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Chartered Accountants

Sri Lanka double tax treaties Rates & practical application

Payments from Sri Lanka to treaty-country residents | Prepared 31 October 2026

A concise reference covering 46 treaty partners, dividends, interest, royalties, technical services and the main rules for other income. Tables show **treaty ceilings**, not an automatic tax deduction rate.

Sri Lanka domestic starting point	Rate
Dividends	15%
Interest / discount	10%
Royalties; rent to non-residents	14%
Service fees / insurance premiums to non-residents	14%
Qualifying non-resident transport / telecommunication payments	2%

Apply domestic exemptions first. If taxable and treaty relief is available, use the lower of the domestic rate and the applicable treaty ceiling. A treaty ceiling of 20% does not increase a domestic royalty rate of 14%. A 0% treaty outcome requires the relevant exemption conditions to be met.

Domestic benchmark: IRD Circular SEC/2026/E/04 (8 June 2026), read with the deposit-interest circular and applicable outward-remittance rules. This summary assumes a valid treaty claim and no effectively connected Sri Lankan permanent establishment unless stated.

Reading key: A = article analysis needed; not automatic exemption. DL = domestic law, no relevant numeric cap established. S = special rule; see notes. NC = outside the limited treaty. * = important condition in notes. General government / central-bank exemptions are not repeated in every row.

Treaty ceilings by country

Percent of gross payment, unless stated otherwise. For payments **from Sri Lanka**; reverse-direction outcomes can differ. Click a country name to open the source text used.

Country / Gazette	Dividend	Interest	Royalty	Technical / services	Key condition
Australia 657/2	15	10	10	A	Ordinary ceilings.
Bahrain 1847/51	5 / 7.5 / 10	10	10	10	5: wholly government-owned entity; 7.5: company; 10: others.
Bangladesh 448/13	15*	15*	15*	A	Historical capital, loan and new-technology conditions. Note 1.
Belarus 1837/13	7.5 / 10	10	10	A	7.5: qualifying company, direct holding at least 25%.
Belgium 292/6	15	10	10	A	Ordinary ceilings.
Canada 253/8	15*	15*	0 / 10* / DL	A	Historical conditions and copyright exemption. Note 2.
China 1374/20	10	10	10	A	Mainland treaty; Hong Kong is separate.
Czech Republic 2356/15	7.5 / 10	5	10	10	7.5: company, direct holding at least 10%. Revised treaty.
Denmark 228/15	15	10	10	A	Ordinary ceilings.
Finland 2027/1	7.5 / 10	10	10	A	7.5: qualifying company, direct holding at least 25%.
France 210/17	15* / S	0 / 10*	0 / 10* / S	A	Bank interest, copyrights and historical rules. Note 3.
Germany 113	15*	10*	10* / DL	A	Historical capital, debt and contract conditions. Note 4.
Hong Kong 1374/21	NC	NC	NC	NC	Limited shipping / air-transport treaty. Page 7.
India 1828/9	7.5	10	10	10	7.5 dividend ceiling; no shareholding threshold. Note 5.
Indonesia 798/10 [a]	15	15	15	A	Royalty ceiling exceeds domestic 14%.
Iran 1187/16	10	10	8	A	Ordinary ceilings.

A: no stand-alone general technical-fee percentage identified in the reviewed text. Consider business profits, permanent establishment (PE), independent services, royalties and any special article. A does not mean 0%. Qualifying company generally excludes partnerships where the treaty says so.

Treaty ceilings by country

Percent of gross payment, unless stated otherwise. For payments **from Sri Lanka**; reverse-direction outcomes can differ. Click a country name to open the source text used.

