SRI LANKA INSTITUTE OF TAXATION

ANNUAL REPORT

2022-2023

2023



SRI LANKA INSTITUTE OF TAXATION
NOTICE OF 23RD ANNUAL GENERAL MEETING

We are pleased to announce that the 23rd Annual General Meeting (AGM) of the Sri Lanka Institute of Taxation takes place on Wednesday, 28th June 2023, at 5.30 p.m. The meeting scheduled to be held at the Auditorium of our Secretariat, situated at 484, Havelock Road, Colombo 6.

Please find below the agenda for the AGM:

AGENDA

01 Call to order by the President.

02 Observance of two minutes of silence in remembrance of Members who passed away during the year.

03 Adoption of the Minutes of the Annual General Meeting held on 6th December 2022.

04 Presentation, consideration, and adoption of the Annual Report of the Executive Council for the year 2022/2023.

05 Presentation, consideration, and adoption of the Audited Statement of Accounts of the Institute for the period 2022/23.

06 Election of office bearers of the Council and four members of the Council for the term 2023/24 through voting.

07 Endorsement of the election of the Office Bearers and Members to the Executive Council for the year 2023/2024, including the President, Vice President, Secretary, Treasurer, and four (04) Members to the Council.

08 Reappointment of Auditors M/S B.R. De Silva & Co. (Chartered Accountants) as the Auditors of the Institute for the Financial Year 2023/2024 and authorization for the Executive Council to determine their remuneration.

09 Any Other business.

Sincerely,



V. Rameshkumar
Secretary



ABOUT THE INSTITUTE

The Sri Lanka Institute of Taxation was established in November 1992 by a group of retired senior officials from the Department of Inland Revenue. Its main objective was to cultivate competent tax professionals and educate the general public about taxation. A few years later, the Institute received official recognition from the government when it was incorporated by an Act of Parliament.

To solidify its status as the premier institution for tax professionals in the country, the Sri Lanka Institute of Taxation pursued various initiatives aimed at enhancing its services. These efforts included continuous professional development programs designed to meet the evolving demands of the nation. As the sole National Statutory Body of Tax Professionals and the only dedicated National Institute for tax education in Sri Lanka, the Institute has played a pivotal role in producing highly skilled tax professionals.

In recognition of its importance, the Sri Lanka Institute of Taxation was granted legal recognition and status through the passing of Act No. 21 of 2000 in Parliament on June 19th, 2000. This legislative act solidified the Institute's authority and enabled it to further advance its objectives with official endorsement from the government.



ABOUT THE REPORT

The Annual Report for the fiscal year 2022/2023 encompasses two main areas: Financial Performance and Operational Outcomes.

The Financial Performance section provides an analysis of the Institute's financial position during the period. This analysis is based on the Audited Financial Statements, which cover the twelve-month period from April 1, 2022, to March 31, 2023. These statements provide a comprehensive overview of the Institute's financial activities, including revenue, expenses, assets and liabilities. The audited statements ensure accuracy and transparency in presenting the financial performance of the Institute.

The Operational Outcome section focuses on the achievements and milestones of the Institute during the period under review. This section is presented through the Review of the Executive Council, which encompasses the period from December 2022 to June 2023. The review highlights the Institute's strategic initiatives, operational effectiveness, and overall performance in fulfilling its objectives. It provides valuable insights into the Institute's accomplishments and the impact of its activities on its stakeholders and the wider community.



CORPORATE INFORMATION



VISION

To be the best service provider in all fronts when it comes to Professional tax consultation and fiscal policy planning in Sri Lanka.

MISSION

To produce excellent tax professionals in the country, to facilitate revenue collection while improving Tax literacy including International Taxation and compliance level among taxpayers and thereby be a partner of development process in Sri Lanka

OBJECTIVES

to create awareness in the field of taxation among the members of the public.

to hold examination and to grant certificates to persons who have satisfied the examiners.

to formulate a code of conduct.

to promote and co-ordinate the dissemination of tax awareness and knowledge.

to facilitate the exchange of information and views on taxation and the creation of a well-informed public opinion on the subject.

to provide opportunities for the acquisition and dissemination of useful information concerning taxation in Sri Lanka and other countries.

to make recommendations to the government for the improvement or simplification of the Tax Law and practice



291
Number of new students

005
Number of courses

PRESIDENT'S MESSAGE



Although the period of six months in the presidency passed through in a speed of a blink of an eye, the imprints of value additions made during the period undoubtedly makes me proud to stand in front of you as your president today.

While acknowledging the tremendous contribution made by the past presidents to the institute, today I humbly take pride in sharing bits of bold steps that I made with the blessings of the resourceful Executive Council. The institute completed its 30-year journey from the date it was given birth on 28th October 1992. I am honored to be a part of that story of transformation serving you in the capacity of president even for a shorter period of six months at this prestigious institute.

Although the momentum growth has slowed down during the last two years, the institute has not been that bad where it records a surplus although comparatively low with the immediate past year 2021/2022. Comparatively, the Direct Revenue of the institute has decreased from Rs.3,061,994 (16.32% negative growth) during the past two years; Other Income has drastically increased from Rs.4,101,181 (83.29% positive growth); the growth of interest income due to increased interest rates have become the main contributory factor for the growth of interest income. The student population during the same period has increased from 291 (new recruits); the membership has too been increased with the absorb of 32 members into the fraternity. Financial position has been almost consistent in comparison with the previous year reflecting only a slight growth in the financial position by Rs.3, 478,362 (4.07% positive growth) from the financial year 2021/2022. The financial turbulence in the economy and the post covid impact has resulted in poor performance during the year. The Institute currently reflects an operational loss. The operational loss has increased by Rs.4.8Mn. from the Year 2021/2022 creating negative effects to the net-worth of the Institute. The present Executive Council was elected to office amidst these adverse conditions.

However, I was able to convince all stake holders including the distinguished members of the Executive Council, Committee members and all others that the revival of Institute is imperative. We managed to establish the following committees and appoint committee chairmen to lead with clear Key Performance Indicators (KPI's) to achieve.

1. Technical Editorial and Educational Committee.
2. Public Seminar, Public Relations and Promotional Activities Committee.
3. Member Development and CPD Committee.
4. Premises and Physical Facility Committee.
5. Finance Committee.
6. Name Change Committee
   (was already in existence)
7. Land Securing Committee.

The constitutional amendment committee was not formed due to the sensitivities lurking around with the name change process. However, with the name change taking place at parliament, the Committee shall be appointed and commence its operations. The technical and editorial committee was entrusted to revisit the syllabus and fine tune as there were complaints from both lecturers and students that some parts of the subjects were lengthy. The committee is near completion of this process and has come up with the overall exemption criteria as well. Also, they have compiled a mechanism to disseminate the knowledge and the committee has already dispatched a couple of informative documents to the members. However, the creation of the Examination Board was underway where the time factor was not in favorable in making such. Publication of the **"Tax Review Journal"** was also prevented by the time factor. The Public Seminar, Public Relations & Promotional Activities Committee initiated a couple of online seminars where the public response was overwhelming. The online seminar conducted on employment was a trend setter as the medium of language for the first time shifted from English to Sinhala was positively responded by the public. The committee was entrusted to compile the vision, mission values where that has been positively responded with. A marketing plan was underway to be compiled and provided with where it is currently under working progress.

The Members' Development Committee too has been at pace with the other committees where they have addressed the long-awaited CPD programme for the members. The CPD programme has been compiled after having analyzed the CPD activities of other competitive institutes. The unique **"Tax Practicing Certificate"** has been entangled in achieving the required CPD marks compelling the members to follow the CPD and update or improve their knowledge, skills and attitudes. A couple of **"Tax Talk"** programmes were conducted for the members where one workshop was for the purpose of skill development where the other was formulated for knowledge enhancement. Although plans were underway for a Member's Day programme, the same was not realized due to the time factor. The Premises and Physical facility committee made their plans to rent out the premises to the third party in view of earning additional income. However, the proposals that came for renting out the premises were not feasible in meeting up with the overhead cost calculations. In view of popularizing the hybrid learning environment specifically

for students coming from distant places were materialized with the introduction of **"Digital Board (Digi Board)"**. In streamlining the maintenance agreements, the committee ventured into a proper maintenance agreement with a potential supplier for Air Conditioner maintenance. The Committee has liaised with the Public Seminar, Public Relations and Promotional Activity Committee and already enhanced the reception area to accommodate the vision, mission and value statement plaques which will be installed. The Board Room too has been strengthened with enhanced space taking away the congested atmosphere. The underutilized "President's Room" was merged with the Board Room has created enough space in the area to move around making the room convenient for the Executive Council and the committees to conduct the meetings. The Premises and Physical Facility Committee has already taken steps to compile the master plan in re-branding the institute after attaining the name of **"Chartered"**. The Finance Committee mainly focused on creating a new website for the Institute together with providing Learning Management System (LMS). In addition, the committee drafted plans for a comprehensive operating system together with a new accounting package. The committee spent quite a number of hours planning and scrutinizing the requirements, formulating an agreement to enter in and thereafter, obtaining the prototype version of the intended website. The name change committee continuously carried on following up with the Parliamentary affairs office and as a result, the second reading of the name change bill has already completed. The Name Change Committee together with me, participated at the final parliamentary Legislative Committee meeting and the bill has now to be certified by the speaker having presented in the parliament.

The short courses commenced using the hybrid operating model in the Institute has remarkably welcomed by many students. We combined both Income Tax and VAT together and commenced the classes for the students for a duration of six months. Now the courses are near in completion, and we receive better feedback from our students.

With the blessings from the Executive Council, our institute made a proposal to the Jaffna University to tie up with an MOU to avail their students to actively participate at courses conducted by our institute has been positively responded by the University. The Senate of the Jaffna University has already approved our MOU and soon it would be singed between the Institute and the University. We have already made another MOU proposal to the Wayamba University where Wayamba University has not yet responded. We already provided our Tax Proposals to the Ministry of Finance and even made a verbal presentation at the Ministry of Finance highlighting the factors to strengthen the tax compliance in the country.

The initiative executed by our Institute on providing opportunities to our students in obtaining the supreme academic career path namely: MBA in Taxation continues despite poor response from the Institute perspective. The second private batch has already embarked on the learning process and continues with their course with the Postgraduate Institute of Management (PIM). The first batch representing the private sector for MBA in Taxation program conducted by PIM graduated in November 2022 at the convocation held at BMICH. The courses structured for the MBA in Taxation have already strengthen the knowledge, skills and the attitude of the participant's enabling to become the next generation **"Tax Consultants"** in Sri Lanka.

With the consent of the Executive Council, we have appointed a new **Chief Executive Officer (CEO)** to the SLIT Secretariat with the intention of driving the Institute to the next era. We have complied a comprehensive job description and mastered a Key Performance Indicators (KPI's) with the intention of evaluating the CEO's performance in reaching the objectives than mere ordinary employee rewarding system.

