms of government spending, systematic reporting helps ensure their fiscal impact and policy intent are clearly identified and assessed.

The Tax Expenditure Statement (TES) provides policymakers and the public with a clearer view of the fiscal cost and effectiveness of tax incentives, supporting evidence-based decisions on their continuation or reform. It also promotes consistency between tax policy objectives and broader fiscal priorities.

This statement is structured to provide both an overview and detailed analysis of tax expenditures across major tax types. Chapter 1 introduces the concept of tax expenditures, the benchmark tax system, and the key structural reliefs in the Sri Lankan tax system. Chapter 2 presents an analysis of tax expenditures by tax category, highlighting their trends and fiscal significance, while Chapter 3 provides a comprehensive Tax Expenditure Inventory, listing individual provisions, their legal bases, estimated fiscal costs, and policy rationales. Together, these chapters aim to enhance the transparency, comparability, and policy coherence of Sri Lanka's fiscal reporting framework.

1.2. Purpose and scope

This Annual Tax Expenditure Statement (TES) is published in accordance with Section 20 of the Public Financial Management Act, No. 44 of 2024. The purposes of the TES are to;

- Improve transparency in the management of public resources;
- Identify and quantify the revenue impact of provisions that deviate from the benchmark tax system; and
- Provide a basis for future evaluation of the effectiveness and efficiency of these policy measures in achieving their objectives.

The scope of this statement covers major inland and import taxes, that is, Income Tax (Corporate and Personal), Value Added Tax (VAT), Custom Import Duties and Excise Taxes.

1.3. Definition of tax expenditure

The main pillars of a well-designed tax system are efficiency, effectiveness, equity--fairness, simplicity and fiscal responsibility which are interrelated. The tax system should be designed to minimize excess burden to the economy for the sake of efficiency. An equitable tax system would tax according to the ability of the taxpayers to pay their taxes. In addition, the tax system should be simple, and tax should be collected with lower compliance costs finally managing fiscal sector responsibly.

A government may deliver financial support to individuals or corporations through direct spending, which will be shown in the budget of the government as a budgetary expenditure item. However, a government may use the tax system to pursue social and economic objectives. For example, instead of making direct payments to low-income households, the government may decide to exempt their income from personal taxes. In such cases, the tax system forgoes part of the tax revenues that would have been collected.

Revenue losses attributable to special provisions in the law, such as exemptions, deductions, credits, deferrals and preferential tax rates, that are used as tools to promote economic activities, encourage domestic investment, support social policies and attract foreign direct investment are defined as tax expenditure. They are deviations from the normal benchmark tax system.

Tax expenditures include the following:

- Exemptions: exclusion from the tax base
- Allowances: amounts deducted from the tax base before applying the tax rate(s)
- Credits: amounts deducted from tax liability
- Rate relief: a reduced tax rate
- Tax deferral: a delay in paying the tax liability

Why provide tax expenditures?

Tax expenditures and direct spending differ significantly in extent of administrative monitoring and control of public expenditure. Unlike direct expenditure, tax expenditures are generally open ended, with the amount of expenditure dependent on the decisions of the taxpayers rather than on direct government decision.

Despite their weaknesses, tax expenditures have certain advantages over direct spending. They can deliver support to many individuals and businesses or influence their behavior faster than direct spending and with a higher certainty.

Rationale for tax expenditures

1. **Promoting investment and economic growth**

   Tax expenditures are often introduced to attract private investment, especially in priority sectors or underdeveloped regions. By reducing the effective tax burden, these measures can improve competitiveness, support industrial diversification, and stimulate employment generation. In contexts where capital markets are shallow or fiscal space for direct subsidies is limited, tax incentives provide an indirect yet potent policy tool.

2. **Correcting market failures and supporting strategic objectives**

   Certain economic and social activities generate positive externalities that markets may underprovide—such as research and development, renewable energy, education, or affordable housing. Tax expenditures can help correct these imbalances by encouraging behavior that aligns with national development priorities.

3. **Enhancing equity and social welfare**

   Well-targeted tax expenditures, such as personal income tax relief for lower-income groups or VAT exemptions on essential goods, can contribute to redistribution and poverty alleviation. They can also provide relief where direct transfer mechanisms are weak or administratively costly.

4. **Simplifying administration or promoting compliance**

   In some cases, minor concessions may simplify tax administration or improve compliance by recognizing the practical realities of small taxpayers or informal sector participants.

5. **Leveraging the private sector for public goals**

   By embedding incentives within the tax system, governments can mobilize private capital toward public objectives—such as infrastructure development or environmental protection—without immediate budgetary outlays.

Based on the type of the economic benefit or tax relief it provides, tax expenditures are commonly classified as follows:

- By economic function
- By tax type
- By policy objective
- By beneficiary

However, this report presents tax expenditures by tax type.

Table 1.1 : Examples of common tax expenditures by tax type

Tax type	Common tax expenditure
Pesronal Income Tax (PIT)	Itemized deductions such as mortgage interest, savings, or medical expenses Deduction for gifts to
	Deduction for donations to philanthropic organisations
	Concessional treatment of superannuation benefits
	Earned income tax credit
Corporate Income Tax (CIT)	Exemptions such as tax holidays.
	Reduced tax rate.
	Investment allowance for Investment in plant and machinery.
	Accelerated depreciation for Investment in energy efficient equipment.
	Deduction of more than hundred percent of expenditure on research and development.
Value Added Tax (VAT)	Exemption on supplies related to education, health, water etc.
	Zero – rated supply of new house or residential building
	Exemption on supplies by charitable organisations
	Reduced rate on food supplies
	Exemption for fee based financial services
Excise Duty (Special Provision) (XID)	Excise Exemption on kerosene used as heating fuel.
	Excise Exemption on small agricultural equipment
	Reduced rate on electric vehicles
Custom Import Duty (CID)	Import duty exemption for government institutions, personal items of diplomats etc.
	Import duty Exemption on medical material, books, agricultural material

Tax expenditures can be classified across taxes as shown in Table 1.2

Table 1.2 : Tax Expenditure Classification

Tax Expenditure Items	Tax Expenditure by Type of Taxes				
	Personal Income Tax	Corporate Income Tax	Consumption Taxes (VAT)	Customs	Excise Duties
Preferential tax rates	√	√	√	√	
Tax holidays		√			
Special Zones		√	√	√	
Capital Recovery Incentives		√			
Exemptions	√	√		√	√
Investment Subsidies		√			
Tax deferrals		√	√	√	

Source: Tax Expenditure Estimation Tool Kit, December 2023, Asian Development Bank

1.4. The benchmark tax system

The starting point for measurement of tax expenditures is to establish a baseline tax policy against which the policies that represent a deviation can be identified. Such baseline tax policy constitutes what is known as the benchmark tax system, which establishes the standard tax treatment applicable to all taxpayers in general.

In this report, the benchmark is defined using a reference law approach, based on the standard structure of each tax as outlined in the primary legislation. Under this approach, Sri Lanka's existing tax system forms the starting point for defining the benchmark. A tax expenditure is an explicit concession that departs from what is considered a generally applicable provision under the existing tax law.

For the purposes of reporting, the benchmark for each major tax type is defined as follows;

Corporate Income Tax (CIT):

Unit of Taxation – single corporation as a separate legal entity.

Residence – A company is resident in Sri Lanka for a year of assessment if:

a) it is incorporated or formed under the laws of Sri Lanka;

b) it is registered, or the principal office is, in Sri Lanka; or

c) at any time during the year the management and control of the affairs of the company are exercised in Sri Lanka.

Taxation Period –Year of assessment commencing from 1st April to 31st March. e.g. year of assessment 2023/2024 means 1st April 2023 to 31st March 2024.

Tax Base – Resident companies are taxed on their worldwide income. Exemptions are available for certain types of income. Non-resident companies are taxed on the income earn/accrue in Sri Lanka, subject to the Double Tax Avoidance Treaties where available.

Tax Rates– A standard rate of 30 percent applied on the taxable income, which is a comprehensive adjustment including standard depreciation rates of accounting profit, as per the Inland Revenue Act, No. 24 of 2017

Special Notes –

- Governmental ministries and departments are not liable for Corporate Income Tax. This is considered as part of the benchmark income tax system.

- Measures that provide relief from double taxation are considered part of the benchmark income tax system.

Personal Income Tax (PIT):

Unit of Taxation – Resident and Non-Resident Individuals

Residence – An individual shall be a resident in Sri Lanka for a year of assessment if the individual:

a) resides in Sri Lanka;

b) is present in Sri Lanka during the year and that presence falls within a period or periods amounting in aggregate to one hundred and eighty-three days or more in any twelve-month period that commences or ends during the year;

c) is an employee or an official of the Government of Sri Lanka and his spouse is posted abroad during the year; or

d) is an individual who is employed on a Sri Lanka ship, within the meaning of the Merchant shipping Act, during the period the individual is so employed.

Taxation Period – Fiscal year is 1st April to 31st March. e.g. year of assessment 2023/2024 means 1st April 2023 to 31st March 2024.

Tax Base – in the case of a resident individual, his income from employment, business, investment or other source for that year, wherever arises; and in the case of a non-resident individual, his income from the employment, business, investment or other source for that year, to the extent that the income arises in or is derived from a source in Sri Lanka.

Table 1.3 : PIT Rate Schedule – Effective from 01.01.2023 – 31.03.2025

Rs. Million

Marginal Tax rate (%)	Tax Structure
0	Up to 1.2
6	1.2 – 1.7
12	1.7 – 2.2
18	2.2 – 2.7
24	2.7 – 3.2
30	3.2 – 3.7
36	Over 3.7

With effect from April 01, 2025, Personal income tax relief of an individual is increased from Rs. 1,200,000/- per annum to Rs. 1,800,000/- per annum and the tax rates applicable on the taxable income of an individual are revised as follows:

Table 1.4 : PIT Rate Schedule

Rs. Million

Marginal Tax rate (%)	Tax Structure
0	Up to 1.8
6	1.8 – 2.8
12	-
18	2.8 – 3.3
24	3.3 – 3.8
30	3.8 – 4.3

Special Notes –

- The possibility for income earned by a trust or through a treasury bond/bill to flow through to a beneficiary without attracting tax at the investment level is considered to be part of the benchmark income tax system.

Value Added Tax (VAT):

Unit of Taxation – Taxable supply of goods or services

Taxation Period – A period of one month or three months commencing respectively on the first day of January, the first day of April, the first day of July and the first day of October of each year.

Tax Base – Value of goods or services supplied or goods imported

Tax Rate – 18%

Registration Threshold – Value of taxable supplies exceed Rs. 15 Mn per quarter or Rs. 60 Mn per annum.

Social Security Contribution Levy:

Unit of Taxation – Liable turnover

Taxation Period – Liable quarter which is a quarter of a calendar year from 1st January to 31st December.

Tax Base – Every taxable person who:

a) Imports any article

b) Carries on the business of manufacture of any article

c) Carries on the business of providing a service of any description

d) Carries on the business of wholesale or retail sale of any article including importation and sale of such article.

Tax Rate – 2.5%

Registration Threshold – If the aggregate of the total turnover exceeds Rs. 15 Mn per quarter or Rs. 60Mn per twelve months.

Excise Duty (Special Provision):

Unit of Taxation – On excisable articles specified in the Extraordinary Gazette Notification No. 2418/43 dated January 10, 2025

Taxation Period – At the point of importation or manufacture

Tax Base – Total quantity of excisable articles imported or manufactured during the year.

Tax Rates – Excise Duty as defined in the Extraordinary Gazette Notification No. 2418/43 dated January 10, 2025

Custom Import Duty:

Unit of Taxation – Individual import transaction (per consignment or item at the point of importation)

Taxation Period – Point of importation (one-off transaction). For reporting, values are aggregated for the fiscal year.

Tax Base – Cost, Insurance, Freight (CIF) value of imported goods as determined under the Customs Ordinance – Chapter 235 and the WTO Customs Valuation Agreement.

Tax Rates – The statutory customs duty rates specified in the Customs Tariff Schedule applicable to all imports on a non-discriminatory, Most Favoured Nation (MFN) basis, excluding any preferential or concessional rates granted under special schemes or agreements (e.g., BOI concessions, Free Trade Agreements, project-specific exemptions).

