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உள்ளாட்டு இறைவரித் திணைக்களம்
DEPARTMENT OF INLAND REVENUE

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සெයලகம்
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ACT 17/9

24.11.2017

Mr. Gamini Halvitige
 Head of Finance,
 International Water Management Institute,
 127, Sunil Mawatha,
 Pelawatta,
 Battaramulla.

Dear Sir,

Exemption from Value Added Tax on import and Local Purchases

This has reference to your letter dated 20th October 2017 addressed to the Senior Assessor/VAT Division, seeking confirmation on exemption from Value Added Tax (VAT) and Nation Building Tax (NBT) on procurements of goods or services for the **International Water Management Institute (IWMI)**.

The replies to your queries are set out below.

1. VAT

In terms of section 8 and item (viii) of Paragraph (b) of PART II of the First Schedule of the Value Added Tax Act No 14 of 2002, VAT has been exempted on the supply of goods or services to the Diplomatic Missions or **any organization** or personal to whom/which Diplomatic Privileges Act applies as such goods and services are identified by the Commissioner- General.

Supply of following goods and services have been identified by the Commissioner General of Inland Revenue for the purpose of the exemption.

- (a) Any goods purchased locally or imported
- (b) Only the Following specified services
 - Telecom Services including Internet
 - Electricity Services
 - Services provided by star class hotels
 - Building on rent/lease
 - Services provided by international schools
 - Security and janitorial services
 - Supply of land and building to such organizations

- Repairs and maintenance of buildings of such organizations
- Maintenance services on vehicles or other equipment owned by such organizations
- Courier services and insurance services provided to such organizations
- Services provided by an auctioneer to such organizations

As the **International Irrigation Management Institute (IIMI)** has been identified as an organization for which the Diplomatic Privileges Act applies, VAT has been exempted on the supply of above stated goods and services by any supplier to the Irrigation Management Institute.

2. NBT

In terms of section 3(2) and PART I and II of the First Schedule of the Nation Building Tax Act No 9 of 2009, turnover of a manufacturer or service provider from any article sold or any service rendered, as the case may be; to the **International Irrigation Management Institute** does not form part of liable turnover for NBT.

Accordingly, NBT is not applicable on the sale of any goods or provision of any services to International Irrigation Management Institute.

However, exemption is applicable only if the **International Water Management Institute** is approved under Diplomatic Privileges Act No. 9 of 1996.

I trust that this explanation would serve your purpose.

The delay in replying is regretted very much.

Yours faithfully,


R.P.F. Fernando
Commissioner

Rukdevi Fernando
Commissioner
International Tax Policy
Secretariat
Department of Inland Revenue
Colombo 02.