

### TAX TABLE No. 3

#### Rates for the Deduction of Tax from Once-and-for-All Payments (Terminal Benefits) (All Employees)

01. The amounts of the One-and-for-All Payments to which this table applies are:

- (a) Retiring gratuity up to a ceiling of:
  - (i) Rs. 1,800,000; or
  - (ii) The product of average monthly salary for the last three years and the number of completed years of service; which ever is higher;

**Please apply Tax Table No. 2 on the excess, if any, over this ceiling.**

- (b) Any sum paid in commutation of pension;
- (c) The balance (computed as given below) paid from a Provident Fund approved by the Commissioner-General

Gross sum payable	.....	
Less:- Employee's Contribution	.....	
+		
Share of investment income after 31.03.1987	.....	(.....)
 Balance		 =====

- (d) The balance (computed as given below) paid from a regulated Provident Fund:

Gross sum payable	.....	
Less:- Employee's Contribution	.....	
+		
Employer's Contribution up to 31.03.1968 and the interest thereon, if the employer had paid tax at 15% on such contributions and interest	.....	
+		
Share of investment income after 31.03.1987	.....	(.....).
Balance		 =====

- (e) Any sum payable from the Employees Trust Fund (ETF) (excluding the share of Investment income of the fund, after 31.03.1987);
- (f) Any sum payable as compensation for loss of office or employment (excluding any such sum referred to in Note (i))

- Note: (i) Compensation for loss of office or employment not exceeding Rs. 2,000,000 consequent to:
- (a) the voluntary retirement under a scheme which is uniformly applicable to all the employees: or
  - (b) the retrenchment by the employer, in accordance with a scheme approved by the Commissioner of labour ;is exempt from income tax.
- Employees are requested to obtain the concurrence of the Commissioner – General before conceding this exemption.
- (ii) Where the employer is a public Corporation which pays the emoluments of its employees wholly or partly out of the sums voted annually by the Parliament from the Consolidated Fund, the profits from employment including any once – and – for – all payments of its employees are exempt from income tax. No deduction of tax should therefore be made from such employees:
- (iii) Where the employer is any other public Corporation, each of the amounts referred to in (a) to (f) in Paragraph 01 above, made to any retiring employee, should be reduced in the ratio of the period of service of such employee (with such employer) up to 31.03.1997 to the total period of service of such employee with such employer. The Tax Table (i.e. Table No. 3) is applied to the payment so reduced.

02. (a) The rate of the deduction depends on :
- (i) Where the employer makes the payment whether the scheme in accordance with which the payment is made, is uniformly applicable to all the employees; or
  - (ii) Where the payment is made out of a fund, whether the employer has contributed to the fund in accordance with a scheme which is uniformly applicable to all the employees.
- A Scheme is uniformly applicable where the Commissioner – General of the opinion that it is uniformly applicable.
- (b) (i) Where the scheme (of payment or contribution) is uniformly applicable, deduct 10% of the amount computed in accordance with paragraph 01;
- (ii) Where the scheme is not uniformly applicable and if;
- a) the payment is compensation for loss of office or employment; deduct 20% of the amount computed in accordance with paragraph 01.
  - b) the payment is other than compensation for loss of office or employment, deduct 35% of the amount computed in accordance with paragraph 01.
03. In the case of uniform scheme once– and–for–all payments, deduction should not be made in the following situations:
- (i) As regards Provident Funds, if the amount of any such “balance” (as computed in accordance with sub-paragraph (c) or (d) of paragraph 01) does not exceed -
    - (a). Rs. 1,500,000 where the period of service or contribution is less than 20 years.
    - (b). Rs. 3,000,000 where the period of service or contribution is equal to or more than 20 years.
  - (ii) As regards any other amount (i.e. any amount referred to in (a), (b), (e) or (f) of paragraph 01), if such amount does not exceed.
    - (a) Rs. 750,000 where the period of service or contribution is less than 20 years.
    - (b) Rs. 1,500,000 where the period of service or contribution is equal to or more than 20 years.

**Note:** In the circumstances referred to in paragraph 02(b) (ii) (i.e. non uniform scheme payment), the full amount whether or not it exceeds above limits, as the case may be, is subject to tax deduction at the respective rates of 20% or 35%.

04. Please retain with you the deductions made and advise your retiring employee to obtain a Direction from the PAYE Branch of the Inland Revenue. On receipt of the Direction, please comply with it. If you do not receive a Direction before the expiry of 90 days from the date of deduction and, if you are not advised otherwise please remit the deductions to the Commissioner – General to the credit of Account No. 2, Peoples Bank, Union Place branch. **Please do not write your Taxpayer Identification Number (TIN) in the space provided for it on the paying – in slip,** leave the space blank. Write “*Tax on Once-and-for-All Payment*” in the space provided for “Type of Tax”.