Luxury Tax on Motor Vehicles (LTMV):

Unit of Taxation – Motor Vehicle

Taxation Period – At the time of removing the motor vehicle from Sri Lanka customs

Tax Base – Vehicles imported or assembled locally

Tax Rate – Luxury tax rate as defined by Extraordinary Gazette Notification No. 2147/72 dated October 31, 2019 as last amended by the Gazette Notification No. 2421/41 dated January 31, 2025.

1.5 Structural reliefs

Certain legal provisions that deviate from the benchmark should be considered as structural reliefs if the policy objective of such provisions is to achieve redistribution or administrative efficiency. Accordingly, the following measures are considered as structural reliefs in the tax system of Sri Lanka:

Table 1.5 : Structural reliefs in the tax system of Sri Lanka

Tax Type	Provision
PIT	Personal relief below which income is not taxed
PIT	PIT Progressive rate schedule
PIT/CIT	Exempt amounts given in Schedule III of the Inland Revenue Act, No.24 of 2017
PIT/CIT	Preferential treatment agreed under Double Taxation Avoidance Agreement by a country
PIT/CIT	Lower flat tax rate on dividend income received by individual shareholders
PIT/CIT	Gains from realization of Investment Asset
CIT	Lower tax rate applicable on the taxable income of Employees Trust Funds, Provident or Pension funds and Termination Funds
CIT	Lower tax rate applicable on the taxable income of Charitable Institutions
CIT	Tax depreciation rates applicable to various assets
VAT	Taxable supply threshold below which VAT registration is not mandatory
VAT	Exemption of VAT on imports by firms in Special Economic Zones for re-export
VAT	Exemption of services provided by the Government
VAT	Educational Services provided by any person
VAT	Public passengers transport services
VAT	Goods and services to diplomatic missions and personnel to which the provisions of the Diplomatic Privileges Act, No. 9 of 1996 applies: provided that, reciprocal benefits are available to their counter parts from Sri Lanka and identified as such by the Commissioner General;
VAT	Goods or services funded directly by foreign organizations for the relief of sudden distress caused by natural or human disasters or to any activity having regard to the interest of the national economy, as approved by the Minister;
VAT	Services at a restaurant situated beyond the immigration counter at the Bandaranaike International Air Port;
VAT	Services in relation to burials and cremations by any institution or person;
SSCL	Turnover below the registration threshold
VAT/SSCL/CID	These taxes are exempted on any article imported if such article is subject to the Special Commodity Levy charged under the Special Commodity Levy Act, No. 48 of 2007.
CID	Reduced customs tariff as per Free Trade Agreements in conformance with international agreements
CID	Exemption of CID on goods imported into bonded warehouses for re-export
CID	Exemption of CID and other fiscal levies on import of materials to be used for the processing of products for export, under the Temporary Import for Export Processing (TIEP) Scheme of the Government, INFAC Scheme
CID, XID	Exemption of customs duty and excise duty on imports by diplomatic and international organizations in conformance with international agreement as stipulated in the Diplomatic Privileges Act, No. 9 of 1996
XID	Exemption of excise on aviation fuel covered by the Chicago convention is considered a part of structural relief

1.6 Estimation of tax expenditure

There are three main approaches to estimate revenue foregone

i. Revenue foregone by providing the tax benefit (Static Estimation)

ii. Revenue gained by providing the tax benefit (Dynamic Estimation)

iii. Outlay equivalent – The amount of direct government spending that would be needed to provide the same financial benefits to taxpayers as the tax expenditure

The estimates in this statement are calculated using the "Revenue Foregone" method. This method calculates the amount of revenue that would have been collected if the tax expenditure provision did not exist.

It is assumed that there are no dynamic tax effects, i.e. no change in taxpayer behavior following the removal of a tax expenditure. It is also assumed that compliance behavior of tax payers remains constant. Interdependencies between tax expenditures are assumed to be negligible.

While this method may overestimate the potential revenue gain (as it does not account for behavioral changes), it is the most widely used and transparent approach for initial reporting.

1.7 Changes to tax expenditure statement since the earlier publication in February, 2025

This edition of the Tax Expenditure Statement introduces several methodological and scope enhancements aimed at improving the accuracy, comparability, and policy relevance of Sri Lanka's tax expenditure reporting framework. The key changes are outlined below:

- **Expanded Scope of Coverage:**

  The scope of this report has been broadened to include additional taxes—specifically, the Social Security Contribution Levy (SSCL) and the Excise (Special Provisions) Duty (XID)—to provide a more comprehensive assessment of total tax expenditures across major revenue streams.

- **Revised Sectoral Classification:**

  The sector definitions applicable to Value Added Tax (VAT) and SSCL have been revised from the Board of Investment (BOI) classification to the Inland Revenue Department (IRD) classification. This change was made to ensure greater consistency across datasets and facilitate more efficient data extraction and analysis.

- **Updated Benchmark Framework:**

  The benchmark tax system has been updated to align more closely with internationally recognized standards and practices, enhancing the comparability and credibility of Sri Lanka's tax expenditure estimates.

- **Clear Definition of Structural Reliefs:**

  Structural tax reliefs that form part of the benchmark system have been clearly defined and distinguished from policy-induced concessions, strengthening analytical consistency and transparency in reporting.

- **Development of a Comprehensive Tax Expenditure Inventory:**

  Initial efforts have been made to establish a comprehensive Tax Expenditure Inventory, cataloguing the range of tax reliefs, exemptions, and deductions across different tax types, together with their respective policy objectives. This marks a significant step toward institutionalizing a more systematic approach to tax expenditure reporting.

Accordingly, the tax inventory figures reported last year have been revised based on the new definitions of the benchmark framework and structural reliefs.

1.8 Limitations and data considerations

- **Behavioral Assumptions:** As noted in Section 1.4, the revenue foregone method is static and does not account for potential changes in taxpayer behavior if the provisions were removed. This is a standard limitation.

- **Data Availability:** Estimates for some provisions, particularly those where taxpayers are not required to file detailed returns (e.g., exemption of agricultural income), are challenging to quantify. Efforts are ongoing to improve data collection.

- **Interactions:** Tax expenditures can interact with each other. The figures presented are estimates for each provision in isolation; the total revenue impact of removing multiple provisions simultaneously may not be the sum of the individual estimates.

- **Timeliness:** Estimates are based on the most recent available data, which may lag the current fiscal year.

1.9 Way forward: evaluation and reform

Publishing this report is a first step. The Ministry of Finance, in collaboration with the Inland Revenue Department and other relevant institutions, is committed to:

1. Improving Measurement: Enhancing data systems and methodologies for more accurate and comprehensive estimates.

2. Initiating Evaluations: Developing a multi-year plan to conduct cost-benefit and cost-effectiveness analyses of major tax expenditures, starting with those with the highest fiscal cost.

3. Strengthening Governance: Integrating tax expenditure management into the annual budget cycle and considering the introduction of sunset clauses for new incentives to mandate periodic review.

Part II

Tax Expenditure Estimates

Chapter 2 – Analysis of Tax Expenditures by Tax Type

2.1 Overview

This chapter presents a consolidated summary and evaluation of tax expenditures classified by major tax types, including Income Tax, Value Added Tax (VAT), Social Security Contribution Levy (SSCL), Excise Duty (Special Provisions) (XID), and Customs Import Duty (CID). The analysis provides an overview of the main relief measures granted under each tax type and examines their fiscal implications and relative significance within the overall tax system.

A summary of the major tax expenditure items covered in this report, along with the corresponding time periods and estimated tax expenditures, is presented in Table 2.1 below.

The estimates reflect the most recent data available from the Inland Revenue Department, Sri Lanka Customs, and other relevant agencies, and represent the government's continued efforts to improve the measurement and transparency of tax expenditures.

The comparative analysis includes figures for the year 2024 and the first six months of 2025, allowing for an initial assessment of trends and changes in the magnitude and composition of tax expenditures across different tax instruments. These insights provide an important basis for evaluating the effectiveness and sustainability of tax reliefs and for informing future fiscal policy decisions related to revenue mobilization and expenditure rationalization.

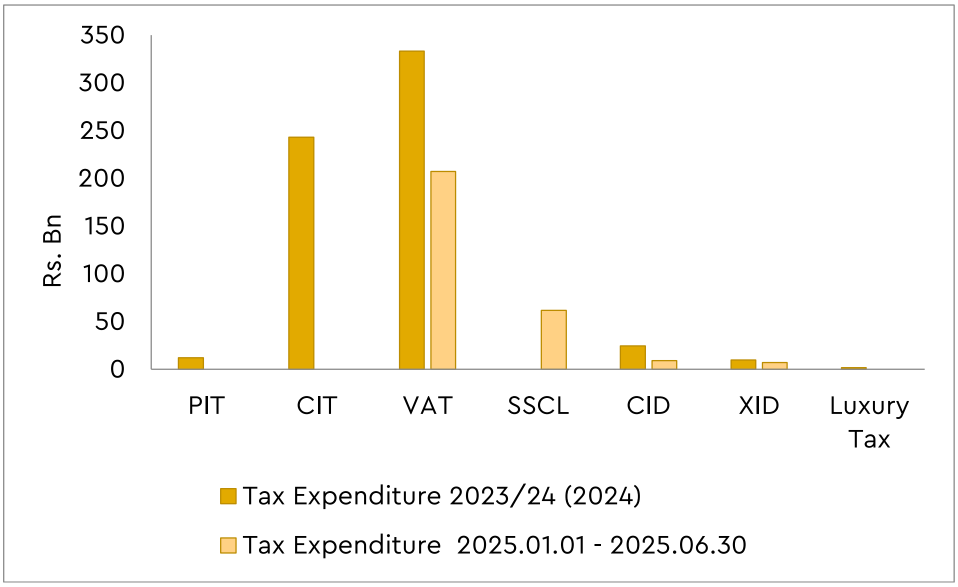
Table 2.1 : Tax Expenditure by tax type

Rs. Million

Tax Expenditure Items	Reporting Time Period	Tax Expenditure
Personal Income Tax (PIT)	2023/24	12,248
Corporate Income Tax (CIT)	2023/24	119,290
Value Added Tax (VAT)	2024	333,295
Value Added Tax (VAT)	2025.01.01 – 2025.06.30	207,359
Social Security Contribution Levy (SSCL)	2025.01.01 – 2025.06.30	61,746
Excise Duties (Special Provisions)	2024	9,927
Excise Duties (Special Provisions)	2025.01.01 – 2025.06.30	7,252
Custom Import Duties (CID)	2024	24,740
Custom Import Duties (CID)	2025.01.01 – 2025.06.30	9,298
Luxury Tax on Motor Vehicles	2024	1,928

Source: Inland Revenue Department, Sri Lanka Customs, Board of Investment of Sri Lanka

Figure 2.1 : Summary of Tax Expenditure (Rs. Mn) for 2023/2024



Source: Inland Revenue Department, Sri Lanka Customs

2.2 Corporate Income Tax (CIT)

The revenue collected from CIT in 2024 amounted to Rs. 524,140 Mn, while the estimated CIT tax expenditure for the same year was Rs. 119,290 Mn. A substantial portion of this TE arises from concessions and exemptions granted to non-BOI enterprises, excluding those related to Port City projects. These relief measures were introduced with the intention of supporting private sector competitiveness, encouraging investment, and sustaining business activity in selected sectors.

Table 2.2 : Corporate Income Tax Expenditure for 2023/2024

Rs. Million

Sector		Expenditure Type	Tax Expenditure
BOI	SDP	Concessional Rate	-
		Exempted	123
	Non-SDP	Concessional Rate	41,682
		Exempted	
Non-BOI excluding Port City Projects		Concessional Rate	72,740
		Exempted	4,602
Port City Projects		Concessional Rate	143
		Exempted	

Source: Inland Revenue Department, Board of Investment of Sri Lanka

Further, it can be anticipated that the CIT TE for Port City Projects will increase in the future as Primary and Secondary Businesses of Strategic Importance commence business activities.

2.3 Personal Income Tax (PIT)

Effective from January 01, 2023, personal relief was reduced to Rs. 1.2 Mn per annum from Rs. 3.0 Mn per annum and the expenditure relief of Rs 1.2 Mn per annum was removed. Personal Income Tax was levied under 6 slabs of Rs. 500,000 at the rates of 6 percent, 12 percent, 18 percent, 24 percent, 30 percent and 36 percent.

However, effective from April 01, 2025, the tax structure was revised as given in Table 1.3. The revenue collected from PIT in 2024 amounted to Rs. 278,024 Mn, while the estimated PIT tax expenditure for the same year was Rs. 10,461 Mn.