Country / Gazette	Dividend	Interest	Royalty	Technical / services	Key condition
Italy 322/4	15*	10*	10 / 15	A	Copyright 10; other royalties 15. Note 6.
Japan 14803/5	S	0 / DL	0 / S	A	No single modern dividend cap; royalty reduction. Note 7.
Jordan 1274/9	NC	NC	NC	NC	Limited international air-transport agreement.
Korea (South) 342/11	10 / 15	10	10	A	10: qualifying company, direct holding at least 25%.
Kuwait 1245/19	5 / 10	10	20	A	5: qualifying government / controlled entity. Note 8.
Luxembourg 1838/9	7.5 / 10	10	10	A	7.5: qualifying company, direct holding at least 25%.
Malaysia 1028/21	15	10	10	A	Service-PE rules still require review.
Mauritius 958/10	10 / 15	10	10	A	10: company holding at least 10% of capital.
Nepal 1116/6	15	10 / 15	15	A	Interest 10 for bona fide bank; otherwise 15.
Netherlands 281/13	10 / 15	5 / 10*	10	A	Dividend 10: direct company holding at least 25%. Note 9.
Norway 464/4	15	10	10	A	Treaty exemptions / protocol still apply.
Oman 2154/50	7.5 / 10	10	10	10	7.5: qualifying company, direct holding at least 10%.
Pakistan 210/17	15	10	20	A	Royalty ceiling exceeds domestic 14%.
Palestine 1838/8	10	10	10	A	Ordinary ceilings.
Philippines 1237/7 [b]	15 / 25	15	15 / 25	A	Dividend 15 for company; royalty conditions. Note 10.
Poland 2027/2	10	10	10	10	Revised treaty; includes technical services.

A: no stand-alone general technical-fee percentage identified in the reviewed text. Consider business profits, permanent establishment (PE), independent services, royalties and any special article. A does not mean 0%. Qualifying company generally excludes partnerships where the treaty says so.

[a] IRD 2025 report: 798/10; older online register: 789/10. [b] IRD register: 1237/7; the linked Philippines Gazette text is 1256/27. Use the operative agreement and confirm the Gazette cross-reference for formal advice.

Treaty ceilings by country

Percent of gross payment, unless stated otherwise. For payments **from Sri Lanka**; reverse-direction outcomes can differ. Click a country name to open the source text used.

Country / Gazette	Dividend	Interest	Royalty	Technical / services	Key condition
Qatar 1422/10	10	10	10	A	Ordinary ceilings.
Romania 371/9	12.5	10	10	A / 10	Separate commission article: 10%. Note 11.
Russia 1101/22	10 / 15	10	10	A	10: qualifying company, direct holding at least 25%.
Saudi Arabia 1101/23	NC	NC	NC	NC	Limited air-transport agreement. Page 7.
Seychelles 1837/14	7.5 / 10	10	10	A	7.5: qualifying company, direct holding at least 25%.
Singapore 1993/11	7.5 / 10	10	10	A	7.5: company, direct holding at least 25%.
Sweden 297/28	15	10	10	A	Ordinary ceilings.
Switzerland 292/6	10 / 15	5 / 10	10	0 / 5*	Dividend 10: direct company holding at least 25%. Note 12.
Thailand 571/16	15	10 / 25	15	A	Interest 10 for financial institutions, otherwise 25. Note 13.
Turkey 2289/27	7.5 / 10	10	10	A	7.5: company, direct holding at least 10%.
United Arab Emirates 1346/1	10	10	10	A	Comprehensive treaty; government exceptions.
United Kingdom 60/23	15* / S	0 / 10*	0 / 10* / DL	A	Bank interest / copyrights; historical conditions. Note 14.
United States 398/4; 1298/8	15	10*	5 / 10	A	Equipment royalties 5; ordinary royalties 10. Note 15.
Vietnam 1455/9	10	10	15	15	Separate technical-fees article (Article 13).

A: no stand-alone general technical-fee percentage identified in the reviewed text. Consider business profits, permanent establishment (PE), independent services, royalties and any special article. A does not mean 0%. Qualifying company generally excludes partnerships where the treaty says so.

Exceptions that change the rate

Read these notes with the country tables. Dates, beneficial ownership, tax residence and the precise income definition are material.

1. Bangladesh - historical conditions

The Sri Lankan 15% dividend ceiling refers to capital contributed from abroad on or after the signature date (24 July 1986). The 15% interest ceiling concerns qualifying foreign funds from that date; the 15% royalty ceiling concerns new-technology contracts from that date. Government / central-bank interest exceptions also apply. Domestic 10% interest and 14% royalty rates are lower than these ordinary ceilings.

2. Canada - capital and new technology

For Sri Lankan payments, the 15% dividend and interest caps carry foreign-capital / funding conditions tied to 1 January 1983. The 10% royalty cap concerns qualifying new-technology contracts from that date; qualifying literary, dramatic, musical or artistic copyright royalties are exempt, excluding film / television categories. Relevant subject-to-tax conditions apply. Other royalties need domestic-law analysis.

