



DEPARTMENT OF INLAND REVENUE

WITHHOLDING TAX ON SPECIFIED FEES

**ISSUE OF DIRECTIONS FOR THE YEAR OF ASSESSMENT 2009/2010
REGISTERED SAMURDHI SOCIETIES, FARMERS' ORGANIZATIONS,
RURAL DEVELOPMENT SOCIETIES, SCHOOL DEVELOPMENT SOCIETIES
AND CO-OPERATIVE SOCIETIES**

When a payment is made to any registered Samurdhi Society, Farmers' Organization, Rural Development Society or School Development Society for engaging in a construction activity or supplying of services or goods, a tax is required to be withheld in terms of the Section 153 of the Inland Revenue Act No. 10 of 2006, if such payments exceed Rs. 50,000/- per month or Rs. 500,000/- per year.

Every person who makes payment to such institutions in respect of such activities or services, is hereby directed that only 1% withholding tax is required to be deducted from such payments made during the period from 01.04.2009 to 31.03.2009 (even though the specified rate is 5% in respect of such services other than construction contracts) and tax so withheld at 1% should be remitted to the Commissioner General of Inland Revenue not later than the 15th day of the subsequent month.

Note:

Since any Co-operative society registered under the Co-operative Law No. 5 of 1972 is exempt from income tax, the deduction of WHT is not required on payments made to such institution.

Please be noted that in terms of Section 142 (1) of the Inland Revenue Act No. 10 of 2006 read with Section 154 therein, the person who approve and make payments are responsible to deduct and remit withholding tax.

This direction is issued in terms of Section 154 of the Inland Revenue Act No. 10 of 2006 read with the Section 139 therein.

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Commissioner General of Inland Revenue



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