As seen in Figure 2.2, majority of the PIT TEs arise from the relief and qualifying payments granted to individual taxpayers.

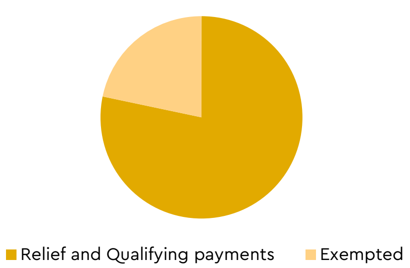
Table 2.3 : Personal Income Tax Expenditure for 2023/24

Rs. Million

Expenditure Description	Tax Expenditure
Relief and Qualifying payments	8,191
Exempted	2,270
Total	**10,461**

Source: Inland Revenue Department

Figure 2.2 : Personal Income Tax Expenditure



Source: Inland Revenue Department

2.4 Value Added Tax (VAT)

VAT TEs have been significantly impacted by the removal of most VAT exemptions by the Value Added Tax (Amendment) Act, No. 32 of 2023 and the reduction in the mandatory VAT registration threshold from Rs. 80 Mn to Rs. 60 Mn by the Value Added Tax (Amendment) Act, No. 16 of 2024. In 2024, VAT revenue increased by 86 percent to Rs. 1,309,680 Mn, accounting for 35.8 percent of the total government revenue, compared to 25.7 percent in 2023. This growth can mainly be attributed to the reduction in VAT TEs. Nevertheless, in 2024, VAT TEs amounted to Rs. 333,295 Mn. It is noted that a majority of these TEs arise from exemptions/concessions granted for essential goods and services to ease the cost of living of the general public.

Table 2.4 : Value Added Tax (VAT) Expenditure Estimates by Sector for 2024

Rs. Million

Sector		Tax Expenditure
BOI	Agriculture	1,628
	Apparel	355
	Infrastructure	1,085
	Knowledge Services	877
	Manufacturing	17,266
	Services and Utility	11,048
	Tourism	255
	Total	**32,515**
Non-BOI excluding Port City		300,590
Port City		190
Total		**333,295**

Source: Inland Revenue Department, Board of Investment of Sri Lanka

Given that the sector definitions applicable to Value Added Tax (VAT) and SSCL have been revised from the Board of Investment (BOI) classification to the Inland Revenue Department (IRD) classification, the TE estimates for each sector for 2024 and 2025 (first 6 months) cannot be compared directly.

Table 2.5 : VAT Expenditure by Sector for BOI Companies from 01.01.2025 – 30.06.2025

Rs. Million

Sector	Tax Expenditure
Manufacturing – Agriculture	30
Manufacturing – Non- Alcoholic Beverage	–
Manufacturing – Others	12,225
Manufacturing – Textiles and Garments	251
Service – Construction	8
Service – Electricity and Gas	142
Service – Others	1,385
Service – Telco	159
Service – Tourism	42
Service – Transport	–
Service – Water	–
Service – Wholesale and Retail	4,531
Other	102
Grand Total	**18,875**

Source: Inland Revenue Department

Table 2.6 : VAT Expenditure by Sector for Non-BOI Companies excluding SDP and Port City Projects from 01.01.2025 – 30.06.2025

Rs. Million

Sector	Tax Expenditure
Manufacturing – Agriculture	2,611
Manufacturing – Non- Alcoholic Beverage	53
Manufacturing – Others	16,974
Manufacturing – Textiles and Garments	1,251
Service – Betting, Gaming, Entertainment	–
Service – Construction	10,797
Service – Electricity and Gas	34,833
Service – Others	10,916
Service – Telco	8
Service – Tourism	587
Service – Transport	1,922
Service – Water	11
Service – Wholesale and Retail	99,482
Other	8,894
Grand Total	**188,339**

Source: Inland Revenue Department

Table 2.7 : VAT Expenditure by Sector for SDP from 01.01.2025 – 30.06.2025

Rs. Million

Sector	Tax Expenditure
Service – Tourism	115
Service – Transport	1
Grand Total	**116**

Source: Inland Revenue Department

Table 2.8 : VAT Expenditure by Sector for Port City Projects from 01.01.2025 – 30.06.2025

Rs. Million

Sector	Tax Expenditure
Service – Tourism	29
Grand Total	**29**

Source: Inland Revenue Department

2.5 Social Security Contribution Levy (SSCL)

The revenue collected from the Social Security Contribution Levy (SSCL) in 2024 amounted to Rs. 250,869 Mn, reflecting a significant contribution to government revenues. For 2025, the estimated revenue is projected to increase to Rs. 287,000 Mn, indicating a continued growth in collections. In comparison, the estimated tax expenditure (TE) of SSCL for the first six months of 2025 stands at Rs. 61,746 Mn.

It is important to note that SSCL, being a tax on turnover, can have a cascading effect on the economy. The tax burden on companies may indirectly influence the prices of goods and services, affect investment decisions, and ultimately impact other tax bases such as income tax and value-added tax. In this sense, the TE associated with SSCL not only represents revenue foregone directly but also mitigates the potential cascading impact on downstream economic activities. Therefore, majority of the TEs have been granted to prevent this cascading effect on the prices of consumer goods with the aim of uplifting the life standards of general public.

Table 2.9 : Social Security Contribution Levy (SSCL) Expenditure Estimates by Sector for BOI Companies from 01.01.2025 – 30.06.2025

Rs. Million

Sector	Tax Expenditure
Manufacturing – Agriculture	52
Manufacturing – Non-Alcoholic Beverages	1
Manufacturing – Others	1,826
Manufacturing – Textiles and Garments	84,815
Service – Construction	4
Service – Electricity and Gas	15
Service – Others	762
Service – Telco	93
Service – Tourism	194
Service – Transport	14
Service – Wholesale And Retail	2,401
Other	106
Grand Total	**90,282**

Source: Inland Revenue Department

Table 2.10 : SSCL Expenditure by Sector for SDP from 01.01.2025 – 30.06.2025

Rs. Million

Sector	Tax Expenditure
Service – Construction	0
Service – Tourism	59
Service – Transport	656
Grand Total	**715**

Source: Inland Revenue Department

Table 2.11 : SSCL Expenditure by Sector for Non-BOI Companies excluding SDP Projects from 01.01.2025 - 30.06.2025

Rs. Million

Sector	Tax Expenditure
Manufacturing – Agriculture	377
Manufacturing – Alcohol	119
Manufacturing – Non-Alcoholic Beverages	17
Manufacturing – Others	9,925
Manufacturing – Textiles and Garments	5,664
Service – Banking, Insurance, Leasing	2,603
Service – Construction	2,233
Service – Electricity and Gas	54
Service – Others	5,699
Service – Telco	33
Service – Tourism	699
Service – Transport	5,234
Service – Water	1,032
Service – Wholesale and Retail	20,214
Other	1,659
Grand Total	**55,564**

Source: Inland Revenue Department

2.6 Excise Duties (Special Provision) (XID)

The revenue collected from XID in 2024 was Rs. 385,139 Mn, while the estimated XID tax expenditure for the same year was Rs. 9,927 Mn. Similarly, the forecasted XID revenue for 2025 is Rs. 689,400. For the first six months of 2025, the estimated TE is Rs. 7,252 Mn. Majority of XID TE arises from exemptions granted for locally assembled vehicles which amounts to 97 percent of the XID TE for 2024 and 100 percent of the estimated TE for the first six months of 2025. While these concessions incentivize investment in the local automotive sector, they also represent a significant foregone revenue for the government.

Table 2.12 : XID Tax Expenditure for 2024

Rs. Million

Expenditure Description	Tax Expenditure
Port City Duty Free Shop – Imports	250
XID exemption for locally assembled vehicles – Four Wheel and Commercial Transport	4,167
XID exemption for locally assembled vehicles – Two Wheel and Three Wheel	5,510
Total	**9,927**

Source: Sri Lanka Customs

Table 2.13 : XID Tax Expenditure from 01.01.2025 – 30.06.2025

Rs. Million

Expenditure Description	Tax Expenditure
Port City Duty Free Shop – Imports	0
XID exemption for locally assembled vehicles – Four Wheel and Commercial Transport	2,505
XID exemption for locally assembled vehicles – Two Wheel and Three Wheel	4,747
Total	**7,252**

Source: Sri Lanka Customs

2.7 Custom Import Duties (CID)

The revenue collected from CID in 2024 was Rs. 111,147 Mn, whereas the estimated CID tax expenditure for the same year was Rs. 24,740 Mn. The forecasted CID revenue for 2025 is Rs. 240,000 and the estimated CID tax expenditure for the first six months of 2025 is Rs. 9,298 Mn. Majority of the CID TE for 2024 was due to waivers granted in general and to special projects as per Section 19 A of the Customs Ordinance – Chapter 235, closely followed by CID exemption granted for Ingredients other than maize, lentils and rice for manufacturing of animal feed. However, as per the data recorded within the first six months of 2025, this ordering has reversed. It must be noted that most of the CID TEs are granted to promote investment and strategic economic activities through targeted import duty exemptions.

Table 2.14 : Sector wise Tax Expenditure on Custom Duties for 2024

Rs. Million

Expenditure Description	Tax Expenditure 2024
19A Waivers (General Waivers and Special Projects)	9,969.0
CID exemptions granted for:	
apparatus, drugs and chemical imported for reserach work	0.5
machinery including Ambulances, medical, surgical & Dental equipment, etc	14.0
any machinery, equipments etc for CEB and subsidaries	1,806.0
ingredients other than maize, lentis and rice for manufacture of animal feed	9,219.0
ground Equipment, Technical supply used inside airport by Intl Airline	29.0
Port City Construction Related Goods Imports – Reusable	28.0
Port City Duty Free Shop – Imports	46.0
Other miscellaneous items given in the Revenue Protection Order No. 07/2022	3,628.3
Total	**24,740**

Source: Sri Lanka Customs

Table 2.15 : Sector wise Tax Expenditure on Custom Duties from 01.01.2025 – 30.06.2025

Rs. Million

Expenditure Description	Tax Expenditure 2025.01.01 – 2025.06.30
19A Waivers (General Waivers and Special Projects)	2,900.0
CID exemptions granted for:	
apparatus, drugs and chemical imported for reserach work	0.3
machinery including Ambulances, medical, surgical & Dental equipment, etc	1.0
any machinery, equipments etc for CEB and subsidaries	745.0
ingredients other than maize, lentis and rice for manufacture of animal feed	4,332.0
ground Equipment, Technical supply used inside airport by Intl Airline	46.5
Port City Construction Related Goods Imports – Reusable	97.0
Port City Duty Free Shop – Imports	0.0
Other miscellaneous items given in the Revenue Protection Order No. 07/2022	1,176.2
Total	**9,298**

Source: Sri Lanka Customs

2.8 Luxury Tax on Motor Vehicles (LTMV)

Exemptions on the Luxury Tax on Motor Vehicles were granted under Gazette Notification No. 2318/53 of 10.02.2023, as subsequently extended by Gazette Notification No. 2368/24 of 24.01.2024, which remained in effect until 30.09.2024. Accordingly, this tax expenditure ceased from 30.09.2024. In line with the provisions of the said Gazette notifications, eligible vehicles were required to be registered with the Department of Motor Traffic on or before 30.09.2024.

Sri Lanka Customs has since initiated recovery actions against beneficiaries who failed to comply with this condition. Consequently, the number of beneficiaries and the estimated tax expenditure related to this exemption remain subject to revision based on the progress of these recovery efforts.

Table 2.16 : Summary of Luxury Tax on Motor Vehicles Exemptions

Rs. Million

Year	Number of beneficiaries	Tax Expenditure
2023	162	491
2024	721	1,928
2025	n.a.	n.a.

Source: Sri Lanka Customs
n.a. – not applicable

2.9 Conclusion

In conclusion, the analysis presented in this chapter underscores the breadth and fiscal significance of tax expenditures across different tax types. These concessions, while instrumental in achieving various policy objectives—such as stimulating investment, fostering sectoral development, and supporting social welfare—represent a considerable commitment of public resources. A clear understanding of their magnitude and distribution is therefore essential for informed fiscal policy formulation and enhanced budget transparency.

The subsequent chapter provides a comprehensive Tax Expenditure Inventory, detailing each provision, its legislative basis, estimated fiscal cost, and intended policy rationale. This systematic presentation facilitates a more nuanced assessment of the effectiveness, equity, and efficiency of existing tax incentives within the broader fiscal framework.

