

Sri Lanka Dispute Resolution Profile

(Last updated: 25 July 2023)

General Information

- **Sri Lanka tax treaties are available at:**

Summary of the tax treaties are available at <http://www.ird.gov.lk/en/publications/sitepages/International%20Relations.aspx?menuid=1401>

Gazette notification can be download from <http://documents.gov.lk/>

MAP Guideline : [http://www.ird.gov.lk/en/publications/SitePages/International%20Relations\(MAP\)%E2%80%8B%E2%80%8B.aspx?menuid=140102](http://www.ird.gov.lk/en/publications/SitePages/International%20Relations(MAP)%E2%80%8B%E2%80%8B.aspx?menuid=140102)

- **MAP request should be made to:**

Mr D. R. S. Hapuarachchi
Commissioner General of Inland Revenue
Inland Revenue Department, Colombo 02, Sri Lanka
hapuarachchi.drs@ird.gov.lk
+94 11 21354300 & +94 718572108

Mrs. R. P. H Fernando
Deputy Commissioner General of Inland Revenue (Tax Policy & International Tax Policy)
Inland Revenue Department, Colombo 02, Sri Lanka
fernando.rph@ird.gov.lk
+941121354

Ms S O A C R Niwunhella
Commissioner of Inland Revenue
(International Tax Policy)
Inland Revenue Department, Colombo 02, Sri Lanka
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+94 11 2135413 & +94 71 8317186

- **APA request should be made to:**

As above

Sri Lanka Dispute Resolution Profile – Preventing Disputes

s/n		Response	Detailed explanation	Where publicly available information and guidance can be found
A. Preventing Disputes				
1.	Are agreements reached by your competent authority to resolve difficulties or doubts arising as to the interpretation or application of your tax treaties in relation to issues of a general nature which concern, or which may concern, a category of taxpayers published?	No	-	-
2.	Are bilateral APA programmes implemented? If yes:	No	-	-
a.	<ul style="list-style-type: none"> Are roll-back of APAs provided for in the bilateral APA programmes? 	-	-	-
b.	<ul style="list-style-type: none"> Are there specific timeline for the filing of an APA request? 	-	-	-
c.	<ul style="list-style-type: none"> Are rules, guidelines and procedures on how taxpayers can access and use bilateral APAs, including the specific information and documentation that should be submitted in a taxpayer's request for bilateral APA assistance, publicly available? 	-	-	-
d.	<ul style="list-style-type: none"> Are there any fees charged to taxpayers for a bilateral APA request? 	-	-	-
e.	<ul style="list-style-type: none"> Are statistics relating to bilateral APAs publicly available? 	-	-	-
3.	Is training provided to your officials involved in the auditing /examination of taxpayers to ensure that any assessments made by them are in accordance with the provisions of your tax treaties?	Yes	-	-

Sri Lanka Dispute Resolution Profile – Preventing Disputes

s/n		Response	Detailed explanation	Where publicly available information and guidance can be found
4.	Is other information available on preventing tax treaty-related disputes?	Yes	All agreements entered into with intention of implementation of tax treaties are available along with treaties.	-

Notes:

1. An APA is an “arrangement that determines, in advance of controlled transactions, an appropriate set of criteria (e.g. method, comparables and appropriate adjustments thereto, critical assumptions as to future events) for the determination of the transfer pricing for those transactions over a fixed period of time”. (see definition of APA in the **OECD Transfer Pricing Guidelines for Multinational Enterprises and Tax Administrations** (“Transfer Pricing Guidelines”).

2. Situations may arise in which the issues resolved through an APA are relevant with respect to previous filed tax years not included within the original scope of the APA. The concept of “roll-back” is further elaborated in paragraph 4.136 of Section F (Advance pricing arrangement) of Chapter IV of the Transfer Pricing Guidelines and in paragraph 69 of Section D.4.2 (Possible retrospective application (“Roll back”)) of the Annex to Chapter IV (Guidelines for Conducting Advance Pricing Arrangements under the Mutual Agreement Procedure (“MAP APAs”)) of the Transfer Pricing Guidelines. Simply put, the “roll-back” of the APA is understood to mean that the outcome of the APA is applied to previous filed tax years not included within the original scope of the APA.