It is noteworthy to witness many members have turned up for the committees set up to meet the desired objectives. We expect that it will be further increased during the oncoming year when we have planned many resourceful activities to the members. We expect to fully revamp the website of the institute to meet all the member requirements through the website including the payment of the annual subscription, webinar, seminar, and workshop fees. Also, many webinars and the **"Tax Talk"** will be presented periodically uninterrupted. We will ensure that the relationship with the Ministry of Finance shall be strengthen and we expect to provide tax proposals to the Ministry from next year onwards. Also, some of the programs such as Convocation 2023, Short Course Certificate Awarding Ceremony too will be held in the near future. While strengthening the main course for the students to reach the status of level 6 at the Sri Lanka Qualification Framework, we would also, start up with rapid short courses for knowledge enhancement. A course aimed at Transfer Pricing and International Taxation is a course we have earmarked to be commenced soon in the oncoming months. Members would be provided with opportunities to conduct lectures, seminars, webinars and workshops, provide journal articles through the creation of **"Resource Pool"** which has already commenced. All resourceful members are now kindly invited to apply in the relevant areas in creating the potential **"Resource Pool"** concept. Another remarkable concept of absorbing many participants into the membership while availing minimum number of exams, would also commence from the initiative proposed and drafted by our Vice President. The concept of **"Certified Tax Practitioner"** would come into limelight providing many individuals in the Tax Field to obtain membership at our institute while sitting for minimum exams according to the qualifications already they possessed.

Finally, I would like to thank all members of the Executive Council, members of the Committees, all volunteer members who helped us right throughout, students, sponsors, SLIT staff including the former CEO- Mr. Ranjith Samaranayake, the incumbent CEO and the SLIT staff who have already left and who are currently in office and all other stake holders for their fullest support, co-operation and commitment extended to me and the institute during short period of six months. I am positively looking forward to your continuous support for the coming years as well. I presume this would be final Annual Report containing the name **"Sri Lanka Institute of Taxation"** where I eagerly expect to meet you next year under the name of **"The Chartered Institute of Taxation of Sri Lanka"**. I wish the Sri Lanka Institute of Taxation All the Very Best.

Thank you,



Ranil Abeywardhene
President.

SECRETARY'S MESSAGE



Dear Members and Stakeholders,
It is with great pleasure and a sense of pride that I address you in this Secretary's message for the annual report of the Tax Institute of Sri Lanka for the year 2023. As the leading professional body dedicated to promoting excellence and integrity in the field of taxation, it is a privilege to serve as your Secretary and contribute to the advancement of our esteemed institute.

The year 2023 has been a remarkable one for the Sri Lanka Institute of Taxation. Despite the challenges posed by a rapidly changing global landscape and a complex tax environment, our institute has continued to thrive and make significant strides in fulfilling its mandate of enhancing tax professionalism and knowledge.

Throughout the term of 6 months, we have focused on several key areas to reinforce our position as the foremost institution on taxation in Sri Lanka. Despite the limited time period of 6 months, we have diligently organized few educational programs, seminars, and workshops, providing our members with the latest updates, insights, and best practices in tax law and policy. These initiatives have not only sharpened the expertise of our members but also enabled them to navigate the intricacies of the tax system with confidence and competence.

Additionally, we have made significant strides in enhancing the professional development of our members. We have expanded our professional certification programs, allowing tax professionals to gain specialized expertise and recognition in their respective fields. By doing so, we are equipping our members with the necessary tools to navigate the complexities of a dynamic and evolving tax landscape successfully.

If I may take you to a different subject, it is essential that we acknowledge an area where we have fallen short. Over the past two decades, our institute has held 22 Annual General Meetings, yet we must admit that we have yet to establish a proper procedure that guarantees free and fair elections of office bearers and council members.

Recognizing this critical issue, my foremost priority to concentrate on election reforms that will ensure the realization of free and fair elections within our esteemed institute. With utmost dedication, I will introduce reforms that aim to establish a more transparent and equitable election process.

By undertaking these reforms, we will uphold the core values of democracy, professionalism, and integrity etc. In pursuit of this goal, I intend to collaborate closely with the council, members, and stakeholders, ensuring that everyone's voices are heard and considered. I will work towards creating an election process that is transparent, accountable, and inclusive, providing a level playing field for all candidates.

Furthermore, I invite each and every one of you to actively engage in this endeavor. Your valuable input and feedback will be vital in shaping the reforms that will drive our institute's future elections. Together, we can strengthen our democratic processes, reinforce professionalism, and safeguard the integrity of our elections.

I would like to express my gratitude to our dedicated council members, committees, and staff who have worked tirelessly to support the institute's mission and deliver exceptional value to our members. Their commitment, expertise, and unwavering dedication have been instrumental in our collective success.

Furthermore, I extend my deepest appreciation to our members for their unwavering trust and support. Your engagement, participation, and feedback continue to guide us in fulfilling our mission effectively. I urge you to take advantage of the many opportunities offered by the Taxation Institute of Sri Lanka and actively contribute to the growth and development of our profession.

Looking ahead, we remain committed to raising the bar of excellence in the field of taxation, promoting ethical conduct, and upholding the highest professional standards. We will continue to foster a culture of continuous learning, knowledge sharing, and collaboration, empowering our members to make a meaningful impact on the taxation landscape and contribute to the sustainable development of our beloved nation.

In conclusion, I extend my heartfelt gratitude to all our stakeholders for their unwavering support, and I am confident that the Tax Institute of Sri Lanka will continue to be at the forefront of shaping the tax profession in our country. Together, let us embrace the challenges and opportunities that lie ahead, knowing that our collective efforts will lead to a stronger, more prosperous future for all.

Thank you.
Sincerely,



V.Rameshkumar
Secretary

CEO'S MESSAGE



It is with great pleasure that I am sending this message as the Chief Executive Officer of the institute for the annual report for the year 2022/2023.

We have just passed another challengeable year where we have seen notable changes in the field of Taxation in the country. After a short period of liberal tax regime, we have witnessed the beginning of the totally different version of taxation policies targeting the recovery of the economy as guided by international agencies.

Being the third year since new syllabus is introduced, we were able to complete the Analyst II level in addition to the first two levels during this year. Since the result of this level is already issued it is another challengeable task to start the next level that is Advisory Level. During the year we completed the final exam of previous syllabus that is Professional Level and hoping to issue the result in near future.

During the year we planned to go with classroom classes instead of online classes which we conducted for last three years. Initially we have introduced hybrid classes where both facilities are available since it is not practicable to have classroom classes only.

We have conducted all the due exam on regular basis with providing facilities to migrated students by conduction online exams.

We have made initial arrangement to market our Basis course that is Application Level of which demand is not healthy. The syllabus review committee is in the process of looking at the course structure of this level to make sure that the demand of this course is established. It is very essential to complete this task in the coming year.

We have finalized the memorandum of understanding with the University of Wayamba and initial step has been taken with the University of Jayewardenepura but could not complete due to closer of universities for a long period.

I would like to thank the council members including President, Members, student and the staff members of the institute for giving support to carry out the administration and academic activities of the institute smoothly.

Thank You

R.S.Samaranayake
Chief Executive Officer
Sri Lanka Institute of Taxation



EXECUTIVE COUNCIL OF THE YEAR 2022/2023



Mr. Ranil Abeywardhene,
President
MBA in Taxation (PIM-SJP), FTII – Sri Lanka, Chartered Tax Advisor, MCPM

Mr. P. Ruwan C. Gamage,
Vice President
MBA in Taxation (PIM -SJP), FTII, CTA, MCPM, Reading CMA (Australia)

Mr.V.Rameshkumar,
Secretary
FTII – Sri Lanka, ACMA (UK), CGMA, FCPM

Mr.P.D.Dileepa Sampath Panapitiya,
Treasurer
ACA, CPA, ATII, BSc. Accountancy (Sp) Hons.

Dr. J.A.S. Felix,
Council Member
LL. B. (Hons.) (London); LL. B. (Hons.) (Colombo); Ph. D. (London); FTII; Fellow, Society for Advanced Legal Studies, University of London; Diploma (cum laude), Institute Du Fédéralisme (Fribourg - Suisse);Member, Taxes Committee, International Bar Association;Member, Society of Legal Scholars (United Kingdom and Ireland); Fellow, Royal Society of Arts (London); Attorney-at- Law.

Mr. J. D. Ranga. A. Nanayakkara
Council Member
BSc (Agric.), MBA (UOC), FCMA (UK), CGMA, FCMA (SL), FTII (SL), FMATT, FCPM, CPA

Mr. U. P. Gayan T. Karunarathne,
Council Member
LLB, B.Sc. (Acct) Sp, ACA, FTII, ACMA (SL), FMAAT

Mr. Mahie Nuwan Vithanage,
Council Member
ATII-Sri Lanka

Mr. Sampath Munasinghe,
Council Member
FTII, CTA

Mr. Shohan Wijesinghe,
Council Member
MBA in Taxation, CTA, FTII

Mr. Prabath Weerasinghe,
Council Member
BB Mgt. (HRM) SP, ACA, MAAT, ATII, ACMA (SL), MBA in Taxation (PIM – SJP)

PAST PRESIDENTS OF THE INSTIUTE



1992 – 1993
A.B Amarasekera, Founder President



1993 – 1994
C.P.E Gunasingham



1994 – 1995
A.M Jayasekara



1995 – 1996
D.C Jayakuru



1996 – 1997
M.S.M.T Samaratunga



1997 – 1999
S. Balaratnam



1999 – 2000
A.B. Amarasekera



2000 – 2001
C.P.E Gunasingham



2001 – 2003
A.M Jayasekara



2003 – 2005
C.P.E Gunasingham



2005 – 2006
P Guruge



2006 – 2011
M.N Gunasekara



2011 – 2013
D.D.M Waidyasekara



2013 – 2017
M N Gunasekara



2017 – 2018
H M Premaratne Banda



2018 – 2022
T P Ranwatte

EXECUTIVE COUNCIL AT BOARD ROOM





COMMITTEES OF THE INSTITUTE

MEMBERS OF FINANCE COMMITTEE

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Mr. Ranil Abeywardhene **(Ex officio)**	0718 69 8337	president@slitaxation.lk

MEMBERS OF NAME CHANGE COMMITTEE

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Mr.Prageeth Rukshan	0718 601061	prageethr@gmail.com
Mr. Ranil Abeywardhene**(Ex officio)**	0718 698337	president@slitaxation.lk
Mr.V.Rameshkumar **(Ex officio)**	0777 531577	rameshv@winterquilts.com

COMMITTEES OF THE INSTITUTE

MEMBERS OF PREMISES & PHYSICAL FACILITY COMMITTEE

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Mr. Ranil Abeywardhene **(Ex officio)**	0718 698337	president@slitaxation.lk

COMMITTEES OF THE INSTITUTE

MEMBERS OF MEMBER'S DEVELOPMENT COMMITTEE

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COMMITTEES OF THE INSTITUTE

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Mr. Ranil Abeywardhene **(Ex officio)**	0718 698337	president@slitaxation.lk

COMMITTEES OF THE INSTITUTE

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Mr. L.S.Sarath K. Silva, A 336	0714 710834	sarathsilva088@gmail.com
Mr. Ranil Abeywardhene **(Ex officio)**	0718 698337	president@slitaxation.lk

EXECUTIVE COUNCIL REPORT

The annual report of the Sri Lanka Institute of Taxation includes an Executive Council Report to members, which comprises messages from the President, Secretary, and CEO, as well as reports from the chairpersons of various subcommittees

These sections provide an overview of the institute's activities, achievements, challenges, and future plans. The messages from the President, Secretary, and CEO highlight the strategic direction of the institute, major accomplishments etc. Treasurer's report highlights overall financial performance of the Institute.

The reports from subcommittee chairmen focus on specific areas such as education and training, membership affairs, professional development, premises maintenance and other relevant aspects related to the Institute. These reports offer insights into the subcommittees' activities, initiatives, and recommendations to improve the functioning of the institute and enhance the knowledge and skills of its members.

