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இலங்கை உள்நாட்டு இறைவரி
Sri Lanka Inland Revenue

GUIDE TO FILL
RETURN OF INCOME - PARTNERSHIP AND SCHEDULES

YEAR OF ASSESSMENT
2024/2025

This set of instructions consists of;

A. General Instructions

B. Instructions to complete Return of Income - Partnership and Schedules

It is strongly advised to read this set of instructions before completing the Return and Schedules. Visit IRD web portal – www.ird.gov.lk to download Schedules and Guide.

A. GENERAL INSTRUCTIONS

1. A partnership itself is liable to income tax on the taxable income of the partnership, in addition to the liability to tax on any gains from the realization of any investment asset.

2. Issuance and Submission of Return

Issuance

The Return of Income - Partnership is issued by the Commissioner General of Inland Revenue to every registered partnership who is chargeable with income tax for the Year of Assessment 2024/2025.

Submission

In terms of section 113(1B) of the Inland Revenue Act as amended by the Inland Revenue (Amendment) Act no 04 of 2023. With effect from the year of assessment commencing from April 1, 2023. E – filling of tax returns (Electronically filling return) is mandatory for every Partnership Tax Payers.

As such Partnerships are no entitled to furnish their return of Income in writing by using the printed specified forms.

The duly completed Return (Return of Income-Partnership and Mandatory Schedules) and other required documents should be submitted via IRD web portal to the Inland Revenue Department (IRD), on or before **30th November, 2025**.

IRD has also provided the online submission facility to submit the Return of Income - Partnership and Mandatory Schedules via IRD Web Portal e-Services facility.

3. Calculation of Tax

Income Tax payable on taxable income (other than any gains from the realization of any investment assets) of the partnership shall be calculated by applying the relevant tax rates set out below.

Taxable Income (Rs.)	Tax Rate
First 1,000,000	0
Balance	6%

4. Payment of Tax

The tax for the year of assessment is to be paid on quarterly installments as per the Statement of Estimated Tax payable (SET) submitted for the year of assessment 2024/2025. Following table describes the due dates and the payment codes for quarterly tax payments for the year of assessment 2024/2025.

Tax Installment	Due Date of payment	Payment Period Code
First Installment	15th August 2024	24251
Second Installment	15th November 2024	24252
Third Installment	15th February 2025	24253
Fourth Installment	15th May 2025	24254
Final Payment	30th September 2025	24250

The aggregate of four installments, the final payment and the applicable tax credits should be equal to the total tax liability of the year of assessment 2024/2025.

5. Precedent partner or a partner of a partnership is required to file the Return of Income and Schedules of the partnership for the year of assessment 2024/2025.

6. Penal Provisions

Late filing and non-submission of Return and incorrect or misleading Return.

- Penalty for late filing of Return is equal to the greater of –

  (i) 5% of the amount of the tax owing, plus a further 1% of the amount of tax owing for each month or part of a month during which the failure to file continues:

  (ii) And Rs.50,000/- plus a further ten thousand rupees for each month or part of a month during which the failure to file continues (for failure to furnish a Return on or before November 30, 2025.)

- A penalty for making false or misleading statement is equal to the greater of Rs. 50,000 or the amount by which the payable

tax would have been reduced or refund would have been increased, if the liability was determined based on such statement.

- For failure to file a Return, a partnership is liable to a fine not exceeding 1 million rupees or to imprisonment for a term not exceeding one year or both such fine and imprisonment.

Failure to pay instalments on due dates

- A penalty for a person,

  I. Who fails to pay all or part of a tax due for a tax period on or before the due date specified in the notice of assessment, is equal to 20% of tax payable but not paid and

  II. Who fails to pay all or part of an instalment required under the Act, is equal to 10% of the amount of tax due but not paid.

- If an amount of tax is not paid by the due date, the taxpayer shall be liable for interest on the amount for the period, from the due date subject to Section 151 (extension of time for payment), to the date the tax is paid, the interest rate shall be 1.5% per month or part month, compounded monthly.

