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இலங்கை மத்திய வங்கி
CENTRAL BANK OF SRI LANKA

இலா உட்கீடீ பீகவக
நிதியியல் உளவறிதற் பிரிவு
FINANCIAL INTELLIGENCE UNIT

අංක 30, ජනාධිපති මාවත, කොළඹ 01, ශ්‍රී ලංකාව
இல. 30, சனாதிபதி மாவத்தை, கொழும்பு - 01, இலங்கை
No. 30, Janadhpathi Mawatha, Colombo 01, Sri Lanka

Circular – 02/19

Ref: 37/02/008/0016/016

December 3, 2019

To: Chief Executive Officers of Licensed Banks / Licensed Finance Companies

Dear Sir/Madam,

Debiting Withholding Taxes from Suspended Accounts

The Financial Intelligence Unit (FIU) is empowered by Section 15(2) of the Financial Transactions Reporting Act, No. 6 of 2006 (FTRA), to direct financial institutions not to proceed with any transaction or transactions for a period of seven days. Further, in terms of Section 15(3) of the FTRA, the High Court of the Western Province holden in Colombo may subsequently extend such suspension for a further period.

In terms of Sections 84 and 86 of the Inland Revenue Act, No. 24 of 2017 (IRA) withholding taxes should be deducted at the time of interest paid to the account holder and should be paid to the Commissioner-General of Inland Revenue within 15 days after the end of each calendar month. Section 179 of the IRA empowers the Commissioner-General of Inland Revenue to impose penalties in an event of non-payment of the due amount within the stipulated time period.

All financial institutions are hereby directed to deduct withholding taxes before crediting the interest to the suspended accounts and **credit only the net interest** (withholding taxes deducted from interest) to such accounts. Further, you are requested to pay the withholding taxes related to interest of suspended accounts to the IRD as specified in the IRA.

This circular will come into effect immediately and shall be applicable from the next immediate cycle of the interest payment.

Yours faithfully,

Director
Financial Intelligence Unit

Cc: Compliance Officers of All Licensed Banks and Licensed Finance Companies

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