TAX REFERENCE | SRI LANKA

# Social Security Contribution Levy

**Exempted goods and services**
Position reviewed as at 30 October 2026

A practical reference to the First Schedule of the Social Security Contribution Levy Act, No. 25 of 2022, incorporating amendments through Act No. 10 of 2026.


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| 01 | **Importation and manufacture**<br>Part IA: 28 currently operative entries, with the expired motor-vehicle import entry separately identified. See pages 2-3. |
| 02 | **Wholesale and retail sales**<br>Part IB: seven exemptions applying to trading turnover. See page 4. |
| 03 | **Services**<br>Part II: 25 entries, subject to the conditions stated in each entry. See pages 5-6. |


## Recent changes that matter

**1 May 2026:** the specific motor-vehicle import exemption ended; wholesale and retail sales of any motor vehicle became exempt.

**1 July 2026:** financial services liable to VAT at 20.5% qualify for the corresponding SSCL exemption under Part II, item 25.

**1 July 2025:** the trading exemption for petrol, diesel and kerosene is no longer restricted to sales at filling stations.

**17 December 2025:** the transportation exemption expressly includes container terminal operators' services relating to international transportation.

## Apply the correct category

An exemption at importation or manufacture does not automatically exempt a later wholesale or retail sale. Part IB must be checked separately. Likewise, a VAT exemption does not by itself establish an SSCL exemption.

The registration threshold is a separate test: from 1 July 2026, turnover exceeding or likely to exceed LKR 9 million in a quarter or LKR 36 million over four consecutive quarters triggers registration for relevant domestic taxable activities. This threshold does not exempt imports.

This document summarises statutory exemptions. Apply the exact Act, relevant HS classifications, approvals and supporting evidence to each transaction. It is not a transaction-specific tax opinion.

01 | PART IA

# Goods: importation & manufacture

First Schedule, Part IA; section 3(2)(a)-(b). Numbers below follow the statutory item numbers. Import-only conditions remain applicable where stated.

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| 1 | Articles exported by their manufacturer. |
| 2 | Articles imported exclusively for use in, or for, manufacture of articles for export, **excluding plant, machinery and fixtures**. |
| 3 | Articles sold by a taxable person to an exporter, where documentary evidence satisfies the Commissioner-General that the article, or another article incorporating it, was actually exported directly or through an export trading house. |
| 4 | Temporary imports for exhibitions, temporary use in a Minister-approved project, repairs or similar purposes, to the Commissioner-General's satisfaction, with re-shipment within one year of import or within 90 days after project completion, as applicable. Also articles for producing a film or teledrama in Sri Lanka and taking abroad for further processing or printing, with National Film Corporation approval. |
| 5 | Re-imported articles previously taken out of Sri Lanka for repairs, proved to the satisfaction of the Director-General of Customs. |
| 6 | Spare parts imported by an airline or shipping company for maintenance of aircraft or ships owned or chartered by it and used in international traffic, to the Commissioner-General's satisfaction. |
| 7 | Articles sold to the UN, its specialised agencies, foreign diplomatic missions, their diplomatic staff, or persons approved by the Minister on the Foreign Affairs Minister's recommendation as having diplomatic-mission status. |
| 8 | Imported articles subject to Special Commodity Levy under Act No. 48 of 2007. |
| 9 | Fertilizer. |
| 10 | Petroleum and petroleum products, other than lubricants, classified under Customs HS codes. |
| 11 | L.P. Gas. |
| 12 | Pharmaceuticals identified under Customs HS codes. |
| 13 | Tea supplied by a manufacturer registered with the Sri Lanka Tea Board to a registered broker for sale at the Colombo Tea Auctions. |
| 14 | Articles for a project approved by the relevant Minister and Finance Minister, considering the economic benefit to Sri Lanka, where the Government bears the project tax. |

01 | PART IA CONTINUED

# Goods: conditions & limits

Retain the relevant Customs classification, approvals and evidence of use or export. Part IA is not the wholesale and retail exemption list.

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| 15 | Bitumen under HS 2714. |
| 16 | Raw or packing materials imported to manufacture pharmaceuticals, with approval of the relevant authority. |
| 17 | Plant, machinery or equipment temporarily imported for large-scale infrastructure projects approved by the Finance Minister as economically beneficial, on condition of re-export after completion. |
| 18 | Imported foreign currency notes classified under HS 4907.00.90. |
| 19 | Raw or packing materials imported to manufacture preparations belonging to the Ayurveda Pharmacopoeia, or ayurveda preparations subject to approval of the relevant authority. |
| 20 | At import: pure-bred breeding animals under HS 0102.10 or 0104.20.10; milking machines under HS 8434.10; dairy machinery under HS 8434.20; and spare parts under HS 8434.90. |
| 21 | At import: solar panel modules, accessories or solar home systems for solar power generation, classified under Customs HS codes. |
| 22 | Coal. |
| 23 | Articles manufactured by a company identified as a Strategic Development Project under section 3(4) of Act No. 14 of 2008 and sold to another such project, a specialised Finance Minister-approved project or a BOI-registered company, as import replacements supplied during project implementation. |
| 24 | Machinery or equipment imported or purchased locally for electricity generation by the Ceylon Electricity Board, or an institution with a CEB electricity-supply agreement entered into **before 18 February 2025**. Customs HS classification and Finance Minister approval are required. |
| 25 | **EXPIRED FOR CURRENT IMPORTS:** the specific exemption for HS-identified motor vehicles liable to excise duty applied to importation **before 1 May 2026**. It is not a current import exemption. |
| 26 | Equipment used by differently abled persons. |
| 27 | Rough, unprocessed gems imported by a licence holder under section 15 of the National Gem and Jewellery Authority Act, No. 50 of 1993, for re-export after cutting and polishing, paid in foreign currency remitted to Sri Lanka through a bank. |
| 28 | Articles sold at duty-free shops. |
| 29 | Rice manufactured from locally produced paddy. |

02 | PART IB

# Wholesale & retail sales

First Schedule, Part IB; section 3(2)(d). These exemptions concern trading turnover, including an importer's subsequent wholesale or retail sale.