B. INSTRUCTIONS TO FILL THE RETURN OF INCOME OF PARTNERSHIP AND THE CONNECTED SCHEDULES

The set of Return forms provided to you comprises of two parts namely;

1. **Return of Income**
2. **Schedules to the Return of Income**

I. INSTRUCTIONS TO COMPLETE THE RETURN OF INCOME

- This Part consists of two SECTIONS;
  SECTION 1 – INCOME AND TAX CALCULATION,
  SECTION 2 – DECLARATION.

SECTION 1 - INCOME AND TAX CALCULATION

- This Section comprises of four PARTS**;**
  PART **A** - Income Liable to Tax
  PART **B** - Deductions from Assessable Income
  PART **C** - Calculation of Tax Payable
  PART **D** - Exempt Income (Gains and Profits)

SECTION 2 – DECLARATION

- Where a Return or part of a Return was prepared for a payment by any person including an approved accountant, mark "Yes" and if not mark "No" in the cage provided. If you marked as "Yes" then fill **PART –A** of the **DECLARATION** and attach the certificate/s issued by such person. In a situation where, more than one person involved, use a separate sheet to fill the above details and attach it to the Return.

- In terms of Section 126(4) of the IR Act, a taxpayer or the taxpayer's duly authorised agent shall sign the Return, attesting to its accuracy and completeness.
  Therefore, the taxpayer or the taxpayer's duly authorised agent is required to sign (and date) the Return indicating his/her name in **PART B** of the **DECLARATION.**

- When you submit the return of income electronically and if you enter the amounts in real cages of schedules correctly, no need to calculate and fill the relevant

cage in the return and fill the related schedules manually. Amounts for these cages are calculated correctly and filled automatically.

II. INSTRUCTIONS TO COMPLETE RETURN OF INCOME - SCHEDULES

- Following Schedules are provided with the Return of Income;

SCHEDULE NO	NAME OF THE SCHEDULE
SCHEDULE - 01	Details of Partners and the Share of Profit
SCHEDULE - 02A	Distribution of Partnership Income and Capital Gains
SCHEDULE - 02B	Distribution of Partnership Exempt Amounts
SCHEDULE - 03A	Details of Capital Gain Tax Payment
SCHEDULE - 03B	Details of Advance Income Tax deducted by the Agent
SCHEDULE - 03 C	Self-Assessed Tax Payment Details
SCHEDULE - 04 A	Calculation of Tax Liability
SCHEDULE - 04 B	Tax Credit
SCHEDULE - 05 A	Allocation of Self-Assessed Tax Payments and Capital Gains Tax
SCHEDULE - 05 B	Allocation of Qualifying Payments and Advance Income Tax (AIT)
SCHEDULE - 06	Details of Partnership Loss Adjustment
SCHEDULE - 07	Details of Partnership Business

SCHEDULES TO THE RETURN OF INCOME PARTNERSHIP

1. SCHEDULE 1– Details of Partners

Complete **Schedule 1** by entering required details of the partners – Name, Taxpayer Identification Number (TIN), National Identity Card (NIC) number, and the partner's percentage share of the partnership's profit/loss.

2. SCHEDULE 2A and 2B - Distribution of Partnership Income Capital Gains & Exempt Amounts

Use a separate line for each partner in the same sequence as in "Schedule 01".

2.1 Schedule 2A -Distribution of Partnership Business Income.

Column 205: Enter total amount of **salaries, wages or fees for services paid** to each partner or his / her spouse, by the partnership.

Column 206: Enter total amount of any **interest on loans or capital** paid to partners by the partnership.

Column 207: Enter each partner's allocation of **balance income from business** by partnership based on the profit sharing ratio of the partnership.

Column 208: Enter the aggregate amounts of salaries, wages, fees for service, interest on capital/loan and balance business income of partnership to each partner in the column 208.

Example : Total of cages 205.1+206.1+207.1 in to cage 208.1

Total of cages 205.2+206.2+207.2 in to cage 208.2

Take the total amount of the column into cage 208.5 and if that amount indicates a business profit then enter the same into cage 10 of the Return.