The objective of including these sections in the annual report is to provide comprehensive information to its members, keeping them informed about the institute's progress, achievements, and plans for the future.



REPORTS OF THE COMMITTEE CHAIRMEN 2022/2023

Chartered status through the Parliament Act to be accomplished within few weeks after a long journey

Handing over the copies of paper advertisement, proposed draft bill in three languages and a letter by the MP declaring to introduce the bill in Parliament on February 25, 2022.

After lapse of one month from the publications of advertisement in the gazette and newspapers on March 2, 2022.Forwarding the bill to the Attorney General to seek his opinion as to whether bill is inconsistent with the constitution and 13th amendment to the Constitution.

Attorney General's (AG) recommendation on June 16, 2022, to change 11 clauses. Re-drafting the bill in three languages incorporating AG's recommendations.

After obtaining the AGs observation, bill published as a gazette on July 26, 2022.

Bill placed under the order paper for the first reading and first reading taking place on August 12, 2022

Forwarded to the line minister seeking his report on the subject matter on 18th August 2022. Approved by the Director General of Fiscal Policy and Secretary to the MOF on September 27, 2022.Receiving the line minister's approval on January 4, 2023 to submit the bill for cabinet approval

Forwarded the bill to the legal draftsmen on November 8, 2022 for recommendation and redrafting. Redirecting the bill to MOF on December 21, 2022.

Forwarded the bill to the Attorney General (AG) on November 17, 2022 for recommendation. AG's report received by MOF on November 29, 2022.



Ruwan Gamage
Chairman of the
Name Change Committee.

The name change of our Institute as the "Chartered Institute of Taxation of Sri Lanka "did not bring in positive results until 2019. Honoring the trust vested by the Executive Council in 2019, by appointing me as the Chairman of the Name Change Committee, I was able to steer head the process of name change. After a lengthy journey amidst obstacles, the process in near completion. The bill having approved by the Cabinet of Ministers and the respective committees at the parliament, it will soon be forwarded to Hon Speaker's certification. We expect the Act to be approved by the parliament and published by mid of July 2023.

Cabinet Approval on January 10, 2023



Submitting minister's report to the Parliament on February 17, 2023. Presenting the report by the Leader of the House to the Parliament on March 7, 2023

Bill was placed in the order paper for second reading on March 8, 2023

The bill was approved by the Parliamentary Business Committee on April 26, 2023 and was taken for second reading. Subsequently referred to the Legislative standing committee.

Legislative Committee meeting was held on June 9, 2023 for 3rd reading purpose. Report of the Legislative Standing committee shall be placed before the house for consideration.

Expecting certification of Hon. Speaker once the committee report is presented to the Parliament in mid July 2023

REPORT OF THE CHAIRMAN OF FINANCE COMMITTEE



The Finance Committee of Sri Lanka Institute of Taxation is a compulsory subcommittee of the council for each of its terms. For the financial year 2022/23 the Committee was appointed in February 2023 with the following objectives.

1. To review and recommend financial policies, ensure adequate internal controls, and maintain financial records in accordance with standard accounting practices.

2. To develop an official website and introduce a tailor-made Core Operating System for the institute incorporating the accounting, operational process.

3. To prepare the institute's Financial Budget.

4. To review the requirement of the new Capital Investments of the Institute and provide recommendations.

5. To ensure that the Institute has proper risk-management provisions in place.

6. Ensure compliance with all statutory and other requirements related to the institute's finances.

Amongst other things, the key aspect which the committee was entrusted with during the term

"OUR KEY FOCUS WAS ON THE WEBSITE AND THE CORE OPERATING SYSTEM"

was to design and implement the corporate website and a new Core Operating System for the institute (herein after also referred to as the "System").

The committee was made to understand that the previous website was not functioning and unrecoverable and with that in mind we started the work of finding a suitable system developer to undertake this gigantic task.

We spent more than a month in gathering the requirements including but not limited to, lengthy discussions with the staff of the institute, the members of the council and interested committees, extensive independent research on similar websites, discussions with selected educational institutes etc.

The web & the core system were designed to incorporate not only the must-have features of a similar modern system but also to cater the requirements in the future. The salient features of the website (including that of the core system) includes,

- A comprehensive LMS (Learning Management System)
- Separate Portals for the members, students, and lecturers with fully packed features

- Responsive exemption search mechanism
- Facility for online registration for all courses and webinars
- Online payment option
- Back-end integration with the Accounting System
- HR Module
- Practicing membership directory
- Online Voting System

We identified six potential system developers and conducted lengthy one-to-one discussions with each of them before selecting the preferred party to award the contract. The supplier selection was purely based on the merit of each party, where factors such as previous experience, cost, time frame, professionalism, and independent recommendations were the key determinants.

The committee also took up the preparation of the Financial Budget of the institute for the Financial Year 2023/24 which is in progress at the time of this report.

The Finance Committee met seven times (apart from the meetings with the system developers as mentioned above) from its formation up to June 11, 2023.

I take this opportunity to express my sincere gratitude to all members of the committee who extended their fullest support in achieving the committee objectives.

Dileepa Panapitiya
Chairman ,
Finance Committee

REPORT OF THE CHAIRMAN OF PUBLIC SEMINAR, PUBLIC RELATIONS AND PROMOTIONAL ACTIVITIES COMMITTEE



Public Seminar, Public Relations and Promotional Activities Committee is a very vital committee established by the Executive Council of Sri Lanka Institute of Taxation (SLIT) in February 2023 for the purpose of sharing the knowledge not limited to the students, members and tax professionals but also for the general public.

I believe that the knowledge of taxation should not be limited to tax practitioners or to the tax consultants. It should be shared among the general public to understand the framework and the background of taxation. Then only the tax practitioners and tax consultants can make the taxpayers understand the importance of the value of compliance. On the other hand, it is more practical to the taxpayers to understand the basic tax concepts because the tax professionals also will be benefited when the public is equipped with general knowledge of the tax system.

The initial plan of the committee is to conduct at least one seminar for one month to increase the awareness of the institute as a premier professional body for taxation. The committee has already conducted very important seminars such as “practical application of recent changes for Income Tax and Value Added tax enacted in 2022” and “මුළු වැටුපටම බදු ගෙවිය යුතුද?with more than 150 participants for each seminar. The committee decided to conduct one of seminars in Sinhala language since most of the participants requested a change in the traditional route of conducting the seminar in the tax profession. I observed that although there were a large number of participants, there were less than 25% of members in the seminars conducted. I sincerely request to all the members of the institute to participate in the seminars and to the other connected knowledge sharing activities for the betterment of the professional career of the members and to develop “The bond” with the institute because our members are the most valued asset of the institute.

The committee is not limited only to conduct seminars. Further the committee is involved in developing a marketing strategy with an action plan to move the institute for a new era with a new vision. The committee took over the responsibility of embedding the viable changes to the existing vision and mission statements of the institute to comply with the future developments and achievements that will be approachable in the near future. Accordingly, the public seminar committee activities initiated the development of the marketing strategy for the institute to achieve its objectives.

Thank you.

Shohan Wijesinghe

Chairman

Public Seminar, Public Relations and Promotional Activities Committee

REPORT OF THE CHAIRMAN OF PREMISES & PHYSICAL FACILITIES COMMITTEE



I have pleasure in addressing you as the chairman of Premises & Physical Facilities committee through the Annual Report 2022/2023. Firstly, let me take this opportunity to thank members of our institute for electing me as a Council Member. Also, my sincere appreciation goes to the President and Executive Council for vesting me with the responsibility to steer head as the Committee Chairman of Premises and Physical Facilities Committee and thereby of SLIT for success Institute goals.

As per the letter of appointment handed over to me by the Hon. Secretary of the institute, our committee was expected to perform in drawing up a plan to handle the assets (including the premises) of the Institute efficiently, to equip the institute with the required assets to carry out the operations smoothly, reviewing the maintenance agreements of the Institute to bring about efficiency, to ensure the procurements of the institute are carried out as per the procurement policy established, to liaise with the Public seminar Public Relations and Promotional Activities committee and ensure the required branding for the institute are carried out. However, the limited time factor of six months was a challenge to meet all the required objectives. Despite all challenges, the commitment and dedication of the committee paved all the way in meeting the following achievements within a short span of time.

Introducing the convert the hybrid classroom model into the Institute.

We were deprived of conducting the courses of the institute physically due to the Covid -19 pandemic. Almost all the classes were carried out through the zoom platform. However, majority of the students faced problems such as poor visibility of the whiteboard teaching, poor interaction with the lecturer etc.; in addition, the cost increase in transportation and time consumed in travelling too demanded for an efficient online course structure. So, having carefully reviewed the above problems, the committee came up with the solution of the hybrid classroom model enabling the students to enjoy the following benefits.

An Ability to Touch wow factor	Any application run which is required
Both OS running in one device (Windows & Android)	Recoding facility to itself
An ability to use Smart Electronic virtual tools for our lesson	An ability to present with real ascent
No side effect from using Electronics virtual tools	An ability to real time direct sharing
An ability to play video & audio which is you required	Storage Facility (inbuilt pc)
An ability to use internet facility to use anything search	4K Resolutions - 3840 x 2160
An Ability to Repeat function	An ability to use PPT
Can Use multipurpose (Meeting/events/ training program /as stage backdrop/as computer/ TV)	One lesson can use to other same meeting or classes (Saving 50% energy)

E-FILLING SYSTEM

With the introduction of e-documentation into Sri Lanka, it has become popular not only among the private sector but among the government sector as well. With the increase of prices in paper and printing, many organizations are now converting their physical documentation into electronic mode. In line with the current trends, our institute too recognized the necessity in converting the physical documents into electronic mode. More than 2000 member's files and students' files were converted into electronic mode facilitating the institute to increase efficiency and efficacy. The institute expects to minimize the following deficiencies with this initiative launched by our committee.

01. Minimizing the time spent on retrieving and filing student or member files by the SLIT staff.
02. Maximizing the space of the Institute with the removal of 04 large filling cabinets used for the filing of physical documents.
03. Meeting the cost-effective methodology with the ambition to increase the student records with the increase of student population.
04. Convenience in handling the student records than maneuvering the heavy files.

Continuation of the e-filing shall be further developed in to digitizing all work processes of the Institute. The institute shall be equipped with a sophisticated website and an operating system where such developments shall be synchronized with the e-filling concepts. The records converted to electronic modes shall be stored in I-Cloud and in addition, the same shall be saved in portable hard disks with periodic updates.

RENT OUT FOR OUTSIDE PARTY

With the country recovering from COVID-19 pandemic many things came into normalcy. However, the downturn of economy and the increase of the rate of migration, the student population has decreased significantly. In addition, students' tendency in attending physical classes too has decreased due to the high cost of transportation. The above said have ultimately culminated to leave out unutilized space at the institute. The high monthly rent cost amounting to Rs. 525,000/= recorded in the profit and loss account of the Institute has compelled us to rethink utilizing the premises space effectively to generate adequate income justifying against the incurring expense. Having scrutinized the floor utilization of the premises of the Institute, we identified the usage as follows.

- Our 1st & 2nd floor are used only during the weekends.
- Auditorium remains unutilized most of the days.

After several deliberate attempts, our committee introduced a viable plan for optimizing the efficiency in utilizing the assets of the Institute including the premises. Our proposals in this regard are provided as follows.