Sri Lanka Dispute Resolution Profile – Availability and access to MAP

s/n		Response	Detailed explanation	Where publicly available information and guidance can be found
B. Availability and Access to MAP				
5.	Are transfer pricing cases covered within the scope of MAP?	Yes	Please refer MAP Guideline	http://www.ird.gov.lk/en/publications/SitePages/International%20Relations(MAP)%E2%80%8B%E2%80%8B.aspx?menuid=140102
6.	Are issues relating to the application of treaty anti-abuse provision covered within the scope of MAP?	Yes	-	-
7.	Are issues relating to the application of domestic anti-abuse provision covered within the scope of MAP?	Yes	Sri Lanka shall provide access to MAP in respect of specific types of cases/situations if they result in taxation not in accordance with the relevant DTAAs (details are in the MAP guidance). Sri Lanka shall provide access to MAP even in a situation where the Sri Lankan tax authorities apply domestic anti – abuse provisions.	-
8.	Are issues where there is already an audit settlement between the tax authority and the taxpayer covered within the scope of MAP?	No	Sri Lanka has no audit settlement mechanism in regular assessment process. If the taxpayer aggrieve with the additional assessment; he has right to follow the regular appellate procedure.	-
9.	Are double taxation cases resulting from bona fide taxpayer initiated foreign adjustments covered within the scope of MAP?	No	A resident assessee aggrieved by any action of the tax authorities of any country outside Sri Lanka can apply for	-

Sri Lanka Dispute Resolution Profile – Availability and access to MAP

s/n		Response	Detailed explanation	Where publicly available information and guidance can be found
			MAP in Sri Lanka. The Competent Authority of Sri Lanka shall act upon a reference from the Competent Authority of another country with regard to any action taken by any income- tax authority in Sri Lanka.	
10.	Are there any other treaty related issues not covered under s/n 5 to 9 which are not within the scope of MAP?	See detailed explanation	All cases which satisfy the conditions for invoking MAP are considered under MAP process.	-
11.	Are taxpayers allowed to request MAP assistance in cases where the taxpayer has sought to resolve the issue under dispute via the judicial and administrative remedies provided by the domestic law of your jurisdiction?	See detailed explanation	Yes, the taxpayer is allowed to request MAP assistance in such cases.	http://www.ird.gov.lk/en/publications/SitePages/International%20Relations(MAP)%E2%80%8B%E2%80%8B.aspx?menuid=140102
12.	Are taxpayers allowed to request for MAP assistance in cases where the issue under dispute has already been decided via the judicial and administrative remedies provided by the domestic law of your jurisdiction?	See detailed explanation	MAP guidance discusses access and denial of access to MAP in detail, and covers numerous possible scenarios.	http://www.ird.gov.lk/en/publications/SitePages/International%20Relations(MAP)%E2%80%8B%E2%80%8B.aspx?menuid=140102
13.	Are rules, guidelines and procedures on how taxpayers can access and use MAP, including the specific information and documentation that should be submitted in a taxpayer's request for MAP assistance, publicly available?	Yes	Section 75 of the Inland Revenue Act No 24 of 2017 and Articles of DTAA	http://www.ird.gov.lk/en/publications/SitePages/International%20Relations(MAP)%E2%80%8B%E2%80%8B.aspx?menuid=140102

Sri Lanka Dispute Resolution Profile – Availability and access to MAP

s/n		Response	Detailed explanation	Where publicly available information and guidance can be found
14.	Are there specific timeline for the filing of a MAP request?	See detailed explanation	The timelines are provided in the relevant tax treaty for invoking MAP. In the case of absence if timeline MAP guide provides the timeline for those cases.	
15.	Are guidance on multilateral MAPs publicly available?	No	-	
16.	Are tax collection procedures suspended during the period a MAP case is pending?	See detailed explanation	Such suspension of collection is available only where a bilateral agreement/Memorandum of Understanding (MoU) for providing such suspension exists between Sri Lanka and the Other country.	
17.	Are there any fees charged to taxpayers for a MAP request?	No	-	
18.	Is there any other information available on availability and access to MAP?	Yes	-	http://www.ird.gov.lk/en/publications/SitePages/International%20Relations(MAP)%E2%80%8B%E2%80%8B.aspx?menuid=140102