When the cage 208.5 indicates a business loss, then enter the amount as a minus figure in the cage 208.5 & take such loss into cage 243.2 of the **Schedule 06**

Fill the cage 10 of the Return as "0"

2.2 Distribution of Partnership Investment Income, Other Income and Gains from the Realization of Investment Assets.

Column 209: Enter each partner's share of investment income/loss in to cages 209.1, 209.2, 209.3 and 209.4 respectively.

Take the total amount of these cages into cage 209.5 and enter that amount into cage 20 of the Return, when it indicates a gain from investment and when there is no business loss incurred during the year of assessment 2024/2025 that is deductible against the investment income.

When there is a business loss, enter the deductible amount of loss in cage 243.4 of the Schedule 06 and take the balance investment income after the loss deduction into cage 20 of the Return.

When cage 209.5 indicates an investment loss, then enter it as a minus figure in cage 209.5 and take such loss into cage 244.2 in Schedule 06

Fill the Cage 20 of the Return as "0"

Column 210: Enter each partner's share of other income into column 210. Take the total into cage 210.5 and enter it into cage 30 of the Return.

Column 211: Enter the aggregate amount of business income, investment income, and other income, in to **Column 211** for each partner separately.

Example : 208.1+209.1+210.1 in to cage 211.1
208.2+209.2+210.2 in to cage 211.2

Column 212 Enter each partner's share of gain/loss from the realization of investment asset into column 212. Take the total into cage 212.5 and enter such amount into cage 40 of the Return when it indicates a gain from the realization of assets.

When the cage 212.5 indicates a loss then enter the loss as a minus figure in cage 212.5 and fill cage 40 of the Return as "0"

2.3 SCHEDULE 2B: Distribution of Partnership Exempt Amounts/ Gains.

Column 213 Enter values of exempt gains/losses distributed (for the whole year of assessment) by the partnership to each partner separately into column 213 and take the total of the column into cage 213.5

When it indicates an exempt gain and when there is no deductible loss against the gain then enter the figure into cage 130 of the Return.

However, when there is a deductible loss, against the exempt income incurred during the year of assessment 2024/2025 enter such loss in to cage 243.6 in Schedule 06.

Take the balance exempt income after the loss deduction into cage 130 of the Return.

When the cage 213.5 indicates a loss, enter such loss into cage 245.2 in the Schedule 06.

Column 213A Declare in column 213A the nature of the exempt amounts that is disclosed in Column 213.

3. SCHEDULE 3: Tax Paid on Partnership Income

This Schedule consists of three sub schedules namely; 3A, 3B and 3C.

3.1 SCHEDULE 3A: Details of Capital Gains Tax

Column 214 : Enter the date/s of realization of capital assets in column 214.

Column 215 and 216 : Enter the dates of payments & the amounts paid as Capital Gain Tax at the rate of 10% on the realization of investment assets of the partnership during the year of assessment 2024/2025 into the columns 215 and 216 respectively.
Take the total of the column 216 into cage 216.5 and enter that amount into cage 235 of the Schedule 4B.

3.2 SCHEDULE 3B: Details of Advance Income Tax (AIT) deducted by the Agent

Enter details of each AIT payment from which AIT has been deducted by the agent, in the given rows under Colum 217 to 222. Enter the total amount of AIT deducted in Cage 222.5 and take such amount into cage 236 in Schedule 4B

3.3 SCHEDULE 3C: Self Assessed Tax Payments (other than CG)

Enter dates and amounts of instalments & final payment, in the given rows of Schedule 3C. Total of cage 228.2 need to be entered in to cage 237 of the schedule 4B.

4 SCHEDULE 4: Calculation of Taxable Income, Tax Liability and Tax Credits

Schedule 4A and 4B facilitate the calculation of Taxable income, tax liability and tax credits available to partnerships.

4.1 SCHEDULE 4A: Calculation of Taxable Income and Tax Liability

- Partnership Taxable Income

The first one million rupees (1,000,000/-) of the taxable income of a partnership (other than gains from the realization of investment assets) is taxable at 0% and the balance is at the rate of 6%.

