

Head 246 – Department of Inland Revenue - 2024

1. Financial Statements

1.1. Qualified Opinion

Head 246 - The audit of the financial statements of the Department of Inland Revenue for the year ended 31 December 2024 comprising the statement of financial position as at 31 December 2024 and the statement of financial performance and Cash Flow Statement for the year then ended, were audited under my direction in pursuance of provisions in Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with provisions of the National Audit Act, No.19 of 2018. The summary report containing my comments and observations on the financial statements of the Department of Inland Revenue was issued to the Accounting Officer on 30 May 2025 in terms of Section 11(1) of the National Audit Act, No.19 of 2018. The Annual Detailed Management Audit Report relevant to the Department of Inland Revenue was issued to the Accounting Officer on 04 July 2025 in terms of Section 11(2) of the National Audit Act, No.19 of 2018. This report will be tabled in Parliament in pursuance of provisions in Article 154(6) of the Constitution of the Democratic Socialist Republic of Sri Lanka to be read in conjunction with Section 10 of the National Audit Act, No.19 of 2018.

In my opinion, except for the effects of the matters set out in paragraph 1.6 of this report, the financial statements of the Department of Inland Revenue for the year ended 31 December 2024 present fairly, in all material respects, the financial position, financial performance and cash flows of the Department of Inland Revenue in accordance with the basis of preparation of the financial statements set out in Note 1 to the financial statements.

1.2. Basis for Qualified Opinion

My opinion is qualified based on the matters described in paragraph 1.6 of this report.

I conducted my audit in accordance with Sri Lanka Auditing Standards (SLAuSs). My responsibility for the financial statements is further described in the Auditor's Responsibilities Section. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

1.3. Emphasis of matter - Basis of preparation of financial statements

Attention is drawn to Note 1 to the financial statements, which describes the basis of preparation of these financial statements. The financial statements have been prepared for the needs of the Department of Inland Revenue, Treasury and Parliament in accordance with Government Finance Regulations 150 and 151 and State Accounts Guideline No. 06/2024 dated 16 December 2024 as amended on 21 February 2025. Therefore, these financial statements may not be suitable for other purposes. My report is intended solely for the use of the Department of Inland Revenue, the Treasury and the Parliament of Sri Lanka. My opinion on this matter is not modified.

1.4 Responsibilities of the Chief Accounting Officer and the Accounting Officer for the Financial Statements

The Accounting Officer is responsible for the preparation of financial statements that give a true and fair view of all material aspects in accordance with Government Financial Regulations 150 and 151 and State Accounts Guidelines No. 06/2024 dated 16 December 2024 as amended on 21 February 2025, and for determining such internal control as is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

As per Section 16(1) of the National Audit Act, No.19 of 2018, the Department of Inland Revenue is required to maintain proper books and records of all its income, expenditure, assets and liabilities to enable the preparation of annual and periodic financial statements.

In terms of Sub-section 38(1)(c) of the National Audit Act, the Accounting Officer shall ensure that an effective internal control system for the financial control exists in the Department of Inland Revenue and carry out periodic reviews to monitor the effectiveness of such systems and accordingly make any alterations as required for such systems to be effectively carried out.

1.5 Auditor's Responsibilities for the Audit of the Financial Statements

My objective is 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 summary report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Sri Lanka Auditing Standards 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 and its materiality depends on the influence on economic decisions taken by users on the basis of these financial statements.

As part of an audit in accordance with Sri Lanka Auditing Standards, I exercise professional judgement and maintain professional skepticism throughout the audit. I also,

- Appropriate audit procedures were designed and performed to identify and assess the risk of material misstatement in financial statements whether due to fraud or errors in providing a basis for the expressed audit opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- An understanding of internal control relevant to the audit was obtained in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluate the structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Evaluate the overall presentation, structure and content of the financial statements including disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Accounting Officer regarding, among other matters significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