To rent out the Institute's building premises to third parties on a short term or daily basis. We estimated approximate additional income generation of Rs.175, 000.00 per month. We have already advertised in social media notifying the availability of the space area in 1st & 2nd floor, Auditorium & Rooftop of our Building for any kind of function including meetings, conferences, seminars, training sessions, get-togethers or any other event other than for party political matters.



INTRODUCE E-LIBRARY SYSTEM

One of the prominent initiatives made by our committee to the institute is to transform the physical library into an e-library availing access to students to use the online reading facilities through website engagement. Currently, most of the physical books in our library are outdated and there is no proper formal system including the involvement of the role of a librarian at the Institute. This has prevented providing proper learning facilities for our members & students.

Our committee identified most of Education institute maintain E-library system for easy access not requiring visiting the premises for learning purposes. This also encourages distant learning facility as well. Therefore, the committee decided to avail the hybrid library facility availing both E-library as well as physical library. We have already finalized the preliminary stage of e-library system and the benefits that our stakeholders including members and students could enjoy could be summarized as follows.

Quick reference to any subject matter including Case Law, Legal writing, Gazette Notifications, Tax related local and foreign Magazines & Journals.

Access to university libraries, research centers and other knowledge resources through making subscriptions.

Availability of other audio and video classroom explanations and discussions.
Facility to retrieve knowledge through e-mode by downloading to portable storage devices or email facilities.

Easy access from anywhere around the world through learning portal.

Reduction of the cost of maintaining the physical books.

However, the committee, not depriving the experience of a conventional library shall avail yourself of the experience of reading essential books (especially expensive books) via the physical library as well.

BRANDING WITH NAME CHANGE

In line with the name change requirement the Executive Council expected the committee to perform the branding requirement of our institute. In order to retain the importance and the quality of "Chartered" status, our committee proposed the branding plan to improve our image and thereby increase the number of students. Our plan includes the following three criteria.

Outdoor Moderation:

This plan includes changing our Name Boards, Logos & improve our image quality view of outsiders.



Reception area Moderation:

We initiated expanding the reception area to provide better student and member experience at the first contact point of the institute. This way our intention is to provide a better experience at the first impression via a pleasant environment at the reception area. We will equip the reception area with our corporate video running on a LCD screen, display of Vision/ Mission Statement, exhibition of Logo with Name, Photo Cabinet and Magazine rack with the Institute's publications etc.

As the committee chairman I am extremely happy to witness the completion of 80% of the objective intended by the Executive Council. The daunting task in achieving part of the goals of our committee amidst the financial constraints and other barriers was possible due to the undeterred determination and devotion of my committee members. I wholeheartedly thank the committee members for their commitment and teamwork demonstrated right throughout the period after being appointed.

In addition, I appreciate all the support provided by the President and the Executive Council and the staff of SLIT where, without their blessing these tasks would not have become reality.

MAHIE NUWAN VITHANAGE
CHAIRMAN PREMISES & PHYSICAL FACILITIES COMMITTEE
A-270



REPORT OF THE CHAIRMAN OF MEMBERS DEVELOPMENT & CPD COMMITTEE



The Committee established by the executive council in the year 2020 as members Development Committee has been re-named as Members Development and CPD Committee by the executive council in December 2022. During the 6 months period ending on 30th June 2023, two programs have been organized by the committee.

Awakening Kundalani

Awakening Kundalani has been organized to our members for healing and self-improvement, allowing long term positive change. Major General (Retd) G.V.Ravipriya delivered the presentation with his experiences and it addressed the area of daily routine, importance of organizing the life style, self-motivation, attitude, development of leadership skills, the personality development etc.

When it comes to the business and working environment, the balance between work and private life is recognized not only as a manifestation of social responsibility but above all as a competitive advantage and a condition of employee effectiveness.

Once Kundalani awakens, life will never be the same and a person's entire body, mind, system and sprit goes through a massive energetic exaltation.

"You cannot change your future, but you can change your habits, and surely your habits will change your future".
(Change not the values but unessential habits)





Workshop on HS Codes 2022

Member's Development and CPD Committee wanted to enhance the knowledge of members in the area of New Harmonized System Code (HS Code) numbers correlating the 2022 Version to the 2017 Version.

Due to that reason, unveiled another resourceful workshop on HS Codes 2022 for the members and other knowledge seekers on 30th April 2023. It was a full day interactive workshop and shared technical knowledge and practical experiences by Mr.M.Ravindrakumar -Former Director of Customs, Customs Management Expert /USAID Partner Activity. The participants actively participated for the workshop by raising practical issues to resource person and he clearly clarified the issues during the workshop.

Sampath Munasinghe
Chairman Members Development &
CPD Committee



REPORT OF THE CHAIRMAN OF TECHNICAL, EDITORIAL AND EDUCATIONAL COMMITTEE



Subsequent to the Annual General Meeting held on 06th December 2022, the Executive Committee elected to the office of Sri Lanka Institute of Taxation were elected. As per the authority vested with the Executive Council, the Technical, Editorial and Education Committee Chairman was appointed in January 2023. The Committee Chairman thereafter the formed the committee with the applications received for the year 2022/23. The letters of appointments were issued and the committee literally had only 5 months period to perform.

The main task assigned to the committee was to review the present curriculum of the main course of the Institute and to recommend any further modifications that would require in concern to the changes taking place in the global and local context. In addition, there were concerns both from students and lecturers that adequate tax learning hours are not covered compared to other subjects in the curriculum. At the first meeting, the members of the Committee desired a comprehensive review of the curriculum, exist points and exemptions. The new syllabus has been structured with competent and knowledge pillars. There are three main stages introduced namely: application level, analysis level and advisory level. Comprehensive scrutiny was performed both horizontally and vertically. Also, content of each subject were matched with the learning outcomes. This assessment was made in concern to the three dimension namely: deliverability, practicability and marketability. The committee's primary findings and recommendation were communicated to Executive Council.

In addition, the committee was proactive to the changes made to both Inland Revenue Act No .24 of 2017 and the VAT Act No.14 of 2002. Members were enlightened with the changes and provided additional insights than the conventional notifications received from other competitive institutes and the audit firms. Furthermore, we will continue to collaborate with other professional bodies and universities to obtain exemptions from such institutions for our member fraternity.

We may live in a small community, however spirit of proficiency in the field of taxation is precious. We strive to make a difference and fulfill our purpose by focusing on grooming confident and competent tax professionals in the country. In the foreseeable future, we anticipate in increasing the advance qualification programs in adding value to the membership. With that understanding in background, the committee has initiated many valuable short courses (6 months) covering many untouched areas of taxation including the borderline duties and taxes. However, with the time constraints the committee limited avenues to implement and will be implemented soon in the near future.

Members and student could definitely experience a drastic change with a novelty in all our courses, workshops and publications at the future. Some of the contents of the courses are under working progress and will be delivered based on the future requirement of the country or region or international context. In addition, our institute is focused on imparting knowledge on digital taxation under rapidly developing ICT environment and the cross-border transactions stemming out from the increasing world trade.

Let me express my heartfelt appreciation for the committee members who sacrificed their precious time and shared their knowledge in delivering the committee objectives. In addition, I sincerely thank the President and the Executive Council for their constant reviews and advice received. Let me thank the CEO and the SLIT staff for all the support extended to the committee work carried out. Finally, my sincere appreciation goes to all other stakeholders including the officers from Inland Revenue Department from whom the knowledge and insights were obtained.

On behalf of the committee, let me thank all of you for your contributions and participation in making the institution a better place. I wish our Institute all the very best.

Prabath Weerasinghe

Chairman of the Technical, Editorial and Education Committee

MANAGEMENT OF THE INSTITUTE

Since its establishment over 30 years ago, the Sri Lanka Institute of Taxation (SLIT) has consistently demonstrated its commitment to professionalism and excellence. Throughout the years, SLIT has effectively met the expectations of its stakeholders and the broader community, garnering their trust and confidence. In the past year, SLIT has further intensified its efforts to provide value as a professional body, adapting to the evolving societal and environmental changes, needs, and trends.

Promoting Good Governance and Accountability

As a responsible institution, SLIT places great emphasis on promoting good governance, transparency, and accountability. We recognize that these principles are essential for fostering public trust and ensuring effective tax administration. By upholding the highest levels of professional competence and integrity, SLIT actively contributes to the national development efforts of Sri Lanka.

Delivering Value in a Changing Landscape

The year under review presented various challenges and opportunities, demanding agility and adaptability from SLIT. Recognizing the dynamic nature of the tax landscape, we have strived to remain at the forefront of developments and provide valuable insights to our members and the wider tax community. Our commitment to be in par with the changes taking place, has enabled us to effectively serve our members and facilitate their professional growth.

Commitment to Professional Competence

SLIT remains committed to maintaining a high level of professional competence among its members. We believe that continuous learning and development are vital to keep pace with the ever-changing tax laws and regulations. Through our comprehensive range of educational programs, workshops, and seminars, we equip our members with the necessary knowledge and skills to excel in their tax-related roles. By doing so, we contribute to the overall enhancement of the tax profession in Sri Lanka.

In conclusion, the Sri Lanka Institute of Taxation has once again demonstrated its commitment to professionalism and has always contributed for the national development efforts. As we move forward, SLIT will continue to adapt and evolve to meet the changing needs of our members and the tax community. We remain dedicated to promoting good governance, transparency and accountability, while nurturing a high level of professional competence within our ranks. Through these efforts, SLIT will contribute to the growth and success of the tax profession and the wider society.

Operational Structure

The activities of the Sri Lanka Institute of Taxation (SLIT) are organized into two main categories: Strategic/ Governance Activities and Operational Activities.

Strategic/Governance Activities

The strategic direction of the Institute is determined and implemented by the Executive Council and its subcommittees. These bodies play a crucial role in shaping the long-term goals and objectives of SLIT. They provide guidance and oversight, ensuring that the Institute operates in alignment with its mission and vision.

Operational Activities

The implementation of the strategic direction set by the Council is carried out by the Chief Executive Officer (CEO) and the Institute Secretariat. They are responsible for executing the plans and initiatives formulated by the Council. Additionally, the CEO and the Secretariat oversee the day-to-day operations of SLIT, ensuring the smooth functioning of various activities.

The Institute Secretariat plays a vital role in conducting faculty activities, including organizing educational programs, workshops, and seminars. These activities are designed to enhance the professional competence of our members and students, equipping them with the necessary knowledge and skills to excel in the field of taxation.