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| 1 | Pharmaceuticals. |
| 2 | Articles subject to Special Commodity Levy under Act No. 48 of 2007, sold by their importer without processing other than adaptation for sale. |
| 3 | Articles exported. |
| 4 | Petrol, diesel or kerosene. From **1 July 2025**, this is not limited to sales at filling stations; that limitation applied before that date. |
| 5 | L.P. Gas. |
| 6 | Fresh milk, green leaf, cinnamon or rubber (latex, crepe or sheet rubber) purchased from a local manufacturer or local producer. |
| 7 | Any motor vehicle, effective from **1 May 2026**. |

## Practical distinctions

**Motor vehicles:** a taxable import and an exempt subsequent trading sale can arise for the same vehicle. Test the two activities separately.

**Rice, fertilizer and solar equipment:** inclusion in Part IA does not itself grant a wholesale or retail exemption under Part IB.

**Special Commodity Levy goods:** the trading exemption requires sale by the importer and restricts processing. Do not assume that every later reseller qualifies.

**Manufacturers:** a manufacturer's sale of its own manufactured article is assessed under the manufacture category; the trading list does not automatically apply.

## Working reference

The statutory list distinguishes exemptions from reductions in the percentage of turnover subject to levy. This document lists exemptions; it does not describe reduced liable-turnover percentages as exemptions.

03 | PART II

# Exempted services

First Schedule, Part II; section 3(2)(c). Check the recipient, nature of service, licensing, payment currency and banking conditions where relevant.

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| 1 | Generation and supply of electricity, **excluding supply by a holder of a distribution licence** under section 13 of the Sri Lanka Electricity Act, No. 20 of 2009. |
| 2 | Medical services. |
| 3 | Supply of water. |
| 4 | Transportation of goods and passengers, including container terminal operators' services relating to international transportation (expressly included from 17 December 2025). |
| 5 | Services to an exporter directly related to improving the quality and character of an article exported. |
| 6 | Garment-sewing services supplied to an exporter of those garments. |
| 7 | Services of freight forwarders and shipping agents licensed under Act No. 10 of 1972, or courier services, insofar as they concern the exporter of articles from Sri Lanka. |
| 8 | Services of a public corporation insofar as they relate to exportation of articles from Sri Lanka. |
| 9 | Services of an auctioneer, broker, insurance agent or commission agent of a local product, to the extent of the relevant brokerage or commission receivable. |
| 10 | Inbound-tour services of a travel agent, or services of a hotel, guest house, restaurant or similar business, where the provider is registered with the Sri Lanka Tourism Development Authority and payment is received in foreign currency through a bank. |
| 11 | Client-support services over the internet, telephone or by an enterprise exclusively providing such services, to one or more identified clients outside Sri Lanka, for payment in foreign currency. |
| 12 | The business of life insurance. |
| 13 | Distribution, production and supply of cinematographic films primarily for exhibition in cinemas. |

03 | PART II CONTINUED

# Services & official references

Statutory conditions are integral to each exemption; an industry label alone is insufficient.

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| 14 | Exhibition of films in a cinema. |
| 15 | Services to the UN, its specialised agencies, foreign diplomatic missions or their diplomatic staff, or persons approved by the Minister on the Foreign Affairs Minister's recommendation as having diplomatic-mission status. |
| 16 | Services rendered in or outside Sri Lanka to a person or partnership outside Sri Lanka, for use outside Sri Lanka, paid in foreign currency remitted to Sri Lanka through a bank. |
| 17 | Services to a specific project funded by foreign funds or donations received by the Government, approved by the Minister considering economic benefit to the country. |
| 18 | Services provided by the Central Bank of Sri Lanka. |
| 19 | Services supplied free by a public corporation on behalf of Government, funded by Parliamentary votes from the Consolidated Fund or a Government-arranged loan. |
| 20 | Services of a Government Department, Ministry or Local Authority. |
| 21 | Foreign-consultancy services for large-scale infrastructure projects approved by the Finance Minister as economically beneficial to Sri Lanka. |
| 22 | Services relating to shipbuilding for the international market, for payments in foreign currency. |
| 23 | Services provided by the Employees' Trust Fund, Provident Fund, Pension Fund, Pension Trust Fund and Gratuity Fund. |
| 24 | Services of a General Sales Agent holding an Air Transport Service Licence under section 97 of the Civil Aviation Act, No. 14 of 2010. |
| 25 | Financial services supplied in Sri Lanka by a financial-services business and liable to VAT under Chapter IIIA at **20.5%**. The VAT rate applies to taxable periods commencing on or after **1 July 2026**; this is not a blanket exemption for all financial-sector income. |

## Official sources | clickable links

IRD consolidated SSCL Act - First Schedule, printed pages 32-37

SSCL Amendment Act No. 24 of 2025 - section 2

IRD notice of 16 April 2026 - Act No. 10 of 2026 changes

VAT Amendment Act No. 14 of 2026 - section 7(2)

Reviewed against the official legislation available on 30 October 2026. The IRD consolidation is a reference text; the original Act and amending Acts govern.