1.6 Comments on financial statements

1.6.1 Accounting deficiencies

Audit Observation	Comments of the Chief Accounting Officer / Accounting Officer	Recommendation
(a) Mismatches		
(i) The other income code number 10.04.02.99, which is under non-corporate income tax, acts as a revenue code as well as a control account. According to the information of the Treasury, under this revenue code, Rs.80,452,757,986 had been credited to the said control account. Due to the Department identifying the income accounted for in the control account as Rs.78,769,456,144 in the revenue classification, a mismatch of Rs.1,683,301,842 was observed.	It was reported that various reasons were affected for showing a difference between the income credited by the Department to the other revenue control account and the income in the other revenue control account in the revenue classification.	According to the information of the Treasury, the Department should make reconciliations accurately in the revenue classification control account.
(ii) According to the Departmental trial balance, the balance under the revenue code 10.04.02.99 – “other income” amounts to Rs.80,660,781,547. However, in the financial statements of the year under reviewed, under ACA 1 – revenue collections, the balance in the “other income” control account bearing the same code (10.04.02.99) is	The balance remaining in the VAT control account amounted to Rs.1,891,325,403. The value of the transfer voucher for transferring this amount to other tax control account and the unclassified balance in that other tax control account of Rs.1,683,301,842 resulted in a net value of Rs.208,023,561.	According to the information of the Treasury, the Department should accurately reconcile the balance of the other revenue control account to the control account.

Rs.80,452,757,986. Therefore, a discrepancy of Rs.208,023,561 has been observed.

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| <p>(iii) According to the statement of arrears income for the year ended 31 December 2024 a difference of Rs.19,046,065,097 was observed generated by the RAMIS system between the opening balance as at 01 January 2024 and the closing balance of the statement of arrears income as at 31 December 2023 under the two sub-revenue codes of Nation Building Tax – Services and manufacturing. it was further observed during the audit that the outstanding income balances were not accurately reported in the financial statements and there were errors in the outstanding tax reports.</p> | <p>NCS has made an error in providing information through the RAMIS system as at 31 December 2023, and the error has been corrected and the correct data has been submitted by NCS on 04 March 2025, and the Commissioner General of Inland Revenue has given approval to prepare the statement of arrears income (ACA1(i)) using the new data by the letter dated 06 March 2025.</p> | <p>Action should be taken to obtain accurate reports through the RAMIS system and to prepare the statement of arrears of revenue correctly.</p> |
| <p>(iv) As at 31 December 2024, the default tax balance as at 31 December 2024 has been overstated by that amount due to the existence of an unsettled suspense balance of Rs.4,067,209,501 under TIN No. 10088xxxx in the RAMIS computer system, and those unresolved balances also included balances of Rs.16,701,441 from 2015 and 2016 (ie; unresolved for more than 9 years).</p> | <p>According to the updated report as at 31 March 2025, the balance of the suspense account is Rs.3,813,737,281 and actions are being taken to settle this balance.</p> | <p>Necessary steps should be taken to accurately identify and settle the suspense account balance.</p> |
| <p>(v) It was observed that timely actions had not been taken to correct the differences identified by comparing the cash credited to the Treasury</p> | <p>Comments had not been given.</p> | <p>The statements of Revenue collection bank account should be reconciled accurately.</p> |

through the revenue collection bank accounts with the bank account statements and it was observed that there were weaknesses in internal control regarding revenue accounting.

(b) Accuracy of monthly income reporting

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| <p>(i) Although guidelines were given in accordance with sections 4 and 4 (c) of Public Finance Policy Circular No. 01/2015 that the correct classification of income under each revenue heading should be identified in the first week of the month, it was observed that the income collected in each month under the revenue code during the year was not identified in that month and was accumulated with the income of another month and the balance was reported, therefore, accurate information on the actual income collection in each month was not reported.</p> | <p>Due to delays in various steps in preparing the income comparison report, it was not possible to identify the correct income classification during the first week of the upcoming month.</p> | <p>As per the circular, income reports should be prepared correctly.</p> |
| <p>(ii) According to the monthly revenue classification report, a value of Rs.5,000,000,000 under casino license fees for the month of March was uploaded to the CIGAS program in June. The migrating tax revenue of Rs.6,798,000 for the month of March and the revenue of Rs.3,203,100 for the month of June have been uploaded to the CIGAS system in June and August respectively. This delay was due to a weakness in the internal controls of the Department related to the processes of revenue</p> | <p>There are various reasons that may delay the process of identifying this income for the relevant month and uploading it to the CIGAS program.</p> | <p>As per Public Finance Policy Circular No. 01/2015, income reports should be prepared properly.</p> |

recognition and uploading data to the CIGAS system.