Chapter 3 – Tax Expenditure Inventory

This chapter presents a detailed inventory of tax expenditures identified within the Sri Lankan tax system. It consolidates information on individual tax provisions that result in a deviation from the benchmark tax structure, including exemptions, deductions, and preferential rates. Each entry specifies the relevant legal reference, the estimated fiscal cost (where available), and the underlying policy objective. The inventory serves as a key instrument for promoting fiscal transparency and accountability, enabling policymakers and stakeholders to assess the scope, composition, and policy alignment of existing tax incentives within the overall revenue framework.

3.1 Inventory of CIT TE

Name	**Concessionary Rates under the Income Tax Act**		
Description	Gains and profits of a company shall be taxed at the concessionary rates specified in the IRA No. 24 of 2017 – First Schedule – Section 4		
Type of Tax	Corporate Income Tax		
Beneficiaries	Companies		
Type of Measure	Preferential Rate		
Legal Reference	IRA No. 24 of 2017 – First Schedule – Section 4 – Tax rates for companies		
Objective	To encourage invesment and sustaining business activity in selected sectors.		
Source of data	Inland Revenue Department		
Projection Method			
Number of beneficiaries	No data is available		
Estimates (Rs. Mn)	**2022/2023**	**2023/2024**	**2024/2025**
	-	72,740	-

Name	Concessionary Rates under the Board of Investment Act		
Description	Concessionary CIT rates granted to companies with whom the Board of Investment has an agreement		
Type of Tax	Corporate Income Tax		
Beneficiaries	Companies		
Type of Measure	Preferential Rate		
Legal Reference	Greater Colombo Economic Commission Law, No. 4 of 1978		
Objective	To attract and promote domestic and foreign investment by offering competitive tax incentives to enterprises entering into agreements with the Board of Investment (BOI).		
Source of data	Inland Revenue Department, Board of Investment		
Projection Method			
Number of beneficiaries	793		
Estimates (Rs. Mn)	**2022/2023**	**2023/2024**	**2024/2025**
	-	41,682	-

Name	Exemptions under the Inland Revenue Act, No. 10 of 2006		
Description	Exemption from income tax of the profits and income of any company which engages in agriculture, agro processing, industrial and machine tool manufacturing, machinery manufacturing, electronics, export of non-traditional products, or information technology and allied services.		
Type of Tax	Corporate Income Tax		
Beneficiaries	Individuals or entities		
Type of Measure	Tax Deduction		
Legal Reference	IRA No. 10 of 2006 – Section 17		
Objective	To encourage investments in the above specified sectors		
Source of data	Inland Revenue Department		
Projection Method			
Number of beneficiaries	No data is available		
Estimates (Rs. Mn)	**2022/2023**	**2023/2024**	**2024/2025**
	-	4,602	-

Name	Exemptions granted for Port City Projects		
Description	Exemption from income tax of the profits and income of companies operating within the Colombo Port City		
Type of Tax	Corporate Income Tax		
Beneficiaries	Entities		
Type of Measure	Exemption		
Legal Reference	Colombo Port City Economic Commission Act No. 11 of 2021		
Objective	To promote investments within the Colombo Port City		
Source of data	Inland Revenue Department		
Projection Method			
Number of beneficiaries	No data is available		
Estimates	2022/2023	2023/2024	2024/2025
	-	143	-

Name	Exemptions granted for SDP Projects		
Description	Exemption from income tax of the profits and income of companies designated as Strategic Development Projects		
Type of Tax	Corporate Income Tax		
Beneficiaries	Entities		
Type of Measure	Exemption		
Legal Reference	Strategic Development Projects Act No. 14 of 2008		
Objective	To promote investments		
Source of data	Inland Revenue Department		
Projection Method			
Number of beneficiaries	No data is available		
Estimates	2022/2023	2023/2024	2024/2025
	-	123	-

3.2 Inventory of PIT TE

Name	Relief for Rent income		
Description	For Resident Individual's Investment Assets – Rent Relief- 25% of the total rental income for the year of assessment. (depend on the total rent income of the respective period)		
Type of Tax	Personal Income Tax		
Beneficiaries	Individuals		
Type of Measure	Tax Credit		
Legal Reference	IRA No. 24 of 2017 – Fifth Schedule – Qualifying Payments and Reliefs		
Objective	To encourage private investment in the housing sector and formal reporting of rental income by providing a partial deduction for maintenance and related expenses incurred in generating rental income.		
Source of data	Inland Revenue Department		
Projection Method			
Number of beneficiaries	No data is available		
Estimates (Rs. Mn)	2022/2023	2023/2024	2024/2025
	-	7,253	-

Name	Relief for expenditure on solar panels		
Description	For a resident individual – who has acquired solar panel to fix on his premises and connected to the national grid, Rs. 600,000/- for each year of assessment, up to the total expenditure on such solar panels or up to the amounts paid to a bank in respect of any loan obtained to acquire such solar panel.		
Type of Tax	Personal Income Tax		
Beneficiaries	Individuals		
Type of Measure	Tax Credit		
Legal Reference	IRA No. 24 of 2017 – Fifth Schedule – Qualifying Payments and Reliefs		
Objective	To promote renewable energy adoption among households by providing tax relief for the installation of solar panels connected to the national grid.		
Source of data	Inland Revenue Department		
Projection Method			
Number of beneficiaries	Approximately 3783 beneficiaries		
Estimates (Rs. Mn)	2022/2023	2023/2024	2024/2025
	-	2,270	-

Description	Qualifying Payments		
Description	Donations made as per Section 1 of the Fifth Schedule can be deducted in arriving at the taxable income of an individual or entity for a year of assessment		
Type of Tax	Personal Income Tax		
Beneficiaries	Individuals or entities		
Type of Measure	Tax Deduction		
Legal Reference	IRA No. 24 of 2017 – Fifth Schedule – Qualifying Payments and Reliefs		
Objective	To encourage private sector and individual contributions toward approved charitable, religious, educational, health, and community development activities.		
Source of data	Inland Revenue Department		
Projection Method			
Number of beneficiaries	No data is available		
Estimates (Rs. Mn)	**2022/2023**	**2023/2024**	**2024/2025**
	-	938	-

3.3 Inventory of VAT TE

Name	The supply or import of wheat and wheat flour.		
Description	VAT is exempted on the supply or import of wheat and wheat flour.		
Type of Tax	Value Added Tax		
Beneficiaries	Final Consumer		
Type of Measure	Exemption		
Legal Reference	Value Added Tax Act, No 14 of 2002 – Part III		
Objective	To reduce the price of essential goods to manage the cost of living		
Source of data	Inland Revenue Department		
Projection Method			
Number of beneficiaries	No data is available		
Estimates (Rs. Mn)	**2023**	**2024**	**01.01.2025 – 30.06.2025**
	-	-	-

Name	**The supply or import of Infant Milk Powder.**		
Description	VAT is exempted on the supply or import of Infant Milk Powder.		
Type of Tax	Value Added Tax		
Beneficiaries	Final Consumer		
Type of Measure	Exemption		
Legal Reference	Value Added Tax Act, No 14 of 2002 – Part III of First Schedule		
Objective	To reduce the price of essential goods to manage the cost of living		
Source of data	Inland Revenue Department		
Projection Method			
Number of beneficiaries	No data is available		
Estimates (Rs. Mn)	**2023**	**2024**	**01.01.2025 – 30.06.2025**
	-	-	-

Name	**The supply or import of Pharmaceutical Products.**		
Description	VAT is exmepted on the supply or import of Pharmaceutical Products, Drugs (other than cosmetics), the end use of which are confined to therapeutic or prophylactic effect and purchased on a prescription of a physician and raw materials for the production or manufacture of such products or drugs.		
Type of Tax	Value Added Tax		
Beneficiaries	Final Consumer		
Type of Measure	Exemption		
Legal Reference	Value Added Tax Act, No 14 of 2002 – Part III of First Schedule		
Objective	To reduce the price of essential goods to manage the cost of living		
Source of data	Inland Revenue Department		
Projection Method			
Number of beneficiaries	No data is available		
Estimates (Rs. Mn)	**2023**	**2024**	**01.01.2025 – 30.06.2025**
	-	**-**	**-**

Name	The supply or import of Ayurvedic Preparations.		
Description	VAT is exmepted on the supply or import of Ayurvedic Preparations belong to the Ayurveda Pharmacopoeia or Ayurvedic Preparations (other than cosmetic preparations) or Unani, Siddha or Homeopathic Preparations (other than cosmetic preparations) identified under the Harmonized Commodity Description and Coding System Numbers for Custom purposes and Raw Materials for such preparations, with the recommendation of the Commissioner for Ayurveda appointed under section 3 of the Ayurveda Act, No. 31 of 1961.		
Type of Tax	Value Added Tax		
Beneficiaries	Final Consumer		
Type of Measure	Exemption		
Legal Reference	Value Added Tax Act, No 14 of 2002 – Part III of First Schedule		
Objective	To reduce the price of essential goods to manage the cost of living		
Source of data	Inland Revenue Department		
Projection Method			
Number of beneficiaries	No data is available		
Estimates (Rs. Mn)	2023	2024	01.01.2025 – 30.06.2025
	-	-	-

Name	The supply or import of Crude Petroleum Oil, Kerosene, Aviation Fuel, Oil for Ships or Fuel Oil.		
Description	VAT is exempted on the supply or import of Crude Petroleum Oil, Kerosene, Aviation Fuel, Oil for Ships or Fuel Oil specified under the Harmonized Commodity Description Number 2710.19.60 for Custom purposes.		
Type of Tax	Value Added Tax		
Beneficiaries	Final Consumer		
Type of Measure	Exemption		
Legal Reference	Value Added Tax Act, No 14 of 2002 – Part III of First Schedule		
Objective	To reduce the price of essential goods to manage the cost of living		
Source of data	Inland Revenue Department		
Projection Method			
Number of beneficiaries	No data is available		
Estimates (Rs. Mn)	2023	2024	01.01.2025 – 30.06.2025
	-	-	-

Name	**The supply or import of Accessories for such aids or Appliances which are worn or carried or implanted in the human body.**			
Description	VAT is exempted on the supply or import of Artificial Limb, Crutches, Wheel Chairs, Hearing Aids, Accessories for such aids or Appliances which are worn or carried or implanted in the human body to compensate for a defect or disability, White Canes for the blind, Braille Typewriters and Parts, Braille Writing Papers, Braille Writing Boards and any other articles which are used by disabled persons which are approved by the Minister taking into consideration the degree of relief requested by such persons, on an application made for that purposes.			
Type of Tax	Value Added Tax			
Beneficiaries	Final Consumer			
Type of Measure	Exemption			
Legal Reference	Value Added Tax Act, No 14 of 2002 – Part III of First Schedule			
Objective	To reduce the price of essential goods to manage the cost of living			
Source of data	Inland Revenue Department			
Projection Method				
Number of beneficiaries	No data is available			
Estimates (Rs. Mn)	**2023**	**2024**	**01.01.2025 – 30.06.2025**	
	-	-	-	

Name	**The supply or import of Bio Fertilizer, Artemia Eggs and Peat Moss.**		
Description	VAT is exempted on the supply or import of Bio Fertilizer, Artemia Eggs and Peat Moss, classified under the Harmonized Commodity Description and Coding System Numbers for Custom purposes.		
Type of Tax	Value Added Tax		
Beneficiaries	Final Consumer		
Type of Measure	Exemption		
Legal Reference	Value Added Tax Act, No 14 of 2002 – Part III of First Schedule		
Objective	To promote agricultural industry		
Source of data	Inland Revenue Department		
Projection Method			
Number of beneficiaries	No data is available		
Estimates (Rs. Mn)	**2023**	**2024**	**01.01.2025 – 30.06.2025**
	-	-	-

Name	The supply or import of Agricultural Seeds, Agricultural Plants.		
Description	VAT is exempted on the supply or import of Agricultural Seeds, Agricultural Plants, Shrimp Feed inclusive of Prawn Feed and Animal Feed but excluding Poultry Feed.		
Type of Tax	Value Added Tax		
Beneficiaries	Final Consumer		
Type of Measure	Exemption		
Legal Reference	Value Added Tax Act, No 14 of 2002 – Part III of First Schedule		
Objective	To promote agricultural industry		
Source of data	Inland Revenue Department		
Projection Method			
Number of beneficiaries	No data is available		
Estimates (Rs. Mn)	2023	2024	01.01.2025 – 30.06.2025
	-	-	-

