



INLAND REVENUE DEPARTMENT

Notice to Hotel, Guest House, Restaurant Business and Inbound Tour Operators Registered with Sri Lanka Tourism Development Authority

Change of Value Added Tax Rate

As per the Extraordinary Gazette Notification No. 2124/3 dated May 21, 2019, published under section 2A of the Value Added Tax Act, No. 14 of 2002 (VAT Act), VAT rate on the supply of services listed below is **reduced to 5% with effect from May 21, 2019.**

- i. Supply of services by a hotel, guest house, restaurant or other similar businesses providing similar services, registered with the Sri Lanka Tourism Development Authority;
- ii. Supply services in respect of inbound tours, by a travel agent registered with the Sri Lanka Tourism Development Authority.

However, any input tax attributable to supply of such services (on which VAT is charged at 5%), shall not be allowed in terms of third proviso to section 22 (3) of the VAT Act as inserted by the VAT (Amendment) Act, No. 6 of 2005.

In case, if VAT is charged on or after the date of the Gazette notification at 15%, such collected VAT should be paid to the Department of Inland Revenue without any adjustment (no credit note could be issued as such services are consumed by end customers).

Commissioner General of Inland Revenue



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