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| <p>(iii) During the year under review ,it was observed that in the Department's income classification process, the net balance between the balance of the Social Security Contribution Levy account and the trial balance of the Department, amounting to Rs.44,621,593,928 relating to revenue codes 1002.16.01 and 1002.16.02, had been adjusted through transfer vouchers at the end of the year without performing monthly reconciliations. As a result, the actual revenue for each respective month had not been properly reported.</p> | <p>Since the Social Security Contribution Tax revenue was classified under the Social Security Contribution Levy control account in the income classification reports from April 2024, relevant adjustments have been made through the transfer letter dated 04 October 2024 to correctly classify the Social Security Contribution Levy revenue, and accordingly, the difference between the balance as per the income classification and the net balance as per the trial balance of the Department has been made.</p> | <p>According to the information of the Treasury, the Department should made accurate reconciliations of the revenue classification control account.</p> |
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(c) **Income Classification Errors**

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| <p>(i) The Value Added Tax revenue collected by the Department is credited to the control account maintained at the Treasury. The cash thus credited, is accounted in the monthly summary to the three VAT revenue codes of financial services, other services and products. After accounting for the monthly accounts summary of the Value Added Tax control account (1002.01.00) of the year under review, the balance of Rs.1,891,325,403 remaining at the end of the year under review was transferred to the other services income code 10.04.02.99 through a transfer slip without identifying it by income code. The accuracy of the net income of all three income codes of Value Added</p> | <p>It is planned to resolve this issue in the future.</p> | <p>According to the information of the Treasury, the Department should made accurate reconciliations of the revenue classification control account.</p> |
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Tax on financial services, other services and products was not confirmed during the audit.

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| <p>(ii) Income classification errors amounted to Rs.889,326,709, Rs.7,021,728, and Rs.1,068,469,869 for the years 2021, 2022, and 2023 respectively.</p> | <p>It is planned to resolve this issue in the future.</p> | <p>According to the information of the Treasury, the Department should made accurate reconciliations of the revenue classification control account.</p> |
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1.6.2 Property Plant & Equipment

Audit Observation	Comments of the Chief Accounting Officer / Accounting Officer	Recommendation
(a) As the land on which the Kurunegala Regional Office of the Department of Inland Revenue has been located for approximately 42 years does not yet have a deed, it has not been possible to obtain a valuation report. Consequently, in accordance with Asset Management Circular No. 04/2018 issued by the Office of the Comptroller General on 31 December 2018, and the relevant guidelines, the property has not been valued or accounted for as a non-financial asset.	The Kurunegala Divisional Secretary was informed to take necessary actions regarding the acquisition of the land and the Director (Land Acquisition) of the Ministry of Lands was informed to take steps to acquire the land where the regional office is located under the land acquisition process and the Kurunegala Divisional Secretary has verbally informed that upon receipt of the letter, the necessary actions will be taken to register the ownership of the land, and therefore, actions will be taken to assess and account for this land.	The relevant assets should be accounted as per the Non-Financial Assets Valuation Guideline.
(b) In accordance with the Cabinet Memorandum No. Amp/07/1625/342/021 dated 12 September 2007 and the Cabinet Decision dated 27 September 2007, an advance of Rs.50 million had been paid to the Building Materials Corporation without entering into an agreement regarding the transfer of a 100-perches plot of land belonging to the	The Inland Revenue Department had paid an advance of Rs.50 million to the Building Materials Corporation Limited on 22 February 2008 to acquire a 100-perches plot of land located at Sangharaja Mawatha, Colombo 12. Since it has been decided that the said land is not suitable for an office complex, requests have been made from the Building Materials Corporation Limited from time to time to release	Necessary actions should be taken to recover the advance amount promptly.

Building Materials Corporation located at Sri Sangharaja Mawatha, Colombo 12 to the Inland Revenue Department and there have not been made disclosures regarding this transaction through the accounts so far. Furthermore, it had been decided that the said land was not suitable for an office complex and although discussions were held regarding the transfer of a land in the Kalutara Urban Area owned by the Building Materials Corporation to the Department in exchange for that money, it had failed to reach a positive solution to the problem so far.

that amount and although there have been discussions regarding the transfer of a piece of land in the Kalutara Urban Area owned by the Building Materials Corporation to this department in exchange for that money, the Building Materials Corporation has not yet provided a response regarding the current situation.