- Enter the taxable income on gains from the realization of investment assets into cage 233.1 of the Schedule 4A & the balance taxable income of the partnership into cage 229.

- In case where there is no qualifying payments for the year of assessment 2024/2025

Return		**Schedule 4A**
Cages 10+20+30	=	Cage 229
Cages 40	=	Cage 233.1

- Where there are qualifying payments for the year of assessment 2024/2025, consider the deduction of such qualifying payments entered into cage 60 of the Return out of the amounts calculated as above.

- Take the amount entered into cage 229 into cage 231.1 but excluding the first Rs. 1,000,000/- and the tax on it at 6% into cage 231.3.

Enter the total of cages 230.3 & 231.3 into cage 232.3

- **Tax on gain from the Realization of Investment Asset.**

Enter the taxable income from gains from the realization of investment assets income in Cage 233.1 and apply 10% tax rate to calculate the tax liability.

Enter the amount in 233.3 into the cage 90 in the return.

4.2 SCHEDULE 4B: Tax Credit

Available tax credits could be entered in Cages given in the schedule. (Cage No. 234 -237)

- **Foreign Tax Credit (Cage 234)**

If entitled to any foreign tax relief including foreign tax credit enter such amount in Cage 234 of Schedule 4B. The deduction of tax credit should be subject to the provisions of section 80.

- **Tax paid on Gain from the Realization of Investment Assets (Cage 235)**

Enter total tax paid for the Year of Assessment 2024/2025 on gain from the realization of Investment Assets in to Cage 235. (Amount in cage 216.5 of Schedule 3A)

- **Advance Income Tax (Cage 236)**

Enter the total deducted AIT amount by the Agent in to cage 236.

- **Self-Assessed Tax payment (Cage 237)**

Enter the aggregate amount of four instalments and final payment in Cage 228.2 of the schedule 3C into cage 237 of schedule 4B.

Enter the total tax credits in Cage 238 in to Cage 110 of the main Return.

5. Allocation of Tax payments, Qualifying payments and Advance Income tax to Partners

5.1 SCHEDULE 5A: Instalment Payments and Capital Gains Tax

Column 239 : Allocate aggregate amount of instalment payments and final payment paid by partnership to each partner. Total of column 239 should be equal to total of cage 228.2 of the schedule 3C.

Column 240 : Allocate total Capital Gains tax paid by the partnership to each partner. Total of column 240 should be equal to total of Cage 216.5 of the schedule 3A.

Instalment payments made by the partnership on partnership income shall be allocated to partners. However, partners are not entitled to a refund on any excess of such share of tax allocated to them instead they are entitled to claim the excess as a tax credit in the next succeeding year of assessment.

5.2 SCHEDULE 5B: Qualifying Payments and Advance Income Tax (AIT)

Column 241 : Allocate aggregate qualifying payment to the partners, which is paid by the partnership.

In the event that aggregate amount of qualifying payments made by a partnership for the year of assessment 2024/2025 includes a monetary donation made to any charitable institute (Subject to the

conditions laid down by the Act), the deduction of the payment shall be limited to Rs. 500,000/- or to 1/5th of the taxable income of the partnership whichever is lesser

Accordingly, the amount of qualifying payment entering into cage 60 of the Return shall be subjected to the above adjustment.

Column 242 Allocate deducted Advance Income Tax among the partners. Total of column 242 should be equal to total of cage 222.5 of the schedule 3B.

6. SCHEDULE 6: Details of Partnership Loss Adjustment

Enter the details of business, investment and exempt losses incurred in the year of assessment 2024/2025 using Cages 243.2, 244.2 and 245.2 respectively. Enter the deductible losses for the Year of Assessment 2024/2025 using column 3, 4 & 6.

Take the total deduction into column 07

7. SCHEDULE 7: Details of Partnership Business

Use Cage 246 to 253 to declare the particulars of Profit and Loss Account and the Cages 254 to 260 for the particulars of Balance Sheet of the Partnership.