Name	The supply or import of Yarn used for textile industry.		
Description	VAT is exempted on the supply or import of Yarn used for textile industry as identified under the Harmonized Commodity Description and Coding System Numbers for Custom purposes.		
Type of Tax	Value Added Tax		
Beneficiaries	Final Consumer		
Type of Measure	Exemption		
Legal Reference	Value Added Tax Act, No 14 of 2002 – Part III of First Schedule		
Objective	To promote domestic fabric manufacturing industry		
Source of data	Inland Revenue Department		
Projection Method			
Number of beneficiaries	No data is available		
Estimates (Rs. Mn)	2023	2024	01.01.2025 – 30.06.2025
	-	-	-

Name	**The supply or import of Dyes used for the handloom industry.**		
Description	VAT is exempted on the supply or import of Dyes used for the handloom industry as identified under the Harmonized Commodity Description and Coding System Numbers for Custom purposes.		
Type of Tax	Value Added Tax		
Beneficiaries	Final Consumer		
Type of Measure	Exemption		
Legal Reference	Value Added Tax Act, No 14 of 2002 – Part III of First Schedule		
Objective	To promote domestic fabric manufacturing industry		
Source of data	Inland Revenue Department		
Projection Method			
Number of beneficiaries	No data is available		
Estimates (Rs. Mn)	**2023**	**2024**	**01.01.2025 – 30.06.2025**
	-	-	-

Name	**The supply of Educational Services.**		
Description	VAT is exempted on the supply of Educational Services provided by any person or partnership.		
Type of Tax	Value Added Tax		
Beneficiaries	Final Consumer		
Type of Measure	Exemption		
Legal Reference	Value Added Tax Act, No 14 of 2002 – Part III of First Schedule		
Objective	To reduce the price of essential services to manage the cost of living		
Source of data	Inland Revenue Department		
Projection Method			
Number of beneficiaries	No data is available		
Estimates (Rs. Mn)	**2023**	**2024**	**01.01.2025 – 30.06.2025**
	-	-	-

Name	**The supply of Public passengers transport services.**		
Description	VAT is exempted on the supply of Public passengers transport services (other than air transport, water transport or transport of tourists, excursion tours and taxi services).		
Type of Tax	Value Added Tax		
Beneficiaries	Final Consumer		
Type of Measure	Exemption		
Legal Reference	Value Added Tax Act, No 14 of 2002 – Part III of First Schedule		
Objective	To reduce the price of essential services to manage the cost of living		
Source of data	Inland Revenue Department		
Projection Method			
Number of beneficiaries	No data is available		
Estimates (Rs. Mn)	**2023**	**2024**	**01.01.2025 – 30.06.2025**
	-	-	-

Name	**The supply of Electricity.**		
Description	VAT is exempted on the supply of Electricity including distribution.		
Type of Tax	Value Added Tax		
Beneficiaries	Final Consumer		
Type of Measure	Exemption		
Legal Reference	Value Added Tax Act, No 14 of 2002 – Part III of First Schedule		
Objective	To reduce the price of essential services to manage the cost of living		
Source of data	Inland Revenue Department		
Projection Method			
Number of beneficiaries	No data is available		
Estimates (Rs. Mn)	**2023**	**2024**	**01.01.2025 – 30.06.2025**
	–	-	-

Name	**The supply of All healthcare services provided by medical institutions or professionally qualified persons.**			
Description	VAT is exempted on the supply of All healthcare services provided by medical institutions or professionally qualified persons providing such care other than hospital room charges.			
Type of Tax	Value Added Tax			
Beneficiaries	Final Consumer			
Type of Measure	Exemption			
Legal Reference	Value Added Tax Act, No 14 of 2002 – Part III of First Schedule			
Objective	To reduce the price of essential services to manage the cost of living			
Source of data	Inland Revenue Department			
Projection Method				
Number of beneficiaries	No data is available			
Estimates (Rs. Mn)	**2023**	**2024**	**01.01.2025 – 30.06.2025**	
	–	-	-	

Name	**The supply of Locally Manufactured Handloom Textiles.**		
Description	VAT is exempted on the supply of Locally Manufactured Handloom Textiles.		
Type of Tax	Value Added Tax		
Beneficiaries	Final Consumer		
Type of Measure	Exemption		
Legal Reference	Value Added Tax Act, No 14 of 2002 – Part III of First Schedule		
Objective	To promote domestic fabric manufacturing industry		
Source of data	Inland Revenue Department		
Projection Method			
Number of beneficiaries	No data is available		
Estimates (Rs. Mn)	**2023**	**2024**	**01.01.2025 – 30.06.2025**
	-	-	-

Name	**The supply of Rice, Rice Flour and Bread so far as such products are manufactured locally.**		
Description	VAT is exempted on the supply of Rice, Rice Flour and Bread so far as such products are manufactured locally.		
Type of Tax	Value Added Tax		
Beneficiaries	Final Consumer		
Type of Measure	Exemption		
Legal Reference	Value Added Tax Act, No 14 of 2002 – Part III of First Schedule		
Objective	To reduce the price of essential goods to manage the cost of living		
Source of data	Inland Revenue Department		
Projection Method			
Number of beneficiaries	No data is available		
Estimates (Rs. Mn)	**2023**	**2024**	**01.01.2025 – 30.06.2025**
	-	-	-

Name	The supply of Unprocessed Agricultural, Horticultural or fishing products produced.		
Description	VAT is exempted on the supply of Unprocessed Agricultural, Horticultural or fishing products produced in Sri Lanka.		
Type of Tax	Value Added Tax		
Beneficiaries	Final Consumer		
Type of Measure	Exemption		
Legal Reference	Value Added Tax Act, No 14 of 2002 – Part III of First Schedule		
Objective	To promote agricultural industry		
Source of data	Inland Revenue Department		
Projection Method			
Number of beneficiaries	No data is available		
Estimates (Rs. Mn)	**2023**	**2024**	**01.01.2025 – 30.06.2025**
	-	-	-

Name	The supply of locally manufactured Surgical Gauze.		
Description	VAT is exempted on the supply of Locally manufactured Surgical Gauze used for surgery.		
Type of Tax	Value Added Tax		
Beneficiaries	Final Consumer		
Type of Measure	Exemption		
Legal Reference	Value Added Tax Act, No 14 of 2002 – Part III of First Schedule		
Objective	To protect the domestic industry		
Source of data	Inland Revenue Department		
Projection Method			
Number of beneficiaries	No data is available		
Estimates (Rs. Mn)	**2023**	**2024**	**01.01.2025 – 30.06.2025**
	-	-	-

Name	**The supply of Services, which result in the improvement of quality.**		
Description	VAT is exempted on the supply of Services, which result in the improvement of quality, character or value of any yarn, fabric or garment so far as such services are provided to persons other than exporters of such products.		
Type of Tax	Value Added Tax		
Beneficiaries	Final Consumer		
Type of Measure	Exemption		
Legal Reference	Value Added Tax Act, No 14 of 2002 – Part III of First Schedule		
Objective	To promote domestic fabric manufacturing industry		
Source of data	Inland Revenue Department		
Projection Method			
Number of beneficiaries	No data is available		
Estimates (Rs. Mn)	**2023**	**2024**	**01.01.2025 – 30.06.2025**
	-	-	-

Name	**The supply of Geriatric Services and Child Care Services.**		
Description	VAT is exmpted on the supply of Geriatric Services and Child Care Services.		
Type of Tax	Value Added Tax		
Beneficiaries	Final Consumer		
Type of Measure	Exemption		
Legal Reference	Value Added Tax Act, No 14 of 2002 – Part III of First Schedule		
Objective	To reduce the price of essential services to manage the cost of living		
Source of data	Inland Revenue Department		
Projection Method			
Number of beneficiaries	No data is available		
Estimates (Rs. Mn)	**2023**	**2024**	**01.01.2025 – 30.06.2025**
	-	-	-

Name	The supply of Goods or services to any project identified as a Strategic Development Project.		
Description	VAT is exempted on the supply of Goods or services to any project identified as a Strategic Development Project in terms of section 3(4) of the Strategic Development Project Act, No. 14 of 2008.		
Type of Tax	Value Added Tax		
Beneficiaries	Final Consumer		
Type of Measure	Exemption		
Legal Reference	Value Added Tax Act, No 14 of 2002 – Part III of First Schedule		
Objective	To promote investment		
Source of data	Inland Revenue Department		
Projection Method			
Number of beneficiaries	No data is available		
Estimates (Rs. Mn)	**2023**	**2024**	**01.01.2025 – 30.06.2025**
	-	-	-

Name	**The supply of Goods or services to any specified project identified by the Minister or Goods and services to any infrastructure development project.**		
Description	VAT is exempted on the supply of; Goods or services to any specified project identified by the Minister, taking into consideration the economis benefit to the country, on which the tax is borne by the Government or, Goods and services to any infrastructure development project funded through foreign loans or donations directly to the Government Ministries, approved by the Minister on the recommendation of secretary of the respective Government Ministry.		
Type of Tax	Value Added Tax		
Beneficiaries	Final Consumer		
Type of Measure	Exemption		
Legal Reference	Value Added Tax Act, No 14 of 2002 – Part III of First Schedule		
Objective	To minimize the upfront cost of the project for the government		
Source of data	Inland Revenue Department		
Projection Method			
Number of beneficiaries	No data is available		
Estimates (Rs. Mn)	**2023**	**2024**	**01.01.2025 – 30.06.2025**
	-	-	-

Name	**The import of Aircraft Engines or Aircraft Spare Parts.**		
Description	VAT is exempted on the import of Aircraft Engines or Aircraft Spare Parts identified under specified Harmonized Commodity Description and Coding System Numbers for Custom purposes.		
Type of Tax	Value Added Tax		
Beneficiaries	Final Consumer		
Type of Measure	Exemption		
Legal Reference	Value Added Tax Act, No 14 of 2002 – Part III of First Schedule		
Objective	To ensure competitiveness of providing international transportation services		
Source of data	Inland Revenue Department		
Projection Method			
Number of beneficiaries	No data is available		
Estimates (Rs. Mn)	**2023**	**2024**	**01.01.2025 – 30.06.2025**
	-	-	-

Name	**The import of Chemical Naphtha by the Ceylon Petroleum Corporation.**		
Description	VAT is exempted on the import of Chemical Naphtha by the Ceylon Petroleum Corporation to be supplied to Ceylon Electricity Board for the generation of electricity.		
Type of Tax	Value Added Tax		
Beneficiaries	Final Consumer		
Type of Measure	Exemption		
Legal Reference	Value Added Tax Act, No 14 of 2002 – Part III of First Schedule		
Objective	To minimize the cost of power generation		
Source of data	Inland Revenue Department		
Projection Method			
Number of beneficiaries	1		
Estimates (Rs. Mn)	**2023**	**2024**	**01.01.2025 – 30.06.2025**
	-	-	-

Name	**Port City Construction Related Goods Imports – Reusable.**		
Description	VAT exemptions granted to CHEC Port City under the SDP Act No. 14 of 2008.		
Type of Tax	Value Added Tax		
Beneficiaries	CHEC Port City Colombo		
Type of Measure	Exemption		
Legal Reference	Strategic Developments Project Act, No. 14 of 2008		
Objective	To promote investments		
Source of data	Sri Lanka Customs		
Projection Method			
Number of beneficiaries	1		
Estimates (Rs. Mn)	**2023**	**2024**	**01.01.2025 – 30.06.2025**
	-	52	149.6

Name	Port City Duty Free Shop – Imports.		
Description	VAT exemptions granted to imports of Port City Duty Free Shop.		
Type of Tax	Value Added Tax		
Beneficiaries	Entities		
Type of Measure	Exemption		
Legal Reference	Colombo Port City Economic Commission Act No. 11 of 2021		
Objective	To promote investments within the Colombo Port City		
Source of data	Sri Lanka Customs		
Projection Method			
Number of beneficiaries	No data is available		
Estimates (Rs. Mn)	2023	2024	01.01.2025 – 30.06.2025
	-	142.1	0