3. France - do not use one flat royalty rate

Article 10 contains historical company-dividend rules; a 15% ceiling applies to dividends on qualifying new contributions made on or after entry into force. Banking-institution interest is exempt; the ordinary 10% cap is tied to indebtedness incurred on or after entry into force. Copyright and cinematograph-film royalties are exempt. Other covered royalties first payable on/after entry into force have a 10% ceiling; older covered royalties receive a 50% reduction of the tax otherwise chargeable ($14\% \times 50\% = 7\%$, if 14% is the applicable domestic tax).

4. Germany - historical conditions

Sri Lankan 15% dividend relief is tied to qualifying capital contributed from abroad after entry into force; 10% interest relief is tied to relevant foreign funds after entry into force and applicable subject-to-tax conditions. The 10% royalty ceiling applies to contracts entered into after entry into force. Do not extend that cap automatically to older contracts.

5. India - rates and later protocol

Articles 10-12 provide 7.5% dividends, 10% interest and 10% royalties / technical fees. The dividend cap is not a 7.5% / 15% shareholding test. Gazette 2443/41 (2 July 2025) publishes an anti-abuse protocol replacing the preamble and Article 28(6); it does not amend these headline rates. Its commencement follows Article 3, not merely the Gazette publication date. Confirm the operative year and anti-abuse requirements for the payment.

6. Italy - royalty categories

Article 12 caps royalties for copyright of literary or artistic work, including films and TV / broadcasting tapes, at 10%; other royalties at 15%. The latter does not displace a lower domestic 14% rate. Sri Lankan dividend and interest caps carry historical foreign-capital / funding conditions.

Special recipients & payment types

7. Japan - special-rule treaty

Article VI uses historical company-dividend and additional-tax provisions; do not describe it as a universal 10% dividend cap. Banking-institution interest is exempt under Article VII; other ordinary interest has no fixed treaty ceiling in the reviewed text. Copyright / cinematograph-film royalties are exempt. Other covered royalties receive a 50% reduction in the tax otherwise chargeable: at a domestic 14%, the result is 7%, not a permanent 7.5% treaty rate. Confirm the dividend treatment with IRD before applying relief.

8. Kuwait - government dividend preference

The 5% dividend cap is for the specified government, governmental institution / entity, or a qualifying government-controlled company; other dividends have a 10% cap. The 20% royalty ceiling does not increase Sri Lanka's domestic 14% charge.

9. Netherlands - interest protocol

The protocol provides 5% for interest beneficially owned by a bank or other financial institution; ordinary interest is capped at 10%. A further most-favoured-nation provision may affect the bank rate, subject to its exact conditions and application. Obtain confirmation before using a rate below 5% on that basis.

10. Philippines - high ceilings

Dividends: 15% for a company excluding a partnership; 25% otherwise. Royalties: 15% where the payer is registered and engaged in the preferred areas of activity contemplated by the treaty; 25% otherwise. Domestic 15% dividends, 10% interest and 14% royalties remain lower where applicable.

11. Romania - commissions

The separate commissions article caps qualifying commission at 10% of gross, subject to its definition and exceptions. This is not a general 10% ceiling for all professional or technical services.

12. Switzerland - services and bank interest

Protocol: bank / financial-institution interest 5%; ordinary interest 10%. Article 13 permits a 5% gross tax on covered services furnished in the source state through personnel for periods exceeding six months within any twelve months. Below the article's source-tax trigger, it does not permit that source charge; check other applicable articles and PE-connected exceptions.

13. Thailand - lender category matters

The interest article distinguishes 10% for financial institutions (including insurers) and 25% otherwise within its scope. Sri Lanka's domestic 10% is lower than the 25% ceiling. Do not copy these Sri Lankan outbound results into a calculation for payments from Thailand.

14. United Kingdom - historical and exempt income

The 15% dividend ceiling addresses qualifying new contributions by UK companies after 21 June 1979; other company dividends require the historical Article 10 analysis. Interest: 10% for post-signature debt claims, with banking / financial-institution and other specified exemptions. Copyright royalties, including covered film / broadcast categories, are exempt; 10% applies to qualifying post-signature rights / property. Older rights need separate review.

15. United States - equipment royalties

Article 12: 5% for qualifying industrial, commercial or scientific equipment royalties; 10% for other covered royalties. Article 11 includes special treatment of contingent interest. Apply limitation-on-benefits rules and the 2002 protocol; do not assume ordinary interest treatment covers every financing instrument.

