



SRI LANKA BANKS' ASSOCIATION (GUARANTEE) LIMITED

DEDUCTION OF ADVANCE INCOME TAX (AIT) ON INTEREST PAID ON DEPOSITS BY BANKS AND FINANCIAL INSTITUTIONS

This notice is to inform all depositors/customers of Banks and Financial Institutions on the deduction of AIT on any amounts paid as Interest, Discount or Income from Islamic financial transactions by Banks and Financial institutions to any person in **Sri Lankan Rupees(excluding exempt interest)**, effective from **January 01, 2023**, at the rate of **5%** as per the Inland Revenue Act No. 24 of 2017 and Amending **Act No.10 of 2021** and No. 45 of 2022.

AIT will be deducted at the time the Interest, Discount or Income from Islamic financial transactions is paid, credited, reinvested, accumulated or capitalized; as the case may be; to any account maintained in a Bank or Financial Institution.

The Circular to Banks and Financial Institutions No SEC/2022/E/02 issued by The Commissioner General of Inland Revenue is now available on the website of the Inland Revenue Department (www.ird.gov.lk) in Sinhala, Tamil and English languages.

**SRI LANKA BANKS' ASSOCIATION (GUARANTEE)
LIMITED**

Disclaimer : The Sri Lanka Banks Association (Guarantee) Limited (SLBA) stresses that this communication is for **INFORMATION ONLY** and strongly advises the members of the public to contact their respective Banks or Financial Institutions or the Department of Inland Revenue for further clarifications.