Sri Lanka Dispute Resolution Profile – Resolution of MAP cases

s/n		Response	Detailed explanation	Where publicly available information and guidance can be found
C. Resolution of MAP Cases				
19.	Are there any model timeframes for the steps taken by your competent authority from the receipt of a MAP case to the resolution of the case provided to taxpayers?	Yes	Sri Lankan competent Authority to resolve MAP cases within 24 months.	
20.	Are statistics relating to the time taken to resolve MAP cases publicly available?	See detailed explanation	Sri Lanka reports its MAP statistics to OECD in pursuance of BEPS Action 14. The statistics are published by the Centre for Tax policy and Administration of OECD on its official website.	
21.	Is interest or penalties resulting from adjustments made pursuant to a MAP agreement waived or dealt with as part of the MAP procedure?	See detailed explanation	In most of the disputes on the quantum of income, that are resolved under MAP, there are consequential issues of interest and penalty. The CAs of Sri Lanka do not have the mandate to consider such consequential issues. These are to be administrated under the domestic laws. However, where the amount of interest and penalties are linked to the quantum of income, such interest and penalties shall be varied in the same proportion as the variation in the quantum of income due to a MAP resolution, in accordance with the domestic law. It may be noted that there are provisions of fees/penalty under Sri Lankan Income – tax Act which are not connected to the quantum of income and, accordingly, those would not be affected by the resolution under MAP.	

Sri Lanka Dispute Resolution Profile – Resolution of MAP cases

s/n		Response	Detailed explanation	Where publicly available information and guidance can be found
22.	Are the roles and responsibility of the MAP office publicly available, for example, is the mission statement of the MAP office available in the <i>annual</i> report of the organisation?	No		http://www.ird.gov.lk/en/publications/SitePages/International%20Relations(MAP)%E2%80%8B%E2%80%8B.aspx?menuid=140102
23.	Is MAP arbitration a mechanism currently available for the resolution of tax treaty related disputes in any of your tax treaties? If not:	No		
a.	<ul style="list-style-type: none"> Are there any legal limitations in your domestic law (for example in your constitution) to include MAP arbitration in your tax treaties? 	See detailed explanation	Tax treaties entered into by Sri Lanka do not provide for arbitration.	
b.	<ul style="list-style-type: none"> Does your treaty policy allow you to include MAP arbitration in your tax treaties? 	No	A taxpayer is entitled to seek MAP assistance for every assessment year in respect of which he considers that there is a tax, which is not in accordance with the treaty, subject to fulfilment of conditions under Article 25(1) of the relevant treaty.	
24.	Is the explanation of the relationship between the MAP and domestic law administrative and judicial remedies publicly available? If yes:	Yes	-	http://www.ird.gov.lk/en/publications/SitePages/International%20Relations(MAP)%E2%80%8B%E2%80%8B.aspx?menuid=140102
a.	<ul style="list-style-type: none"> Does the guidance specifically address whether the competent authority considers that it is legally bound to follow a domestic court decision in the MAP or will not deviate from a domestic court decision 	Yes	-	http://www.ird.gov.lk/en/publications/SitePages/International%20Relations(MAP)%E2%80%8B%E2%80%8B.aspx?menuid=140102

Sri Lanka Dispute Resolution Profile – Resolution of MAP cases

s/n		Response	Detailed explanation	Where publicly available information and guidance can be found
	as a matter of administrative policy or practice?			
25.	Are taxpayers allowed to request for multi-year resolution through the MAP of recurring issues with respect to filed tax years?	Yes	-	-
26.	Do all your jurisdiction's tax treaties contain a provision which would oblige your jurisdiction to make corresponding adjustments or to grant access to the MAP with respect to the economic double taxation that may otherwise result from a primary transfer pricing adjustment (i.e. is paragraph 2 of Article 9 of the OECD Model Tax Convention or the UN Model Double Taxation Convention included in all of your jurisdiction's tax treaties)?	Yes		
27.	Is there any other information available on resolution of MAP cases?	See detailed explanation	Periodic statistics on resolution of MAP cases are shared with OECD	

[Jurisdiction] Dispute Resolution Profile – Implementation of MAP Agreements

s/n		Response	Detailed explanation	Where publicly available information and guidance can be found
D. Implementation of MAP Agreements				
28.	Where the agreement reached by your competent authority through the MAP process leads to additional tax to be paid by your taxpayer, is there publicly available information on the timeframe the taxpayer could expect its tax position to be amended to reflect the agreement reached by the competent authority and/or for the additional tax to be paid?	No	-	-
29.	Where the agreement reached by your competent authority through the MAP process leads to a refund of the tax due or paid by your taxpayer, are there publicly available information on the timeframe the taxpayer could expect its tax position to be amended to reflect the agreement reached by the competent authority and/or for a refund of the tax paid?	No	-	-
30.	Are all mutual agreements reached through MAP implemented notwithstanding any time limits in your domestic law?	Yes		
31.	Is there any other information available on the implementation of MAP agreements?	No	-	