3.4 Inventory of SSCL TE

Name	Exempted articles of Any article exported by the manufacturer.		
Description	SSCL is exempted on the articles of Any article exported by the manufacturer.		
Type of Tax	Social Security Contribution Levy		
Beneficiaries	Individuals and Entities		
Type of Measure	Exemption		
Legal Reference	Social Security Contribution Levy Act, No. 25 of 2022 – Part 1A		
Objective	To promote exports		
Source of data	Inland Revenue Department		
Projection Method			
Number of beneficiaries	No data is available		
Estimates (Rs. Mn)	2023	2024	01.01.2025 – 30.06.2025
	-	-	-

Name	**Exempted articles of Any article not being a plant, machinery or fixture imported by any person exclusively for the use.**		
Description	SSCL is exempted on the articles of Any article not being a plant, machinery or fixture imported by any person exclusively for the use in, or for, the manufacture of any article for export.		
Type of Tax	Social Security Contribution Levy		
Beneficiaries	Individuals and Entities		
Type of Measure	Exemption		
Legal Reference	Social Security Contribution Levy Act, No. 25 of 2022 – Part 1A		
Objective	To promote exports		
Source of data	Inland Revenue Department		
Projection Method			
Number of beneficiaries	No data is available		
Estimates (Rs. Mn)	**2023**	**2024**	**01.01.2025 – 30.06.2025**
	-	-	-

Name	**Exempted articles of Any article sold by a taxable person to any exporter.**		
Description	SSCL is exempted on the articles of Any article sold by a taxable person to any exporter, if the Commissioner-General is satisfied on the production of any documentary evidence that such article or any other article manufactured, of which such article is a constituent part, has in fact been exported from Sri Lanka by such exporter directly or through a trading house established for export purposes.		
Type of Tax	Social Security Contribution Levy		
Beneficiaries	Individuals and Entities		
Type of Measure	Exemption		
Legal Reference	Social Security Contribution Levy Act, No. 25 of 2022 – Part 1A		
Objective	To promote exports		
Source of data	Inland Revenue Department		
Projection Method			
Number of beneficiaries	No data is available		
Estimates (Rs. Mn)	**2023**	**2024**	**01.01.2025 – 30.06.2025**
	-	-	-

Name	**Exempted articles of Any spare part imported by any airline or shipping company.**		
Description	SSCL is exempted on the articles of Any spare part imported by any airline or shipping company,if proved to the satisfaction of the Commissioner-General, that such spare part is to be used for the maintenance of any aircraft or ship, used in international traffic and owned or chartered by such airline or shipping company.		
Type of Tax	Social Security Contribution Levy		
Beneficiaries	Individuals and Entities		
Type of Measure	Exemption		
Legal Reference	Social Security Contribution Levy Act, No. 25 of 2022 – Part 1A		
Objective	To ensure competitiveness of providing international transportation services		
Source of data	Inland Revenue Department		
Projection Method			
Number of beneficiaries	No data is available		
Estimates (Rs. Mn)	**2023**	**2024**	**01.01.2025 – 30.06.2025**
	-	-	-

Name	**Exempted articles of Fertilizer.**		
Description	SSCL is exempted on the articles of Fertilizer.		
Type of Tax	Social Security Contribution Levy		
Beneficiaries	Individuals and Entities		
Type of Measure	Exemption		
Legal Reference	Social Security Contribution Levy Act, No. 25 of 2022 – Part 1A		
Objective	To promote agricultural activities		
Source of data	Inland Revenue Department		
Projection Method			
Number of beneficiaries	No data is available		
Estimates (Rs. Mn)	**2023**	**2024**	**01.01.2025 – 30.06.2025**
	-	-	-

Name	**Exempted articles of Petroleum and petroleum products.**		
Description	SSCL is exempted on the articles of Petroleum and petroleum products other than lubricants classified under Harmonized Commodity Description and Coding Numbers for Customs purpose.		
Type of Tax	Social Security Contribution Levy		
Beneficiaries	Individuals and Entities		
Type of Measure	Exemption		
Legal Reference	Social Security Contribution Levy Act, No. 25 of 2022 – Part 1A		
Objective	To prevent cascading effect on the prices of consumer goods with the aim of uplifting the life standards of general public		
Source of data	Inland Revenue Department		
Projection Method			
Number of beneficiaries	No data is available		
Estimates (Rs. Mn)	**2023**	**2024**	**01.01.2025 – 30.06.2025**
	-	-	-

Name	**Exempted articles of L.P. Gas.**		
Description	SSCL is exempted on the articles of L.P. Gas.		
Type of Tax	Social Security Contribution Levy		
Beneficiaries	Individuals and Entities		
Type of Measure	Exemption		
Legal Reference	Social Security Contribution Levy Act, No. 25 of 2022 – Part 1A		
Objective	To prevent cascading effect on the prices of consumer goods with the aim of uplifting the life standards of general public.		
Source of data	Inland Revenue Department		
Projection Method			
Number of beneficiaries	No data is available		
Estimates (Rs. Mn)	**2023**	**2024**	**01.01.2025 – 30.06.2025**
	-	-	-

Name	**Exempted articles of Pharmaceuticals.**		
Description	SSCL is exempted on the articles of Pharmaceuticals identified under Harmonized Commodity Description and Coding Numbers for Customs purpose.		
Type of Tax	Social Security Contribution Levy		
Beneficiaries	General Public		
Type of Measure	Exemption		
Legal Reference	Social Security Contribution Levy Act, No. 25 of 2022 – Part 1A		
Objective	To prevent cascading effect on the prices of consumer goods with the aim of uplifting the life standards of general public		
Source of data	Inland Revenue Department		
Projection Method			
Number of beneficiaries	No data is available		
Estimates (Rs. Mn)	**2023**	**2024**	**01.01.2025 – 30.06.2025**
	-	-	-

Name	**Exempted articles of Tea supplied by the Manufacturer.**		
Description	SSCL is exempted on the articles of Tea supplied by the Manufacturer being a manufacturer registered with the Sri Lanka Tea Board established by the Sri Lanka Tea Board Law, No. 14 of 1975, to any registered broker for sale at the Colombo Tea Auctions.		
Type of Tax	Social Security Contribution Levy		
Beneficiaries	Individuals and Entities		
Type of Measure	Exemption		
Legal Reference	Social Security Contribution Levy Act, No. 25 of 2022 – Part 1A		
Objective	To incentivize the tea manufacturing sector		
Source of data	Inland Revenue Department		
Projection Method			
Number of beneficiaries	No data is available		
Estimates (Rs. Mn)	**2023**	**2024**	**01.01.2025 – 30.06.2025**
	-	-	-

Name	**Exempted articles of Any article for the use in any project approved by the relevant Minister and by the Minister.**		
Description	SSCL is exempted on the articles of Any article for the use in any project approved by the relevant Minister and by the Minister in charge of the subject of Finance taking into consideration the economic benefit to the country and where the tax in respect of such project is borne by the Government.		
Type of Tax	Social Security Contribution Levy		
Beneficiaries	Individuals and Entities		
Type of Measure	Exemption		
Legal Reference	Social Security Contribution Levy Act, No. 25 of 2022 – Part 1A		
Objective	To minimize the upfront cost of the project for the government		
Source of data	Inland Revenue Department		
Projection Method			
Number of beneficiaries	No data is available		
Estimates (Rs. Mn)	**2023**	**2024**	**01.01.2025 – 30.06.2025**
	-	-	-

Name	**Exempted articles of Bitumen classified under HS Code No. 2714.**		
Description	SSCL is exempted on the articles of Bitumen classified under HS Code No. 2714.		
Type of Tax	Social Security Contribution Levy		
Beneficiaries	Individuals and Entities		
Type of Measure	Exemption		
Legal Reference	Social Security Contribution Levy Act, No. 25 of 2022 – Part 1A		
Objective	To support the construction and infrastructure development sectors by exempting articles of bitumen from the Social Security Contribution Levy (SSCL).		
Source of data	Inland Revenue Department		
Projection Method			
Number of beneficiaries	No data is available		
Estimates (Rs. Mn)	**2023**	**2024**	**01.01.2025 – 30.06.2025**
	-	-	-

Name	**Exempted articles of Raw materials or packing materials.**		
Description	SSCL is exempted on the articles of Raw materials or packing materials imported for the manufacture of pharmaceuticals subject to the approval of the relevant authority.		
Type of Tax	Social Security Contribution Levy		
Beneficiaries	Individuals and Entities		
Type of Measure	Exemption		
Legal Reference	Social Security Contribution Levy Act, No. 25 of 2022 – Part 1A		
Objective	To prevent cascading effect on the prices of consumer goods with the aim of uplifting the life standards of general public		
Source of data	Inland Revenue Department		
Projection Method			
Number of beneficiaries	No data is available		
Estimates (Rs. Mn)	**2023**	**2024**	**01.01.2025 – 30.06.2025**
	-	-	-

Name	**Exempted articles of Plant, machinery or equipment imported on temporary basis.**		
Description	SSCL is exempted on the articles of plant, machinery or equipment imported on temporary basis for the use of large-scale infrastructure development projects approved by the Minister in charge of the subject of Finance as being of beneficial for the economic development of Sri Lanka,on condition that goods will be re-exported after the completion of work.		
Type of Tax	Social Security Contribution Levy		
Beneficiaries	Individuals and Entities		
Type of Measure	Exemption		
Legal Reference	Social Security Contribution Levy Act, No. 25 of 2022 – Part 1A		
Objective	To minimize the upfront cost of the project for the government		
Source of data	Inland Revenue Department		
Projection Method			
Number of beneficiaries	No data is available		
Estimates (Rs. Mn)	**2023**	**2024**	**01.01.2025 – 30.06.2025**
	-	-	-

Name	**Exempted articles of Raw materials or packing materials imported for the manufacture of ayurvedic preparations.**		
Description	SSCL is exempted on the articles of Raw materials or packing materials imported for the manufacture of ayurvedic preparations which belong to the Ayurveda Pharmacopoeia or ayurveda preparation subject to the approval of the relevant authority.		
Type of Tax	Social Security Contribution Levy		
Beneficiaries	Individuals and Entities		
Type of Measure	Exemption		
Legal Reference	Social Security Contribution Levy Act, No. 25 of 2022 – Part 1A		
Objective	To prevent cascading effect on the prices of consumer goods with the aim of uplifting the life standards of general public		
Source of data	Inland Revenue Department		
Projection Method			
Number of beneficiaries	No data is available		
Estimates (Rs. Mn)	**2023**	**2024**	**01.01.2025 – 30.06.2025**
	-	-	-

Name	**Exempted articles of Pure-bred breeding animals.**		
Description	SSCL is exempted on the articles of Pure-bred breeding animals under HS 0102.10 or HS 0104.20.10, milking machines under HS 8434.10, dairy machinery under HS 8434. 20 and spare parts under HS 8434.90, at the point of importation.		
Type of Tax	Social Security Contribution Levy		
Beneficiaries	Individuals and Entities		
Type of Measure	Exemption		
Legal Reference	Social Security Contribution Levy Act, No. 25 of 2022 – Part 1A		
Objective	To promote the development and modernization of the dairy sector by exempting pure-bred breeding animals, milking machines, dairy machinery, and related spare parts from the Social Security Contribution Levy (SSCL) at the point of importation.		
Source of data	Inland Revenue Department		
Projection Method			
Number of beneficiaries	No data is available		
Estimates (Rs. Mn)	**2023**	**2024**	**01.01.2025 – 30.06.2025**
	-	-	-

Name	**Exempted articles of Solar panel modules, accessories or solar home systems.**		
Description	SSCL is exempted on the articles of Solar panel modules, accessories or solar home systems for the generation of solar power energy classified under Harmonized Commodity Description and Coding Numbers for Customs purposes at the point of importation.		
Type of Tax	Social Security Contribution Levy		
Beneficiaries	Individuals and Entities		
Type of Measure	Exemption		
Legal Reference	Social Security Contribution Levy Act, No. 25 of 2022 – Part 1A		
Objective	To promote renewable energy adoption and support the transition to sustainable energy sources by exempting solar panel modules, accessories, and solar home systems from the Social Security Contribution Levy (SSCL) at the point of importation.		
Source of data	Inland Revenue Department		
Projection Method			
Number of beneficiaries	No data is available		
Estimates (Rs. Mn)	**2023**	**2024**	**01.01.2025 – 30.06.2025**
	-	-	-