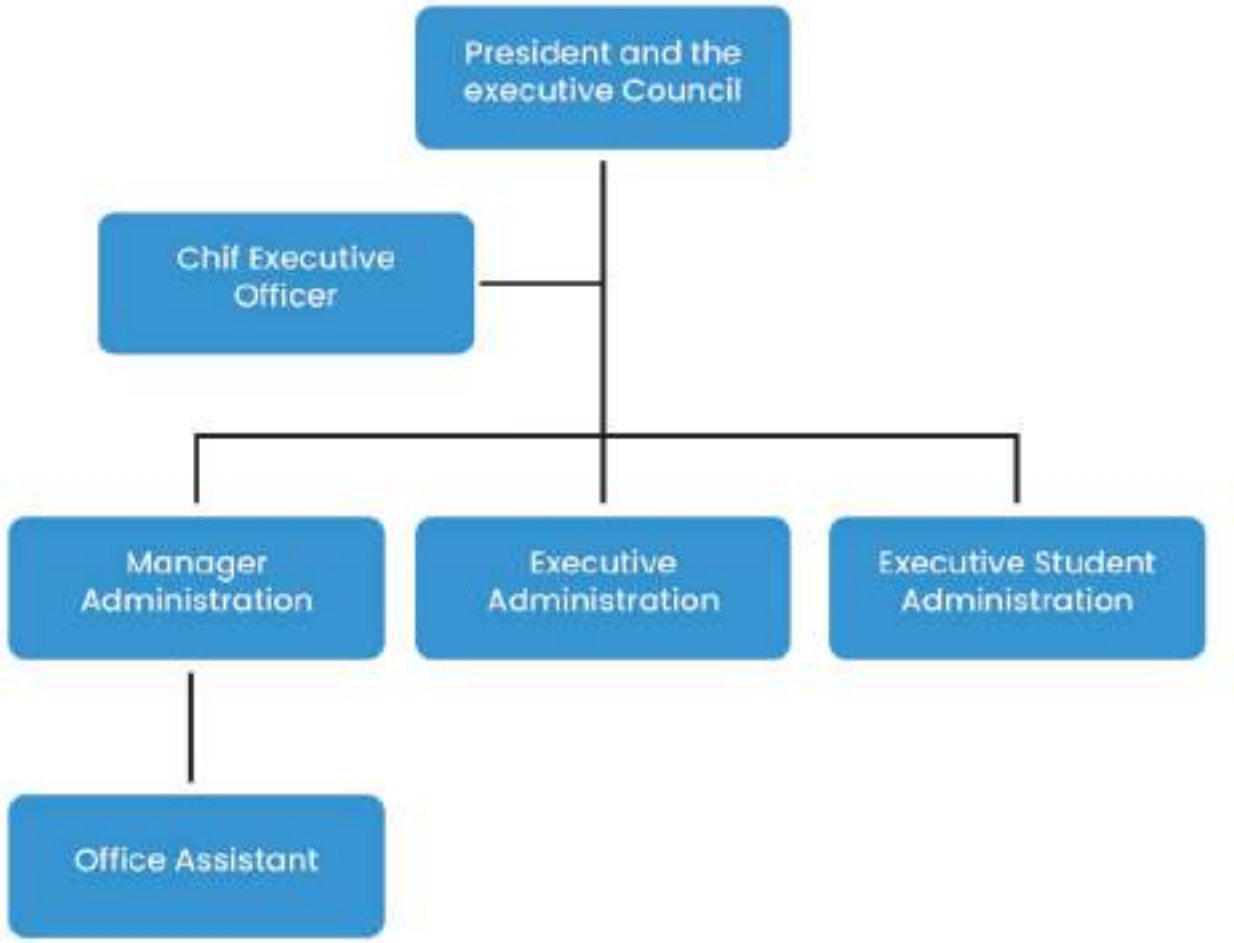
Furthermore, the CEO and the Secretariat are dedicated to ensuring that the requirements and needs of our members and students are met effectively. They strive to provide excellent services, maintain open lines of communication, and address any concerns or queries promptly.

Structure of the Sri Lanka Institute of Taxation

The operational structure of the Sri Lanka Institute of Taxation reflects a clear division of responsibilities and a well-coordinated approach towards achieving our goals. The Executive Council, CEO, and the staff of the Institute's Secretariat work together to ensure the successful implementation of strategic initiatives and the provision of quality services to our members and students. Through effective management and governance, SLIT continues to thrive and contribute to the professional development and growth of the tax industry in Sri Lanka.



SRI LANKA INSTITUTE OF TAXATION STRUCTURE



ATTENDANCE

The Executive Council of the Sri Lanka Institute of Taxation was elected during the Annual General Meeting held on December 6, 2022. This meeting was delayed due to economic and political circumstances that occurred from March to July 2022. Between December 6, 2022, and June 2023, the Executive Council conducted six regular council meetings and three special council meetings. These gatherings were convened to deliberate and address significant matters concerning the Institute.

Attendance of Council Members

The following table provides an overview of the attendance of members at the Council Meetings held during the aforementioned period:

Council Member	Council Meetings Attended
Mr. Ranil Abeywardhene	9 out of 9
Mr. P. Ruwan C. Gamage,	9 out of 9
Mr.V.Rameshkumar	9 out of 9
Mr. Mr.P.D.Dileepa Sampath Panapitiya	8 out of 9
Dr. J.A.S. Felix	4 out of 7
Mr. J. D. Ranga. A. Nanayakkara	7 out of 7
Mr. U. P. Gayan T. Karunarathne	2 out of 7
Mr. Mahie Nuwan Vithanage	8 out of 9
Mr. Sampath Munasinghe,	9 out of 9
Mr. Shohan Wijesinghe	6 out of 9
Mr. Mr. Prabath Weerasinghe	6 out of 9

It is encouraging to note that most the council members demonstrated a high level of commitment and dedication by actively participating in the Council Meetings. Their presence and engagement in these meetings have contributed significantly to the effective decision-making and governance of the Sri Lanka Institute of Taxation. Their active involvement has been instrumental in shaping the direction and progress of the Institute. SLIT acknowledges and appreciates the valuable contributions made by its council members in advancing the objectives and mission of the entity.

MEMBERSHIP OF THE INSTITUTE

DESCRIPTION	HONORARY FELLOW	FELLOW MEMBERS	ASSOCIATE MEMBERS	TOTAL
Members as at 06-11-2022	05	172	173	350
Admitted During the year	-	-	33	33
Transferred to Fellow	-	6	-6	-
Members Terminated	-	-	-	-
Death	-	-2	-1	-3
Members as at 20-06-2023	05	176	199	380

FINANCIAL REVIEW 2023



It's not uncommon to see, even around the globe, that educational expenses are among the first of many to cut down in an economic recession. As such our financials for the year

2022/2023 also, to some degree, reflect the after-pandemic economic downturn and the crisis the country has been going through.

However, as everything does not perfectly boil down to the economic situation, there are many things that we need to still be focusing on to look for that silver lining in the dark cloud.

In terms of financial performance for the year under review, the direct income was reduced to Rs 15.7mn in 2023 from Rs 18.7mn in 2022 which is approximately a 16% YoY drop, predominantly caused by the lack of short courses and decreased students' intake during the year. However, direct expenses did not reduce in proportionate to the drop in income, mainly due to factors such as hike in lecture fees & other exam related costs.

However, the downfall in mainstream income was well & truly compensated for by the huge spike in interest income during the year, thanks to effective portfolio management. Income earned from deposits rose to a thumping Rs 8.5mn in 2023 from a moderate Rs 3mn in the previous financial year, which is the highest in the last five-year period. Consequently, the total fixed deposits (including the interest receivable on the same) also increased to Rs 69mn as at 31 March 2023 from Rs 64mn as at the end of the last year.

As for the expenses, in comparison with 2022, there is only a slight variance in overall expenses with just an 8% increase.

Administration expenses went up slightly whereas selling & promotional expenses spiked notably in 2023.

Despite 2023 being a tough year with an operational loss for the institute, though not for the first time in history, we managed to close the period with a consolation profit of Rs 2.7mn after tax.

	2022/23	2021/22	2020/21	2019/18
Direct Income	15,700,625	18,762,619	15,528,178	23,996,298
Gross Profit	11,404375	14,397,669	11,896,629	19,744,154
Inerest Income	8,594,327	3,110,197	4,996,519	6,976,159
Surplus/(Deficit) after Tax	2,03,485	2,831,951	4,134,902	13,450,617
Net Cashflow from operations	(7,100,566)	76,295	(9,287,809)	3,308,704
Member Subscription Fee	879,500	822,500	772,500	820,500
Fixed Deposits (Including Interest Receivable)	59,778,723	64,708,395	60,253,488	70,475,343
Membership Subscription Receivabe	1,211,800	918,150	696,000	506,330
Cash & Bank	1,884,656	1,578,921	1,393,064	4,073,212

Dileepa Panapitiya
Treasurer

SRI LANKA INSTITUTE OF TAXATION

FINANCIAL STATEMENTS 2022/2023

B.R.DE SILVA & CO.
Chartered Accountants
A member of Nexia International

Private & Confidential

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF SRI LANKA INSTITUTE OF TAXATION

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Sri Lanka Institute of Taxation *("the Institute")*, which comprise the statement of financial position as at 31st March 2023, and the statement of comprehensive Income, Statement of changes in equity and statement of cash flows for the year ended, and a summary of significant accounting policies and the other explanatory notes.

In our opinion the accompanying financial statements give a true and fair view of the financial position of the Institute as at 31st March 2023, and its financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standard for Small and Medium-sized Entities *(SLFRS for SMEs)*.

Basis for Opinion

We conducted our audit in accordance with Sri Lanka Auditing Standards (SLAuSs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Organization in accordance with the ethical requirements of the Code of Ethics issued by CA Sri Lanka (Code of Ethics) that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Council's and Those Charged with Governance for the Financial Statements

The Council is responsible for the preparation of financial statements that give a true and fair view in accordance Sri Lanka Accounting Standard for Small and Medium-sized Entities *(SLFRS for SMEs)*, and for such internal control as council determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Council is responsible for assessing the Organization's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless council either intends to liquidate the Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Institution's financial reporting process.

Partners - N.S.C.De Silva FCA, FCMA (UK),CGMA, L.C.Piyasena FCA, L.L.S.Wickremasinghe FCA, S.M.S.S.Bandara MBA, FCA, D.S.De Silva LLB, Attorney -at -Law ACA, ACMA(UK),CGMA

Partner (Kandy) W.L.L. Perera FCA.

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Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is an assurance of high level of assurance, but is not a guarantee that an audit conducted in accordance with SLAuSs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A Further description of the auditor's responsibility for the audit of financial statements is located at Sri Lanka Accounting and Auditing website at: http://www.slaasc.lk/auditing/auditorsresponsibility.php . This description forms part of our auditor's report.

Report on Other Legal and Regulatory Requirements

As required by section 7 (7) of the Sri Lanka Institute of Taxation (Incorporation) Act No.21 of 2000, we have obtained all the information and explanations that we required for the audit and, as far as appears from our examination, proper accounting records have been kept by the Institute.

B. R. DE SILVA & CO.
Chartered Accountants
Colombo 05.

Date...20/06/2023

LW/ST/ca

SRI LANKA INSTITUTE OF TAXATION

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31ST MARCH,

	Notes	*2023*	*2022*
		Rs. Cts.	*Rs. Cts.*
Direct Income	(03)	15,700,624.88	18,762,619.00
Direct Expenses	(04)	(4,296,249.78)	(4,364,949.77)
Gross Profit		11,404,375.10	14,397,669.23
Other Income	(05)	9,024,926.93	4,923,746.04
		20,429,302.03	19,321,415.27
OTHER EXPENDITURE			
Administration Expenses	(06)	(16,799,749.37)	(15,893,796.63)
Selling and Distribution Expenses	(07)	(768,262.33)	(340,722.43)
Finance and other Expenses	(08)	(45,326.26)	(12,335.00)
		(17,613,337.96)	(16,246,854.06)
Surplus / (Deficit) before Taxation		**2,815,964.07**	**3,074,561.21**
Income Tax for the Year	(09)	**(112,478.89)**	**(241,609.90)**
Surplus / (Deficit) for the Year		**2,703,485.18**	**2,832,951.31**
ALLOCATION OF SURPLUS FOR THE YEAR			
Allocation to Accumulated Fund		2,703,485.18	2,969,406.18
Allocation to Hugh Molagoda Fund		-	(136,454.87)

The notes to the financial Statements in pages (05) to (16) form an integral part of these financial Statements.