OTHER INCOME

Where there is no single treaty rate

Many treaty articles allocate taxing rights rather than prescribe a percentage. A source-country exemption is not necessarily exemption in the residence country.

Area	Practical application
Business profits	Generally residence-state taxation unless there is a treaty PE in Sri Lanka. A PE can arise through premises, agents, construction or services, depending on the treaty. If taxable, calculate attributable profits under the relevant rules; there is no universal treaty corporate-tax rate.
Employment	Normally examine where work is performed. Short-stay relief usually has several cumulative conditions, including presence, employer residence and who bears the remuneration. The familiar 183-day test alone is insufficient; counting periods differ.
Independent professional services	Check fixed-base, physical-presence and any gross-receipts tests in the particular treaty. Some treaties incorporate these services within business profits. No common percentage applies across countries.
Rent / immovable property	The country where the property is situated commonly retains taxing rights. Sri Lankan non-resident rental WHT starts at 14%, subject to exemptions and the exact treaty. Equipment rentals may instead be royalties.
Capital gains	Review the asset, land-rich-company and substantial-shareholding rules. A treaty can reserve or restrict Sri Lankan taxing rights, but does not supply one universal CGT percentage. Apply current domestic law where Sri Lanka may tax.
Directors, entertainers and sportspersons	Special articles may allow source taxation despite short visits or no PE. Do not apply employment or business-profit relief without checking the relevant article.
Pensions, government service, students and teachers	Residence, nationality, public-service status, purpose, source and duration may determine exemption. No single treaty rate; inspect the specific article.
International shipping / aviation	Many agreements exempt international aviation profits and reduce shipping tax by 50%; others have different bases, limits or relief. Do not apply a blanket 1% or 0% across the network. The domestic starting rate for qualifying transport payments is 2%.
Branch remittances	A separate branch/remittance tax may apply in addition to profit tax. Check domestic exemptions and each treaty's additional-tax limitation; the dividend column is not a branch-tax schedule.

Limited arrangements: Hong Kong: covered air-transport profits exempt in the other territory; covered shipping tax reduced by 50%. Saudi Arabia: qualifying international air-transport income/profits exempt in the other state. Jordan: international air transport only; the operative exemption text was not independently verified here. These agreements do not supply dividend, interest, royalty or general service caps.

SAARC: a limited multilateral agreement on double taxation and administrative assistance; it is not a universal substitute for the bilateral dividend / interest / royalty schedules.

APPLICATION & SOURCES

Use the rate with the evidence

Before processing a payment

Confirm the recipient's treaty residence and beneficial ownership; identify the precise income article; test ownership, dates and any PE / fixed-base connection; check domestic exemptions and anti-abuse provisions; retain the residency certificate, agreement, invoices, ownership evidence and tax computation. Obtain any IRD clearance or exemption confirmation required for the payment. Do not infer entitlement from the recipient's mailing address or incorporation alone.

Three quick illustrations

Pakistan royalty: ordinary treaty cap 20%, domestic royalty rate 14%: use 14% if taxable and no other relief.

Czech interest: ordinary treaty cap 5%, domestic interest rate 10%: 5% if the treaty claim qualifies.

Japan covered non-copyright royalty: 50% reduction of an otherwise applicable 14% tax gives 7%; qualifying copyright royalties follow the separate exemption.

Basis and limits of this edition

Prepared 31 October 2026. Treaty coverage follows the IRD 2025 annual report and register, with the revised Czech treaty and India protocol considered. Country hyperlinks identify the actual text consulted. Where official downloads were unavailable, Gazette copies or treaty reproductions hosted by Tax Advisor / Lanka Tax Club were read. Such mirrors are access copies, not official publishers. Some older texts contain historical conditions; this is a working summary, not confirmation that every later protocol, competent-authority arrangement or exemption has been exhausted. Use the operative text for transaction sign-off.

Source links

[IRD treaty register](#)

[IRD Annual Performance Report 2025, Annexure 04](#)

[IRD WHT Circular SEC/2026/E/04](#)

[IRD tax chart - domestic benchmark](#)

[Gazette 2356/15 - revised Czech treaty](#)

[Gazette 2443/41 - India protocol](#)

[UK treaty - official government publication](#)

[IRD Mutual Agreement Procedure guidance](#)

[Treaty access copies: Tax Advisor / Lanka Tax Club](#)

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