Name	**Exempted articles of Coal.**		
Description	SSCL is exempted on the articles of coal.		
Type of Tax	Social Security Contribution Levy		
Beneficiaries	Individuals and Entities		
Type of Measure	Exemption		
Legal Reference	Social Security Contribution Levy Act, No. 25 of 2022 – Part 1A		
Objective	To support energy generation and industrial production by exempting coal from the Social Security Contribution Levy (SSCL) at the point of importation.		
Source of data	Inland Revenue Department		
Projection Method			
Number of beneficiaries	No data is available		
Estimates (Rs. Mn)	**2023**	**2024**	**01.01.2025 – 30.06.2025**
	-	-	-

Name	**Exempted articles of Any machinery or equipment imported or purchased locally.**		
Description	SSCL is exempted on the articles of Any machinery or equipment imported or purchased locally for the purpose of generating electricity by the Ceylon Electricity Board established under the Ceylon Electricity Board Act, No. 17 of 1969 or any institution which has entered into an agreement with the Ceylon Electricity Board to supply electricity, being machinery or equipment classified under Harmonized Commodity Description and Coding Numbers for Customs purposes and approved by the Minister of Finance.		
Type of Tax	Social Security Contribution Levy		
Beneficiaries	CEB		
Type of Measure	Exemption		
Legal Reference	Social Security Contribution Levy Act, No. 25 of 2022 – Part 1A		
Objective	To prevent cascading effect on the prices of consumer goods with the aim of uplifting the life standards of general public		
Source of data	Inland Revenue Department		
Projection Method			
Number of beneficiaries	No data is available		
Estimates (Rs. Mn)	**2023**	**2024**	**01.01.2025 – 30.06.2025**
	-	-	-

Name	**Exemption of equipment used by differently abled persons.**		
Description	Exemption of equipment used by differently abled persons.		
Type of Tax	Social Security Contribution Levy		
Beneficiaries	Individuals		
Type of Measure	Exemption		
Legal Reference	Social Security Contribution Levy Act, No. 25 of 2022 – Part 1A		
Objective	To uplift the life standards of differently abled persons by making equipment more affordable		
Source of data	Inland Revenue Department		
Projection Method			
Number of beneficiaries	No data is available		
Estimates (Rs. Mn)	**2023**	**2024**	**01.01.2025 – 30.06.2025**
	-	-	-

Name	**Exemption of Rice manufactured out of locally produced paddy.**		
Description	Exemption of Rice manufactured out of locally produced paddy.		
Type of Tax	Social Security Contribution Levy		
Beneficiaries	Individuals		
Type of Measure	Exemption		
Legal Reference	Social Security Contribution Levy Act, No. 25 of 2022 – Part 1A		
Objective	To ensure price stability of rice		
Source of data	Inland Revenue Department		
Projection Method			
Number of beneficiaries	No data is available		
Estimates (Rs. Mn)	**2023**	**2024**	**01.01.2025 – 30.06.2025**
	-	-	-

Name	**Exempted services of Generation of electricity and supply of electricity.**		
Description	SSCL is exempted on the services of Generation of electricity and supply of electricity other than the supply of electricity by Ceylon Electricity Board established under the Ceylon Electricity Board Act,		
Type of Tax	Social Security Contribution Levy		
Beneficiaries	General Public		
Type of Measure	Exemption		
Legal Reference	Social Security Contribution Levy Act, No. 25 of 2022 – Part II		
Objective	To prevent cascading effect on the prices of consumer goods with the aim of uplifting the life standards of general public		
Source of data	Inland Revenue Department		
Projection Method			
Number of beneficiaries	No data is available		
Estimates (Rs. Mn)	**2023**	**2024**	**01.01.2025 – 30.06.2025**
	-	-	-

Name	**Exempted services of Medical services.**		
Description	SSCL is exempted on the services of Medical services.		
Type of Tax	Social Security Contribution Levy		
Beneficiaries	General Public		
Type of Measure	Exemption		
Legal Reference	Social Security Contribution Levy Act, No. 25 of 2022 – Part II		
Objective	To prevent cascading effect on the prices of consumer goods with the aim of uplifting the life standards of general public		
Source of data	Inland Revenue Department		
Projection Method			
Number of beneficiaries	No data is available		
Estimates (Rs. Mn)	**2023**	**2024**	**01.01.2025 – 30.06.2025**
	-	-	-

Name	**Exempted services of Supply of water.**		
Description	SSCL is exempted on the services of Supply of water.		
Type of Tax	Social Security Contribution Levy		
Beneficiaries	Individuals and Entities		
Type of Measure	Exemption		
Legal Reference	Social Security Contribution Levy Act, No. 25 of 2022 – Part II		
Objective	To prevent cascading effect on the prices of consumer goods with the aim of uplifting the life standards of general public		
Source of data	Inland Revenue Department		
Projection Method			
Number of beneficiaries	No data is available		
Estimates (Rs. Mn)	**2023**	**2024**	**01.01.2025 – 30.06.2025**
	-	-	-

Name	**Exempted services of Transportation of goods and passengers.**		
Description	SSCL is exempted on the services of Transportation of goods and passengers.		
Type of Tax	Social Security Contribution Levy		
Beneficiaries	Individuals and Entities		
Type of Measure	Exemption		
Legal Reference	Social Security Contribution Levy Act, No. 25 of 2022 – Part II		
Objective	To prevent cascading effect on the prices of consumer goods with the aim of uplifting the life standards of general public		
Source of data	Inland Revenue Department		
Projection Method			
Number of beneficiaries	No data is available		
Estimates (Rs. Mn)	**2023**	**2024**	**01.01.2025 – 30.06.2025**
	-	-	-

Name	**Exempted services of Services provided to any exporter of any article.**		
Description	SSCL is exempted on the services of Services provided to any exporter of any article, being services directly related to improving the quality and character of such article.		
Type of Tax	Social Security Contribution Levy		
Beneficiaries	Individuals and Entities		
Type of Measure	Exemption		
Legal Reference	Social Security Contribution Levy Act, No. 25 of 2022 – Part II		
Objective	To promote exports		
Source of data	Inland Revenue Department		
Projection Method			
Number of beneficiaries	No data is available		
Estimates (Rs. Mn)	**2023**	**2024**	**01.01.2025 – 30.06.2025**
	-	-	-

Name	**Exempted services of sewing garments**		
Description	SSCL is exempted on the Services of sewing garments provided to any exporter of such garments.		
Type of Tax	Social Security Contribution Levy		
Beneficiaries	Individuals and Entities		
Type of Measure	Exemption		
Legal Reference	Social Security Contribution Levy Act, No. 25 of 2022 – Part II		
Objective	To promote exports		
Source of data	Inland Revenue Department		
Projection Method			
Number of beneficiaries	No data is available		
Estimates (Rs. Mn)	**2023**	**2024**	**01.01.2025 – 30.06.2025**
	-	-	-

Name	**Exempted services of Services of a freight forwarder and a shipping agent.**		
Description	SSCL is exempted on the Services of a freight forwarder and a shipping agent licensed under the Licensing of Shipping Agents, Freight Forwarders,Non Vessel Operating Common Carriers, and Container Operators Act, No. 10 of 1972 or courier services in so far as such services are in respect of the exporter of any article from Sri Lanka.		
Type of Tax	Social Security Contribution Levy		
Beneficiaries	Individuals and Entities		
Type of Measure	Exemption		
Legal Reference	Social Security Contribution Levy Act, No. 25 of 2022 – Part II		
Objective	To promote competitiveness of services provided from Sri Lanka		
Source of data	Inland Revenue Department		
Projection Method			
Number of beneficiaries	No data is available		
Estimates (Rs. Mn)	**2023**	**2024**	**01.01.2025 – 30.06.2025**
	-	-	-

Name	**Exempted services of Services provided by a public corporation.**		
Description	SSCL is exempted on the services of Services provided by a public corporation, in so far as such services are in respect of the exportation of any article from Sri Lanka.		
Type of Tax	Social Security Contribution Levy		
Beneficiaries	Individuals and Entities		
Type of Measure	Exemption		
Legal Reference	Social Security Contribution Levy Act, No. 25 of 2022 – Part II		
Objective	To promote exports		
Source of data	Inland Revenue Department		
Projection Method			
Number of beneficiaries	No data is available		
Estimates (Rs. Mn)	**2023**	**2024**	**01.01.2025 – 30.06.2025**
	-	-	-

Name	**Exempted services of an auctioneer, broker, insurance agent or commission agent of any local product**		
Description	SSCL is exempted on the Services of an auctioneer, broker, insurance agent or commission agent of any local product to the extent of the brokerage receivable by such auctioneer or broker, or commission receivable by such insurance agent or commission agent, as the case may be.		
Type of Tax	Social Security Contribution Levy		
Beneficiaries	Individuals and Entities		
Type of Measure	Exemption		
Legal Reference	Social Security Contribution Levy Act, No. 25 of 2022 – Part II		
Objective	To support domestic trade and marketing activities by exempting from the Social Security Contribution Levy (SSCL) the brokerage or commission income earned by auctioneers, brokers, insurance agents, and commission agents in relation to local products.		
Source of data	Inland Revenue Department		
Projection Method			
Number of beneficiaries	No data is available		
Estimates (Rs. Mn)	**2023**	**2024**	**01.01.2025 – 30.06.2025**
	-	-	-

Name	**Exempted services of Services**		
Description	SSCL is exempted on the Services of; (a) a travel agent in respect of inbound tours operated; or (b) a hotel, guest house, restaurant or other similar businesses, where the payment for such services is received in foreign currency through a bank and such agent, hotel, guest house, restaurant or other similar business is registered with the Sri Lanka Tourism Development Authority;		
Type of Tax	Social Security Contribution Levy		
Beneficiaries	Individuals and Entities		
Type of Measure	Exemption		
Legal Reference	Social Security Contribution Levy Act, No. 25 of 2022 – Part II		
Objective	To promote tourism		
Source of data	Inland Revenue Department		
Projection Method			
Number of beneficiaries	No data is available		
Estimates (Rs. Mn)	**2023**	**2024**	**01.01.2025 – 30.06.2025**
	-	-	-

Name	**Exempted services of Client support services provided over the internet, telephone or by an enterprise.**		
Description	SSCL is exempted on the Services of Client support services provided over the internet, telephone or by an enterprise, exclusively for the provision of such services, to one or more identified clients outside Sri Lanka, for payment in foreign currency.		
Type of Tax	Social Security Contribution Levy		
Beneficiaries	Individuals and Entities		
Type of Measure	Exemption		
Legal Reference	Social Security Contribution Levy Act, No. 25 of 2022 – Part II		
Objective	To promote the export of services and strengthen Sri Lanka's position in the global business process outsourcing (BPO) and IT-enabled services sector by exempting from the Social Security Contribution Levy (SSCL) the client support services provided over the internet, telephone, or other means by enterprises exclusively serving clients located outside Sri Lanka for payment in foreign		
Source of data	Inland Revenue Department		
Projection Method			
Number of beneficiaries	No data is available		
Estimates (Rs. Mn)	**2023**	**2024**	**01.01.2025 – 30.06.2025**
	-	-	-

Name	**Exempted services of th business of life insurance.**		
Description	SSCL is exempted on the services of the business of life insurance.		
Type of Tax	Social Security Contribution Levy		
Beneficiaries	Entities		
Type of Measure	Exemption		
Legal Reference	Social Security Contribution Levy Act, No. 25 of 2022 – Part II		
Objective	To support the development and stability of the life insurance industry		
Source of data	Inland Revenue Department		
Projection Method			
Number of beneficiaries	No data is available		
Estimates (Rs. Mn)	**2023**	**2024**	**01.01.2025 – 30.06.2025**
	-	-	-

Name	**Exempted services of Distribution, production and supply of any cinematographic films.**		
Description	SSCL is exempted on the services of distribution, production and supply of any cinematographic films primarily for exhibition in cinemas.		
Type of Tax	Social Security Contribution Levy		
Beneficiaries	Individuals and Entities		
Type of Measure	Exemption		
Legal Reference	Social Security Contribution Levy Act, No. 25 of 2022 – Part II		
Objective	To support the development and stability of the cinema industry		
Source of data	Inland Revenue Department		
Projection Method			
Number of beneficiaries	No data is available		
Estimates (Rs. Mn)	**2023**	**2024**	**01.01.2025 – 30.06.2025**
	-	-	-