SRI LANKA INSTITUTE OF TAXATION

STATEMENT OF FINANCIAL POSITION
AS AT 31ST MARCH,

	Notes	*2023*	*2022*
ASSETS		*Rs. Cts.*	*Rs. Cts.*
Non-current Assets			
Property, Plant and Equipment	(10)	7,058,774.28	7,966,777.45
Total Non-current Assets		7,058,774.28	7,966,777.45
Current Assets			
Inventories	(11)	129,287.93	107,258.79
Members' Subscriptions Receivable	(12)	1,211,800.00	918,150.00
Financial Assets	(13)	63,618,676.17	63,366,941.99
Interest Income Receivable	(14)	6,160,046.78	1,341,454.31
Deposits, Advances & Prepayments	(15)	4,330,012.75	6,437,480.00
Discontinued Course Fees		264,600.00	264,600.00
Course Fee Receivable		3,081,915.00	2,720,964.13
Income Tax Receivable	(21)	459,570.51	148,390.10
Cash & Cash Equivalents	(16)	2,637,920.97	2,138,344.05
Total Current Assets		81,893,830.11	77,443,583.37
Total Assets		**88,952,604.72**	**85,410,360.83**
FUNDS & LIABILITIES			
Funds			
Accumulated Fund		83,367,603.92	80,664,118.74
Hugh Molagoda Memorial Fund	(17)	35,187.81	21,728.76
Total Funds		83,402,791.73	80,685,847.50
Current Liabilities			
Deferred Income & Deposits	(18)	3,751,820.05	3,703,289.88
Accrued Expenses	(19)	1,044,727.94	461,800.34
Bank Overdrafts	(20)	753,265.00	559,423.11
Total Current Liabilities		5,549,812.99	4,724,513.33
Total Funds and Liabilities		**88,952,604.72**	**85,410,360.83**

We certify that the above statement of financial position, to the best of our belief, contains a true account of the Funds, Liabilities and Assets of the Institute.

.....
Y. B .M. Ranil T. B .Abeywardhene
President

.....
P. D . Dileepa Sampath Panapitiya
Treasurer

DATE : 20th June 2023

The Notes to the Financial Statements in pages (05) to (16) form an integral part of these Financial Statements.

SRI LANKA INSTITUTE OF TAXATION

STATEMENT OF CHANGES IN RESERVES
FOR THE YEAR ENDED 31ST MARCH, 2023

	Accumulated Fund
	Rs. Cts.
Balance as at 31st March 2021	**77,831,167.43**
Surplus for the year	2,832,951.31
Balance as at 31st March 2022	**80,664,118.74**
Surplus for the year	2,703,485.18
Balance as at 31st March 2023	**83,367,603.92**

Figures in brackets indicate deductions.

The notes to the financial Statements in pages (05) to (16) form an integral part of these financial Statements.



SRI LANKA INSTITUTE OF TAXATION

STATEMENT OF CASH FLOW
FOR THE YEAR ENDED 31ST MARCH 2023

	Notes	*2023* Rs.	*2022* Rs.
Cash Flow From Operating Activities			
Surplus/(Deficit) for the year		2,815,964	3,074,561
Adjustments for			
Depreciation	*(10.2)*	1,999,253	1,839,245
Interest Income on Fixed Deposits		(8,594,327)	(3,110,197)
Finance Costs	*(08)*	45,326	12,335
Hugh Molagoda Memorial Fund	*(17)*	-	(136,455)
Profit or Loss on Asset Disposal	*(06)*	(141,500)	(95,500)
Gratuity Expense		150,000	-
Operating Profit before Working Capital Changes		(3,725,283)	1,583,989
Changes in Working Capital			
(Increase) / Decrease in Inventories		(22,029)	(1,881)
(Increase) / Decrease in Trade & Other Receivables		(5,473,193)	(3,630,609)
(Increase) / Decrease in Deposits & Prepayments		2,107,467	2,601,808
Increase /(Decrease) in Advances		48,530	246,610
Increase /(Decrease) in Accrued Expenses		582,928	(128,257)
Cash generated from Operations		(6,481,581)	671,661
Finance Cost Paid	*(08)*	(45,326)	(12,335)
Gratuity Paid		(150,000)	-
Current Tax Paid	*(21)*	(423,659)	(583,033)
Net Cash Flow from Operating Activities		(7,100,566)	76,293
Cash Flow From Investing Activities			
Acquisition of Property, Plant & Equipment	*(10.1)*	(1,097,490)	(1,596,133)
Proceeds from disposal of Property, Plant & Equipment	*(10.1)*	147,740	95,500
Interest Received from Savings Account		76,151	82,160
Interest received from Fixed Deposits		7,214,205	3,028,037
New Investments in Fixed Deposits		(6,500,000)	(4,500,000)
Proceeds from withdrawal of Fixed Deposits		7,565,696	3,000,000
Net cash flow from Investing Activities		7,406,302	109,564
Net Increase / (Decrease) in Cash & Cash Equivalents		305,736	185,857
Cash & Cash Equivalents at the Beginning of the year		1,578,921	1,393,064
Cash & Cash Equivalents at the End of the year		**1,884,656**	**1,578,921**
Note A			
Analysis of Cash & Cash Equivalents	*(16) & (20)*		
Commercial Bank - Savings Account		434,115	881,248
Commercial Bank - Current Accounts		25,000	39,750
Peoples' Bank- Current Account		(753,265)	(559,423)
Peoples' Bank- Savings Account		606,780	768,596
Bank of Ceylon Savings Account		202,310	234,450
Bank of Ceylon Current Account		1,101,366	-
Sampath Bank - Wellawatte Branch		163,800	164,300
Cheques and Cash in Hand		22,100	-
Petty Cash		42,700	50,000
Float on Diesel for Generator		39,750	-
		1,884,656	**1,578,921**

The Notes to the Financial Statements in pages (05) to (16) form an integral part of these Financial Statements.

SRI LANKA INSTITUTE OF TAXATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2023

1. ENTITY'S INFORMATION

1.1 Reporting Entity

Sri Lanka Institute of Taxation *("the Institute")* has been established by the Sri Lanka Institute of Taxation (Incorporation) Act No.21 of 2000. The registered Principal Office of the Institute is located at No.484 Havelock Road, Colombo 06.

1.2 Objectives of the Institute

Sri Lanka Institute of Taxation has been established for the following objectives.

- To create awareness on the field of taxation among the members of the public and to promote and advance the study of the law and practice of taxation and the principles of economic and political science in relation to taxation and public finance.
- To hold examinations and grant certificates to persons who have satisfactorily accomplished the examinations (to the Council of the Institute) as to their knowledge and ability upon the subject of taxation.
- To formulate a code of conduct to be observed by the members of the institute for the purpose of regulating the professional conduct of its members.
- To promote and co-ordinate the dissemination of tax awareness and knowledge with the respective revenue authorities of Sri Lanka.
- To facilitate the exchange of information and views on taxation and the creation of a well informed public opinion on the subject.
- To provide opportunities for the acquisition and dissemination of useful information concerning taxation in Sri Lanka and other countries.
- To make recommendations to the government for the improvement or simplification of the tax law and practice and to highlight anomalies in laws relating to taxation and to comment on proposed changes in the laws.

1.3 Responsibilities for preparation and presentation of the Financial Statements

The Council presents herewith the audited financial statements for the year ended 31st March 2023. The Governing Council is responsible for preparing and presenting of those financial statements.

1.4 Date of authorization for issue

The financial statements of the Sri Lanka Institute of Taxation for the year ended 31st March 2023 were authorized for issue by the Council on 20.06.2023.



Contd...(06)

SRI LANKA INSTITUTE OF TAXATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2023

2. ACCOUNTING POLICIES AND BASIS OF PREPERATION

2.1 Statement of Compliance

These Financial statements have been prepared in accordance with the Sri Lanka Accounting Standard for Small and Medium-sized Entities (SLFRS for SMEs) by the Institute of Chartered Accountants of Sri Lanka.
These financial statements of the Institute comprise the statement of comprehensive income, statement of financial position, statement of changes in reserves and statement of cash flows together with the notes to the financial statements and accounting policies *(the financial statements).*
These financial statements are presented in Sri Lanka Rupees (Rs.) and all financial information presented in Sri Lanka Rupees has been rounded to the nearest rupee.

2.2 Basis of Measurements

The financial statements have been prepared on the historical cost basis, except otherwise mentioned.

2.3 Comparative Information

The accounting policies have been consistently applied by the Institute and are consistent with those used in the previous year.

2.4 Going Concern

The Governing Council satisfied that the Institute has adequate resources to continue in operational existence for the foreseeable future and continue to adopt the going concern basis in preparing and presenting these financial statements.

2.5 Use of Estimates and Judgments

The preparation of the financial statements of the Institute in conformity with the Sri Lanka Accounting Standards *(SLFRS for SMEs)* requires the management to make judgments, estimates and assumptions that affect the application of policies and reported amount of assets and liabilities, income and expenses.

Contd...(07)

SRI LANKA INSTITUTE OF TAXATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2023

2.6 Summary of Significant Accounting Policies

The accounting policies set out below, have been applied consistently for all periods presented in the financial statements of the Institution.

2.6.1 Property, Plant & Equipment

Cost

Property, plant and equipment is stated at cost or fair value less accumulated depreciation and any accumulated impairment in value. The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. All items of property, plant and equipment are initially recorded at cost.

Depreciation

Provision for depreciation is calculated by using the straight line method on the cost of valuation of all property, plant and equipment in order to write- off such amounts over the estimated useful economic lives of such assets. The estimated useful lives of assets are as follows;

Type of Asset	Years
Office Equipment	04
Other Equipment	05
Furniture & Fittings	10
Computer Equipment	05
Generator	04

The useful life and residual value of assets are reviewed, and adjusted if required, at the end of each financial year.

2.6.2 Cash & Cash Equivalents

Cash and cash equivalents are defined as cash in hand, demand deposits and short term highly liquid investments, readily convertible to known amounts of cash and subject to insignificant risks of changes in value.



Contd...(08)

SRI LANKA INSTITUTE OF TAXATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2023

2.6.3 **Financial Assets**

Financial assets within the scope of LKAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for sale financial assets, as appropriate. The Institute determines the classification of its financial assets at initial recognition and the classification depends on the purpose for which the financial assets were acquired. All financial assets are recognized initially at fair value plus, in the case of assets not at fair value through profit or loss, directly attributable transaction costs and subsequent measurement depend on their classification.

However, at the reporting date there were no financial assets at fair value through profit or loss and Available for Sale Financial Instruments.

Held-to-Maturity Investments

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held-to-maturity when the Institute has the positive intention and ability to hold them to maturity. Held-to maturity investments are measured at cost.
Investments in short-term government securities and in fixed deposits have been classified under HTM investments.

2.6.4 **Liabilities and Provisions**

Liabilities are recognized in the balance sheet when there is a present obligation arising from a past event, the settlement of which is expected to result in an outflow of resources embodying economic benefits. Obligations payable at the demand of the suppliers or within one year of the balance sheet date are treated as current liabilities in the balance sheet. Liabilities payable after one year from the balance sheet date are treated as non-current liabilities in the balance sheet.

A provision is recognized in the balance sheet when the Institute has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits for which a reliable estimate could be made is required to settle the obligation.

2.6.5 **Liabilities and Provisions**

Defined Contribution Plans – Employees' Provident Fund & Employees' Trust Fund

Employees are eligible for Employees' Provident Fund contributions and Employees' Trust Fund contributions in line with respective Statutes and Regulations.

