

Special Notice on Advanced Income Tax (AIT) Rate change from 5% to 10% and Self-Declaration for AIT Relief on Interest Income

Under the provisions of the Inland Revenue Act No. 24 of 2017, as amended by the Inland Revenue (Amendment) Act No. 2 of 2025, these provisions will come into force and effect from April 1, 2025, onwards.

- **Liable Parties, Rates of Tax Deductions and Exemptions**

- AIT (WHT) of 10% will be charged on interest payments applicable for all deposit holders, except for.
 - Interest paid to foreign currency accounts.
 - Interest paid to persons who have obtained an approval from the Department of Inland Revenue (IRD) to claim an exemption or a reduced rate for AIT on deposit interest and have advised the Bank to act based on such approval issued by the IRD
 - Amounts derived by,
 1. The government of a foreign country or territory, as specified under diplomatic immunity laws or similar laws.
 2. An international organization, as specified under diplomatic immunity laws, similar laws, or an agreement between the organization and the government of Sri Lanka, provided that the exemption provided under the agreement shall be broader than that provided under diplomatic immunities law or a similar law.
- If you are a Sri Lankan resident and your assessable income (from all sources) does not exceed Rs. 1,800,000, you may be eligible for relief from AIT on your interest income by submitting a self-declaration to your bank or financial institution.

Who is Eligible to Submit a Self-Declaration?

- You must be a **Sri Lankan resident** as per the provision of **Inland Revenue Act, No.24 of 2017**.
- You must receive or derive **interest income** from banks or financial institutions.
- Your **total assessable income** (from all sources, including employment, business, investment and other source of income) should not exceed **Rs. 1,800,000** for the **relevant year of assessment**.

How to Submit the Self-Declaration?

- **Download the form** from the **Inland Revenue Department's website** (https://www.ird.gov.lk/en/Downloads/Forms_WHT_AIT/ISD_WHT_01-E.pdf).
- The form must be fully completed with accurate personal details, and submit it to your bank or financial institution where you hold your deposits.
- If you operate accounts with multiple banks or Financial institutions, **submit a separate declaration to each**.

Important Notes:

- **TIN No:** You must have a **Taxpayer Identification Number (TIN)** to submit the self-declaration.
- The self-declaration is valid for **one year of assessment** only (April 1st to March 31st of the following year). You must submit a new declaration each year.
- If **AIT has already been deducted** from your interest income before submitting the self-declaration, the bank **cannot refund** the deducted amount. You must apply for a **refund** directly with the **Inland Revenue Department**.
- If you **open a new account**, your previous declaration becomes invalid, and you will need to submit a new declaration.

How to Submit a Declaration for a Minor?

If you're a **guardian** of a minor, you can submit the declaration on their behalf and include the **guardian's NIC and TIN**.

Additional Information:

- **Joint Account Holders:** Each individual must submit a separate self-declaration.
- If the information in your declaration is found to be incorrect, your declaration will be considered **invalid**, and **AIT** will be deducted. Inaccurate information may also lead to penalties under the **Inland Revenue Act**.

Upon receiving a valid declaration as outlined in the IRD circular "SEC/2025/E/03" dated 28.03.2025, the Bank will not deduct any taxes from interest payments to those individuals.

Need Assistance?

If you need help with filling out the form or have any questions, feel free to reach out to your nearest **Inland Revenue Regional Office** or call the **Inland Revenue Call Centre** at 1944.

Stay informed, and make sure to submit your **self-declaration** before the deadline to avoid AIT deductions on your interest income.

Please feel free to contact your branch for any assistance in this regard.