Name	**Exempted services of Exhibiting films in a cinema.**		
Description	SSCL is exempted on the Services of Exhibiting films in a cinema.		
Type of Tax	Social Security Contribution Levy		
Beneficiaries	Individuals and Entities		
Type of Measure	Exemption		
Legal Reference	Social Security Contribution Levy Act, No. 25 of 2022 – Part II		
Objective	To support the development and stability of the cinema industry		
Source of data	Inland Revenue Department		
Projection Method			
Number of beneficiaries	No data is available		
Estimates (Rs. Mn)	**2023**	**2024**	**01.01.2025 – 30.06.2025**
	-	-	-

Name	**Exempted services of Any service rendered in or outside Sri Lanka to any person or partnership outside Sri Lanka.**		
Description	SSCL is exempted on the Services of Any service rendered in or outside Sri Lanka to any person or partnership outside Sri Lanka for the utilization out of Sri Lanka for payment in foreign currency, if such foreign currency is remitted to Sri Lanka through a bank.		
Type of Tax	Social Security Contribution Levy		
Beneficiaries	Individuals and Entities		
Type of Measure	Exemption		
Legal Reference	Social Security Contribution Levy Act, No. 25 of 2022 – Part II		
Objective	To promote exports		
Source of data	Inland Revenue Department		
Projection Method			
Number of beneficiaries	No data is available		
Estimates (Rs. Mn)	**2023**	**2024**	**01.01.2025 – 30.06.2025**
	-	-	-

Name	**Exempted services of Services provided to any specific project.**		
Description	SSCL is exempted on the services of Services provided to any specific project carried on, out of foreign funds or donations received by the Government, as approved by the Minister considering the economic benefit to the country.		
Type of Tax	Social Security Contribution Levy		
Beneficiaries	Government Entities		
Type of Measure	Exemption		
Legal Reference	Social Security Contribution Levy Act, No. 25 of 2022 – Part II		
Objective	To minimize the fiscal burden on the government		
Source of data	Inland Revenue Department		
Projection Method			
Number of beneficiaries	No data is available		
Estimates (Rs. Mn)	**2023**	**2024**	**01.01.2025 – 30.06.2025**
	-	-	-

Name	**Exempted services of Services provided in relation to ship building for the international market.**		
Description	SSCL is exempted on the Services of Services provided in relation to ship building for the international market for payments made in foreign currency;		
Type of Tax	Social Security Contribution Levy		
Beneficiaries	Individuals and Entities		
Type of Measure	Exemption		
Legal Reference	Social Security Contribution Levy Act, No. 25 of 2022 – Part II		
Objective	To promote the ship-building industry		
Source of data	Inland Revenue Department		
Projection Method			
Number of beneficiaries	No data is available		
Estimates (Rs. Mn)	**2023**	**2024**	**01.01.2025 – 30.06.2025**
	-	-	-

Name	Exempted services of Services provided by any General Sales Agent		
Description	SSCL is exempted on the services of Services provided by any General Sales Agent who holds an Air Transport Service Licence issued under section 97 of the Civil Aviation Act, No. 14 of 2010;		
Type of Tax	Social Security Contribution Levy		
Beneficiaries	Individuals and Entities		
Type of Measure	Exemption		
Legal Reference	Social Security Contribution Levy Act, No. 25 of 2022 – Part II		
Objective	To promote travel industry		
Source of data	Inland Revenue Department		
Projection Method			
Number of beneficiaries	No data is available		
Estimates (Rs. Mn)	**2023**	**2024**	**01.01.2025 – 30.06.2025**
	-	-	-

3.5 Inventory of XID TE

Name	Port City Duty Free Shop – Imports		
Description	XID exemptions granted to imports of Port City Duty Free Shop		
Type of Tax	Excise Duty (Special Provisions)		
Beneficiaries	Duty Free shops established within the Colombo Port City		
Type of Measure	Exemption		
Legal Reference	Colombo Port City Economic Commission Act No. 11 of 2021		
Objective	To promote investments within the Colombo Port City		
Source of data	Sri Lanka Customs		
Projection Method			
Number of beneficiaries	2		
Estimates (Rs. Mn)	**2023**	**2024**	**01.01.2025 – 30.06.2025**
	0	250	0

Name	XID exemption for locally assembled vehicles – Four Wheel and Commercial Transport		
Description	XID exemptions granted to locally assesmbled Four wheel vehicles and vehicles used for commercial transport		
Type of Tax	Excise Duty (Special Provisions)		
Beneficiaries	Individuals and Entities		
Type of Measure	Preferential Rate		
Legal Reference	Gazette Notification No. No. 2364/36 dated 31.12.2023 – Schedule II for 01.01.2024 – 10.01.2025 Gazette Notification No. No. 2418/43 dated 10.01.2025 – Schedule II from 11.01.2025 onwards		
Objective	To promote domestic value addition and industrial development in the automotive assembly sector by reducing the excise duty burden on locally assembled four-wheel vehicles.		
Source of data	Sri Lanka Customs		
Projection Method			
Number of beneficiaries	Data is not available		
Estimates (Rs. Mn)	**2023**	**2024**	**01.01.2025 – 30.06.2025**
	-	4,167	2,505

Name	XID exemption for locally assembled vehicles – Two Wheel and Three Wheel		
Description	XID exemptions granted to locally assesmbled two wheel vehicles and three vehicles		
Type of Tax	Excise Duty (Special Provisions)		
Beneficiaries	Individuals and Entities		
Type of Measure	Preferential Rate		
Legal Reference	Gazette Notification No. No. 2364/36 dated 31.12.2023 – Schedule II for 01.01.2024 – 10.01.2025 Gazette Notification No. No. 2418/43 dated 10.01.2025 – Schedule II from 11.01.2025 onwards		
Objective	To promote local assembly and manufacturing of two- and three-wheel vehicles by granting exemptions from Excise (Special Provisions) Duty. It also aims to reduce the cost of locally produced two wheel and three wheel vehicles , thereby easing the financial burden on the general public		
Source of data	Sri Lanka Customs		
Projection Method			
Number of beneficiaries	Data is not available		
Estimates (Rs. Mn)	**2023**	**2024**	**01.01.2025 – 30.06.2025**
	-	5,510	4,747

3.6 Inventory of CID TE

Name	**19A Waivers (General Waivers and Special Projects)**		
Description	Duty waivers granted for consumer goods with the aim of uplifting the life standards of general public and for special projects of developing infastructure contributing to economic development.		
Type of Tax	Custom Import Duty		
Beneficiaries	Individuals, Entities and General Public		
Type of Measure	Exemption		
Legal Reference	Customs Ordinance – Chapter 235 Section 19A		
Objective	To promote investment and strategic economic activities through targeted import duty exemptions.		
Source of data	Sri Lanka Customs		
Projection Method			
Number of beneficiaries	No data is available		
Estimates (Rs. Mn)	**2023**	**2024**	**01.01.2025 – 30.06.2025**
	-	9,969	2,900

Name	**Apparatus, drugs and chemical imported for research work**		
Description	Apparatus, drugs and chemicals imported for educational purposes or for research work, imported on the recommendation of the Secretary to the respective line Ministry/authorized officers of respective Universities, subject to approval of the Director General of Customs.		
Type of Tax	Custom Import Duty		
Beneficiaries	Individuals or Entities		
Type of Measure	Exemption		
Legal Reference	Revenue Protection Order No. 07/2022 issued under the Revenue Protection Act, No. 19 of 1962		
Objective	To promote investment and strategic economic activities through targeted import duty exemptions.		
Source of data	Sri Lanka Customs		
Projection Method			
Number of beneficiaries	No data is available		
Estimates (Rs. Mn)	**2023**	**2024**	**01.01.2025 – 30.06.2025**
	-	0.5	0.3

Name	**Machinery including Ambulances, medical, surgical & Dental equipment, etc**		
Description	Machinery including medical, surgical and dental equipment, instruments, apparatus, accessories and parts thereof, ambulances, required for the provision of health services, imported on the recommendation of the Secretary in charge of subject of Ministry of Helath, subject to the approval of the Director General of Customs.		
Type of Tax	Custom Import Duty		
Beneficiaries	Individuals or Entities		
Type of Measure	Exemption		
Legal Reference	Revenue Protection Order No. 07/2022 issued under the Revenue Protection Act, No. 19 of 1962		
Objective	To promote investment and strategic economic activities through targeted import duty exemptions.		
Source of data	Sri Lanka Customs		
Projection Method			
Number of beneficiaries	No data is available		
Estimates (Rs. Mn)	**2023**	**2024**	**01.01.2025 – 30.06.2025**
	-	14	1

Name	**Any machinery, equipments etc for CEB and subsidaries**		
Description	Any machinery, equipment, accessories and materials excluding items classified under the HS Heading 76.14 and 85.44 and utility vehicles, required for the purpose of providing electricity including distribution of electricity, by the Ceylon Electricity Board and its subsidiary companies, and such goods for the use of any project for generation of power including solar and wind power, under any agreement entered into between the Government of Sri Lanka and its development partners, as recommended by the Secretary to the Ministry in charge of subject of Power, subject to approval of the Director General of Customs.		
Type of Tax	Custom Import Duty		
Beneficiaries	CEB and subsidaries		
Type of Measure	Exemption		
Legal Reference	Revenue Protection Order No. 07/2022 issued under the Revenue Protection Act, No. 19 of 1962		
Objective	To promote investment and strategic economic activities through targeted import duty exemptions.		
Source of data	Sri Lanka Customs		
Projection Method			
Number of beneficiaries	No data is available		
Estimates (Rs. Mn)	**2023**	**2024**	**01.01.2025 – 30.06.2025**
	-	1,806	745

Name	Ingredients other than maize, lentis and rice for manufacturing of animal feed		
Description	Ingredients other than maize, lentils and rice, for the purpose of manufacturing animal and poultry feed, and linear low density polyethylene, classified under HS Code 3920.10.90, by a Silage Manufacturing entity to supply silage to the local livestock farmers imported on the recommendation of the Secretary to the Ministry in charge of subject of Livestock, subject to approval of the Director General of Customs.		
Type of Tax	Custom Import Duty		
Beneficiaries	Individuals or Entities		
Type of Measure	Exemption		
Legal Reference	Revenue Protection Order No. 07/2022 issued under the Revenue Protection Act, No. 19 of 1962		
Objective	To promote investment and strategic economic activities through targeted import duty exemptions.		
Source of data	Sri Lanka Customs		
Projection Method			
Number of beneficiaries	No data is available		
Estimates (Rs. Mn)	**2023**	**2024**	**01.01.2025 – 30.06.2025**
	-	9,219	4,332

Name	Ground Equipment, Technical supply used inside airport by Internationl Airline		
Description	Equipment and materials for use within the limits of an airport in Sri Lanka and parts and accessories for repair and maintenance of aircrafts in connection with the establishment and maintenance of international air service, imported on the recommendation of the Secretary to the respective line Ministry, subject to approval of the Director General of Customs.		
Type of Tax	Custom Import Duty		
Beneficiaries	Entities		
Type of Measure	Exemption		
Legal Reference	Revenue Protection Order No. 07/2022 issued under the Revenue Protection Act, No. 19 of 1962		
Objective	To promote investment and strategic economic activities through targeted import duty exemptions.		
Source of data	Sri Lanka Customs		
Projection Method			
Number of beneficiaries	No data is available		
Estimates (Rs. Mn)	**2023**	**2024**	**01.01.2025 – 30.06.2025**
	-	29	46.5

Name	Port City Construction Related Goods Imports – Reusable		
Description	CID exemptions granted to primary businesses of Strategic Importance operating within the Colombo Port City.		
Type of Tax	Custom Import Duty		
Beneficiaries	Entities		
Type of Measure	Exemption		
Legal Reference	Colombo Port City Economic Commission Act No. 11 of 2021		
Objective	To promote investments within the Colombo Port City		
Source of data	Sri Lanka Customs		
Projection Method			
Number of beneficiaries	No data is available		
Estimates (Rs. Mn)	**2023**	**2024**	**01.01.2025 – 30.06.2025**
	-	28	97

Name	Port City Duty Free Shop – Imports		
Description	CID exemptions granted to imports of Port City Duty Free Shop		
Type of Tax	Custom Import Duty		
Beneficiaries	Individuals or Entities		
Type of Measure	Exemption		
Legal Reference	Colombo Port City Economic Commission Act No. 11 of 2021		
Objective	To promote investments within the Colombo Port City		
Source of data	Sri Lanka Customs		
Projection Method			
Number of beneficiaries	No data is available		
Estimates (Rs. Mn)	**2023**	**2024**	**01.01.2025 – 30.06.2025**
	-	46	0