Contd...(09)

SRI LANKA INSTITUTE OF TAXATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2023

2.7 Statement of Comprehensive Income

2.7.1 Income Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Institute and the revenue and associated costs incurred or to be incurred can be reliably measured.

(a) **General Income**

Enrolment fees from members and registration fees from students, fees for examinations and seminars are recognized as revenue on a cash basis. Course fees and members' subscriptions are recognized on an accrual basis.

(b) **Interest Income on Treasury Bills, Fixed Deposits and Savings Accounts**

Gross interest income is recognized on an accrual basis.

(c) **Other Income**

Other income is recognized on an accrual basis.

2.7.2 Expenditure Recognition

All expenditure incurred in the running of the Institute and in maintaining the capital assets in a state of efficiency has been charged to revenue in arriving at the surplus for the year.
All expenditure incurred in the acquisition, extension or improvement of assets of a permanent nature in order to carry on or increase the earning capacity of the Institute had been treated as capital expenditure.

2.8 Taxation

The provision for income tax is based on the elements of income and expenditure as reported in the financial statements and computed in accordance with the provisions of the Inland Revenue Act, No.24 of 2017 and subsequent amendments there to.

2.9 Statement Cash flows

Statement of cash flows has been prepared using the indirect method.

SRI LANKA INSTITUTE OF TAXATION

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2023

			2023 Rs. Cts.	2022 Rs. Cts.
(03)	**DIRECT INCOME**			
	Professional Level Course Fees		-	1,491,155.00
	Seminar & Workshop Income		453,800.00	710,250.00
	Course fee Diploma in Applied Value Added Tax		-	1,507,500.33
	Associate Members' Subscriptions		418,500.00	412,500.00
	Fellow Members' Subscriptions		461,000.00	410,000.00
	Memebership Entrance Fees		677,500.00	225,000.00
	Student Renewal Fees		246,000.00	198,500.00
	Course Registration Fees		302,500.00	437,500.00
	Course fee Advance Income Tax		389,583.00	1,740,916.67
	Examination Fees - Analyst Level		1,390,585.00	1,227,250.00
	Course Fee - Application Level		855,706.00	1,072,158.00
	Course Fee - Analyst Level - 1		6,196,940.88	6,429,354.00
	Examination Fees - Professional		657,000.00	758,250.00
	Course Fee Analyst Level 2		2,689,203.00	1,244,035.00
	Professional Level Revision Course		398,500.00	594,000.00
	Application Level Exam Fee		136,150.00	304,250.00
	Certificate Course in Taxation		427,657.00	-
			15,700,624.88	18,762,619.00
(04)	**DIRECT EXPENSES**			
	Lecture Fees		2,926,000.00	3,441,000.00
	Seminar & Workshop Expenses		179,518.74	92,547.69
	Paper Correction Fees		87,950.00	146,500.00
	Cost of Study Materials		107,970.87	23,118.81
	Invigilators' Fee		79,500.00	54,000.00
	Viva Expenses		137,695.00	65,000.00
	Paper setting & Moderator fee		121,000.00	74,000.00
	Course Related Expenses		353,675.17	257,153.27
	Examination Expenses		302,940.00	211,630.00
			4,296,249.78	4,364,949.77
(05)	**OTHER INCOME**			
	Interest Income	**(05.1)**	8,594,326.93	3,110,197.04
	Convocation Receipts		-	959,000.00
	Sponsorship - Tax Review Journal		-	375,000.00
	Cerificate Awarding Ceremony Receipts		-	26,000.00
	Publication Sales		35,700.00	19,050.00
	Sponsorship on Convocation Merit Awards		-	269,000.00
	Profit on Disposal of Fixed Assets		141,500.00	95,500.00
	Sponsorship on Felicitation Ceremony		75,000.00	-
	Tea/Cofee Machine Collection		3,200.00	-
	Members Day Receipts		175,200.00	-
	Sundry Income		-	69,999.00
			9,024,926.93	4,923,746.04

B. R. DE SILVA & CO. Chartered Accountants

SRI LANKA INSTITUTE OF TAXATION

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2023

			2023		2022	
			Rs.	Cts.	Rs.	Cts.
(03)	**DIRECT INCOME**					
	Professional Level Course Fees			-	1,491,155.00	
	Seminar & Workshop Income		453,800.00		710,250.00	
	Course fee Diploma in Applied Value Added Tax			-	1,507,500.33	
	Associate Members' Subscriptions		418,500.00		412,500.00	
	Fellow Members' Subscriptions		461,000.00		410,000.00	
	Memebership Entrance Fees		677,500.00		225,000.00	
	Student Renewal Fees		246,000.00		198,500.00	
	Course Registration Fees		302,500.00		437,500.00	
	Course fee Advance Income Tax		389,583.00		1,740,916.67	
	Examination Fees - Analyst Level		1,390,585.00		1,227,250.00	
	Course Fee - Application Level		855,706.00		1,072,158.00	
	Course Fee - Analyst Level - 1		6,196,940.88		6,429,354.00	
	Examination Fees - Professional		657,000.00		758,250.00	
	Course Fee Analyst Level 2		2,689,203.00		1,244,035.00	
	Professional Level Revision Course		398,500.00		594,000.00	
	Application Level Exam Fee		136,150.00		304,250.00	
	Certificate Course in Taxation		427,657.00		-	
			15,700,624.88		18,762,619.00	
(04)	**DIRECT EXPENSES**					
	Lecture Fees		2,926,000.00		3,441,000.00	
	Seminar & Workshop Expenses		179,518.74		92,547.69	
	Paper Correction Fees		87,950.00		146,500.00	
	Cost of Study Materials		107,970.87		23,118.81	
	Invigilators' Fee		79,500.00		54,000.00	
	Viva Expenses		137,695.00		65,000.00	
	Paper setting & Moderator fee		121,000.00		74,000.00	
	Course Related Expenses		353,675.17		257,153.27	
	Examination Expenses		302,940.00		211,630.00	
			4,296,249.78		4,364,949.77	
(05)	**OTHER INCOME**					
	Interest Income	**(05.1)**	8,594,326.93		3,110,197.04	
	Convocation Receipts			-	959,000.00	
	Sponsorship - Tax Review Journal			-	375,000.00	
	Cerificate Awarding Ceremony Receipts			-	26,000.00	
	Publication Sales		35,700.00		19,050.00	
	Sponsorship on Convocation Merit Awards			-	269,000.00	
	Profit on Disposal of Fixed Assets		141,500.00		95,500.00	
	Sponsorship on Felicitation Ceremony		75,000.00		-	
	Tea/Cofee Machine Collection		3,200.00		-	
	Members Day Receipts		175,200.00		-	
	Sundry Income			-	69,999.00	
			9,024,926.93		4,923,746.04	

SRI LANKA INSTITUTE OF TAXATION

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2023

		2023 Rs. Cts.	2022 Rs. Cts.
(05.1)	***INTEREST INCOME***		
	Savings Account	76,151.07	82,160.48
	Fixed Deposits	8,518,175.86	3,028,036.56
		8,594,326.93	3,110,197.04
(06)	**ADMINISTRATION EXPENSES**		
	AGM Expenses	259,741.00	736,611.00
	Audit Fees	103,790.52	70,000.00
	Cleaning Charges	87,248.00	172,400.00
	Council Meeting Expenses	43,268.00	17,157.00
	Committee meeting Expenses	7,470.00	-
	Casual Wages	27,000.00	-
	Depreciation	1,999,253.17	1,839,245.08
	Electricity Bills	698,287.58	521,132.38
	Employees' Provident Fund	423,756.00	430,884.00
	Employees' Trust Fund	105,939.00	107,721.00
	Equipment Maintenance	364,718.75	187,000.00
	Sponsorship payments - OPA	40,000.00	-
	ETF Surcharge	5,758.50	-
	Felicitation Ceremony Expenses	523,515.00	-
	Gratuity Payment	150,000.00	-
	Staff Annual Bonus	221,800.00	215,000.00
	Insurance	55,721.26	57,017.26
	Member's Day Expenses	298,160.00	-
	Member's Sports Event Expenses	26,880.00	-
	Newspaper Bills	13,940.00	14,660.00
	Office Maintenance	109,136.00	74,562.24
	Printing & Stationery	236,695.00	163,476.00
	Rent	5,890,000.00	5,400,000.00
	Salaries	3,531,300.00	3,590,700.00
	Staff Welfare	92,066.00	54,762.76
	Subscriptions	8,750.00	7,000.00
	Postage	9,590.00	3,810.00
	Professional fees	280,525.00	-
	Telephone Bills	262,453.34	249,535.83
	Travelling & Transport	181,763.00	34,420.00
	Water Bills	68,527.15	38,774.80
	Fuel for Generator	231,715.00	4,680.00
	Publications Cost	63,202.45	649,299.28
	Certificates Awarding Ceremony Expenses	9,500.00	53,908.00
	Tea/Cofee Machine Expenses	11,127.00	-
	Attendance Incentives - Office Assistant	92,500.00	55,800.00
	Staff Overtime - Office Assistant	26,023.65	33,931.00
	Convocation Ceremony Expenses	-	874,510.00
	Software maintenance	228,999.00	130,999.00
	Business Tax	-	5,000.00
	Sundry Expenses	9,630.00	99,800.00
		16,799,749.37	15,893,796.63

B. R. DE SILVA & CO. Chartered Accountants

SRI LANKA INSTITUTE OF TAXATION

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH,

		2023 Rs. Cts.	2022 Rs. Cts.
(07)	**SELLING AND PROMOTIONAL EXPENSES**		
	Advertising	518,536.75	88,125.00
	Web Designing and Maintenance Charges	97,233.58	147,261.43
	Other Promotional Activities	11,120.00	-
	Rates & Taxes - CMC	141,372.00	105,336.00
		768,262.33	340,722.43
(08)	**FINANCIAL AND OTHER EXPENSES**		
	Bank Charges	21,646.56	12,335.00
	Commission on Card Payments	23,679.70	-
		45,326.26	12,335.00
(09)	**INCOME TAX EXPENSE**		
	Current Tax Expense *(Note 9.1)*	112,478.89	241,609.90
		112,478.89	241,609.90
(9.1)	**RECONCILIATION AGAINST TAXABLE PROFIT AND SURPLUS FOR THE YEAR**		
	Surplus for the year before Income Tax	2,815,964.07	3,074,561.21
	Aggregate Non Deductible Expenses for Tax	2,009,172.00	1,839,245.08
	Aggragate Deductible Expenses for Tax	(4,021,723.00)	(3,188,021.00)
	Assessable Income from Business	803,413.07	1,725,785.29
	Taxable Income	803,413.07	1,725,785.29
	Current Income Tax Expense		
	Taxation	**112,478.89**	**241,609.90**

SRI LANKA INSTITUTE OF TAXATION

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH,

		2023 Rs. Cts.	2022 Rs. Cts.
(07)	**SELLING AND PROMOTIONAL EXPENSES**		
	Advertising	518,536.75	88,125.00
	Web Designing and Maintenance Charges	97,233.58	147,261.43
	Other Promotional Activities	11,120.00	-
	Rates & Taxes - CMC	141,372.00	105,336.00
		768,262.33	340,722.43
(08)	**FINANCIAL AND OTHER EXPENSES**		
	Bank Charges	21,646.56	12,335.00
	Commission on Card Payments	23,679.70	-
		45,326.26	12,335.00
(09)	**INCOME TAX EXPENSE**		
	Current Tax Expense *(Note 9.1)*	112,478.89	241,609.90
		112,478.89	241,609.90
(9.1)	**RECONCILIATION AGAINST TAXABLE PROFIT AND SURPLUS FOR THE YEAR**		
	Surplus for the year before Income Tax	2,815,964.07	3,074,561.21
	Aggregate Non Deductible Expenses for Tax	2,009,172.00	1,839,245.08
	Aggragate Deductible Expenses for Tax	(4,021,723.00)	(3,188,021.00)
	Assessable Income from Business	803,413.07	1,725,785.29
	Taxable Income	803,413.07	1,725,785.29
	Current Income Tax Expense		
	Taxation	**112,478.89**	**241,609.90**

SRI LANKA INSTITUTE OF TAXATION

NOTES TO THE FINANCIAL STATEMENTS
AS AT 31ST MARCH 2023

(10) PROPERTY, PLANT & EQUIPMENT

(10.1) Gross Carrying Value

Description	*At the beginning of the year*	*Additions During the year*	*Disposals During the year*	*At the end of the year*
	Rs. Cts.	*Rs. Cts.*	*Rs. Cts.*	*Rs. Cts.*
Office Equipment	1,106,555.00	-	8,100.00	1,098,455.00
Other Equipment	6,403,190.84	1,097,490.00	-	7,500,680.84
Computer Equipment	1,601,050.00	-	-	1,601,050.00
Furniture & Fittings	6,146,608.61	-	213,010.00	5,933,598.61
Total Value	**15,257,404.45**	**1,097,490.00**	**221,110.00**	**16,133,784.45**

(10.2) Accumulated Depreciation

Description	*At the beginning of the year*	*Charge for the year*	*Disposals/ Transfers*	*At the end of the year*
	Rs. Cts.	*Rs. Cts.*	*Rs. Cts.*	*Rs. Cts.*
Office Equipment	1,036,272.58	21,312.00	4,160.00	1,053,424.58
Other Equipment	3,363,968.51	1,147,564.17	-	4,511,532.68
Computer Equipment	1,158,131.12	172,200.00	-	1,330,331.12
Furniture & Fittings	1,732,254.79	658,177.00	210,710.00	2,179,721.79
Total Depreciation	**7,290,627.00**	**1,999,253.17**	**214,870.00**	**9,075,010.17**

	2023	*2022*
(10.3) **Carrying Values**	*Rs. Cts.*	*Rs. Cts.*
Office Equipment	45,030.42	70,282.42
Other Equipment	2,989,148.16	3,039,222.33
Computer Equipment	270,718.88	442,918.88
Furniture & Fittings	3,753,876.82	4,414,353.82
	7,058,774.28	**7,966,777.45**



SRI LANKA INSTITUTE OF TAXATION

NOTES TO THE FINANCIAL STATEMENTS
AS AT 31ST MARCH,

		2023 Rs. Cts.	2022 Rs. Cts.
(11)	**INVENTORIES**		
	VAT Consolidated Act	37,777.13	40,066.65
	Inland Revenue Act	15,810.79	21,332.02
	Question Paper Books	-	260.12
	T'shirts with Institute Logo	75,700.00	45,600.00
		129,287.92	107,258.79
(12)	**MEMBERS' SUBSCRIPTIONS RECEIVABLE**		
	Associate Members	914,500.00	572,650.00
	Fellow Members	297,300.00	345,500.00
		1,211,800.00	918,150.00
(13)	**FINANCIAL ASSETS**		
	Investments in Fixed Deposits	63,618,676.17	63,366,941.99
		63,618,676.17	63,366,941.99
(14)	**INTEREST INCOME RECEIVABLE**		
	Interest Income Receivable on Fixed Deposits	6,160,046.78	1,341,454.31
		6,160,046.78	1,341,454.31
(15)	**DEPOSITS, ADVANCES & PREPAYMENTS**		
	Rent Advance	3,562,500.00	5,700,000.00
	Prepayments - Softlogic Retail Pvt Ltd	-	136,080.00
	Advance - Sports Day	57,500.00	57,500.00
	Nextgen Softtech Pvt Ltd- Advance	75,000.00	45,000.00
	Cash Advance	9,724.00	23,900.00
	Security Deposit on office Rent	475,000.00	475,000.00
	Pre-Payments- A.G.Melco Elevator Co	150,288.75	-
		4,330,012.75	6,437,480.00
(16)	**CASH AND CASH EQUIVALENTS**		
	Commercial Bank - Savings Account (2064)	434,114.73	881,247.93
	Commercial Bank -Current Account (6485)	25,000.00	39,750.00
	People's Bank - Savings Account	606,779.54	768,596.12
	Bank of Ceylon Current Account (83910511)	1,101,366.40	234,450.00
	Bank of Ceylon - Savings Account (90187241)	202,310.30	-
	Sampath Bank - Wellawatte Branch	163,800.00	164,300.00
	Petty Cash	42,700.00	50,000.00
	Cheques & Cash in Hand	22,100.00	-
	Float on Diesel for Generator	39,750.00	-
		2,637,920.97	2,138,344.05



SRI LANKA INSTITUTE OF TAXATION

NOTES TO THE FINANCIAL STATEMENTS
AS AT 31ST MARCH 2023

	2023 Rs. Cts.	2022 Rs. Cts.
(17) HUGH MOLAGODA FUND		
Balance as at 01st April 2022	21,728.76	158,183.63
Add: interest for the year	13,459.05	-
Less: Utilized during the year	-	(136,454.87)
Balance as at 31st March 2023	35,187.81	21,728.76
(18) DEFERRED INCOME AND DEPOSITS		
Membership fees Received in advance - Associate Members - 2021/2022	-	117,850.00
Membership fees Received in advance	350,525.00	-
Exam fee received in advance	430,300.00	10,500.00
Deferred Income on Short Courses	-	389,583.00
Deferred Income-Certificate Course in Taxation	863,843.00	-
Un-Identified Deposits	243,110.00	379,220.00
Course fee received in advance	702,828.05	445,199.00
Deferred Income - Study Courses	1,161,214.00	2,360,937.88
	3,751,820.05	3,703,289.88
(19) CREDITORS, OTHER PAYABLES & ACCRUED EXPENSES		
Staff Annual Bonus Payable	221,800.00	215,000.00
Staff Overtime Payable	5,213.65	-
Lecture fees Payable	376,000.00	-
APIT Payable	1,800.00	-
Electricity Bills	110,125.13	57,241.70
Telephone Bills	38,523.92	18,264.29
Water Bills	3,870.84	1,433.26
Audit Fees	103,790.52	70,000.00
Accounts Payable	108,939.88	34,431.09
EPF Payable	63,360.00	55,000.00
ETF Payable	9,504.00	8,250.00
Paper Correction Fees	850.00	850.00
Newspaper Bills Payable	-	1,330.00
Paper Bills Payable	950.00	-
	1,044,727.94	461,800.34
(20) BANK OVERDRAFTS		
People's Bank -Current Account (6039)	753,265.00	559,423.11
	753,265.00	559,423.11
(21) CURRENT TAX LIABILIIES / (RECOVERABLE)		
Opening Balance as at 01st April,	(148,390.10)	193,032.66
Income Tax Provision for the Year	112,478.89	241,609.90
	(35,911.21)	434,642.56
Income Tax Paid During the Year	(399,000.00)	(583,032.66)
WHT Paid	(24,659.30)	-
Closing Balance as at 31st March,	(459,570.51)	(148,390.10)

SRI LANKA INSTITUTE OF TAXATION

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2023

(22) RELATED PARTY TRANSACTIONS

(22.1) Identity of the Related Parties

The institute has a related party relationship with the key management personnel of the institute.

(22.2) Transactions with Key Management Personnel

According to the Section 33 - "*Related Party Disclosures*" of SLFRS for SMEs, Key Management Personnel, are those having authority and responsibility for planning, directing and controlling the activities of the entity.

The institute considers its Governing Council as the Key Management Personnel of the Institute.
Compensation paid to key management personnel of the Institute is as follows;

(23)

Name of the Related Party	*Relationship*	*Nature of Transaction*	*No of Hours/Papers/da*	*Value of Transaction Rs.*
Mr.T.Prasanga Ranwatte	President	Lecture fees	12 Hours	34,000
		Paper Correction fee	40 Papers	7,600
Mr.R.S.Samaranayake	Chief Executive Officer	Lecture fees	164 Hours	426,000
		Paper Correction fee	35 Papers	7,000
		Paper setters & Moderator fee	02 Papers	10,000
Mr.Mahie Nuwan Vithanage	Council Member	Invigilators fee	09 Days	22,000

No events have arisen since the reporting date which would require adjustments or disclosure in the financial statements other than disclosed below.

APPRECIATION

The Executive Council of the Sri Lanka Institute of Taxation extends its sincere appreciation and gratitude to the following individuals and organizations for their valuable assistance and unwavering support provided to the Institute:

Hon. Minister of Finance and the staff of the Ministry of Finance: We express our gratitude for the guidance and cooperation extended by the Ministry of Finance in our endeavors to promote excellence in taxation. Particularly, we appreciate the facilitation made by the Secretary to Treasury and Director General Fiscal Policy in the journey of name change process.

The Commissioner General of Inland Revenue and the staff of the Inland Revenue Department: We acknowledge the support and collaboration extended by the Commissioner General of Inland Revenue and the dedicated staff of IRD for the contribution made in sharing knowledge and competencies.

All Members of the Institute: We appreciate the trust and active participation of all our esteemed members, whose invaluable contributions have been instrumental in shaping the Institute's success.

Sub Committee Members of the Institute: We express our heartfelt gratitude to the dedicated members of our subcommittees for their commitment and efforts in supporting the Institute's initiatives.

Lecturers of the Institute: We acknowledge the dedication and expertise of our lecturers, whose valuable insights and knowledge sharing have contributed to the professional growth of our members.

CEO and Staff of the Institute: We extend our appreciation to the Chief Executive Officer and the entire staff of the Institute for their hard work, dedication, and unwavering commitment in ensuring the smooth functioning of the Institute's activities.

The Organization of Professional Associations (OPA): We express our gratitude to the Organization of Professional Associations for their continuous support and collaboration.

Sponsors who have contributed for the Institute's events: We acknowledge the generosity and support of our sponsors, including some of our valuable members whose contributions have been instrumental in the successful implementation of our programs and initiatives.

Resource persons at all seminars and workshops organized by the Institute: We extend our appreciation to the resource persons who shared their expertise and knowledge during the seminars and workshops organized by the Institute.

Invigilators, examiners, and marking examiners: We express our gratitude to the invigilators, examiners, and marking examiners for their diligent efforts in facilitating and maintaining the integrity of our examinations.

Suppliers and others who partnered with the Institute: We appreciate the support and partnership of our suppliers and other stakeholders who have contributed to the smooth functioning of the Institute.

Government officials: We extend our sincere appreciation to the government officials for their cooperation and support provided.

All service providers: We acknowledge the contributions of all service providers who have assisted the Institute in various capacities.

Institute auditors: We appreciate the supportive role played by the auditors in reviewing the financials activities and acknowledge their valuable contributions and recommendations.

We sincerely appreciate the contributions and support of all individuals and organizations who have played a role in the success of the Institute during the year. Your dedication and collaboration have been invaluable in advancing the tax profession and the Institute's mission

By the order of the Executive Council,



V. Rameshkumar
Secretary



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The National Statutory Body for Tax Professionals Incorporated by an Act of Parliament No. 21 of 2000