- (c) According to the guidelines for the Valuation of Non-Financial Assets of the Democratic Socialist Republic of Sri Lanka, issued along with Asset Management Circular No. 04/2018 by the Office of the Comptroller General on 31 December 2018, the total expenditure incurred to date on a construction in progress should be accounted for as work-in-progress. However, the expenditure incurred so far for the construction of a vehicle yard at the main office of the Department of Inland Revenue, under an initial estimate of Rs.176,000,000, which has now been halted without reaching a usable stage, has not been accounted for as work-in-progress. Upon inspection of the current
- On 26 December 2024, NBRO called for information regarding the structural design of the vehicle yard and the information provided by the State Engineering Corporation in this regard has been forwarded to NBRO and NBRO has verbally agreed to provide the structural analysis report of the vehicle yard within a month and although officials from that institution visited the Department on 4 April 2025 and engaged in relevant inspection activities, the relevant report has not been received so far and it is expected that further action will be taken after receiving the relevant report.
- Assets should be accounted in accordance with the instructions of the Asset Management Circular.

condition of the yard, it was found to be severely deteriorated and dilapidated, indicating that the current valuation may differ from the value already recorded in the accounts.

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| (d) | Due to the incomplete disposal process of a Mitsubishi lorry that had been idle for over 3 years due to engine failure, the value of the vehicle was included in non-financial assets as at 31 December 2024. | Since the lorry is in a state where it is no longer possible to drive, the Disposal Committee has recommended that it be disposed of, and since the Department of Technical Education and Training has expressed its willingness to accept the vehicle, the relevant arrangements for its transfer are being made. | Assets should be accounted in accordance with the instructions of the Asset Management Circular. |
| (e) | The balance brought forward in respect of the vehicle accident bearing CAC-9937 on 11 December 2023 had not been carried forward through the disclosure regarding the write-off from the books in annexure (ii) of the financial statements for the year under review. | Necessary instructions were given to include all information and prepare it correctly when preparing financial statements in the future, and the losses caused by the accident have now been fully compensated, and final payments have been made. | Financial statements should be prepared accurately. |
| (f) | Although the Board of survey conducted as at 31 December 2022 has recommended adjustments to the CIGAS program for goods items related to 43 sectors selected for a sample, further surveys are required to be conducted regarding the adjustment of items related to 05 sectors. Since the value should change, the audit cannot be satisfied with the value of the assets of Rs.525,986,171 as shown in the financial statements as at 31 December 2024 as machinery and equipment. | Arrangements have been made to make relevant adjustments and corrections for a total of 145 items, and the Special Board of Survey appointed in this regard and has conducted conducted surveys in 09 sectors and submitted reports so far. | The recommendations of the Board of Survey should be implemented and financial statements should be prepared accurately. |

1.6.3 Lack of Audit Evidence

Audit Observation	Comments of the Chief Accounting Officer / Accounting Officer	Recommendation
(a) Since the Department of Inland Revenue has not provided the Auditor General with copies of the agreements entered into with the Singaporean institution, it has not been possible to verify during the audit whether the payments related to the RAMIS system have been made in accordance with the relevant agreements.	It is stated that since the written consent of Singapore Corporation Enterprises, which signed the agreement on behalf of the Singapore Government, has not been obtained for the exchange of documents or information related to the RAMIS computer system, it is not possible to provide copies of the relevant agreements to the Auditor General, and that if this is the case, the Singapore company has the opportunity to take further legal action against the Commissioner General of Inland Revenue.	Copies of the relevant agreements should be provided to the Auditor General and it is an offence that fail to assist the Auditor General in accordance with Section 42 of the National Audit Act.
(b) The development of the Elixir system, a reporting module maintained outside the RAMIS system, has not been completed and due to the lack of access for audit staff, the audit staff is limited in independently generating reports from the RAMIS system and the scope is limited by conducting test of audits on the reports provided by the Department of Inland Revenue.	After the improvements made to the system, it was stated that since not all information relating to old tax periods has been systematized, actions will be taken to provide audit officers with the necessary facilities to access the "elixir" system in the future.	The development of the Elixir system should be completed promptly and actions should be taken to provide the necessary facilities for audit officers to access it, failing to do so would constitute an offence of failure to assist the Auditor General in accordance with Section 42 of the National Audit Act.
(c) Specific documents related to procurement, inventory handover and acceptance, or confirmation of ownership of the building where the Javatta regional office is located, which the Department had received from the Cooperative Wholesale Trading Corporation, were not presented for audit.	Comments had not been given.	Specific documents should be maintained to verify ownership of assets and it should be submitted for audit.

2. Report on other legal requirements

I hereby declare the following in accordance with Section 6(1)(d) of the National Audit Act, No. 19 of 2018.

- (a) The financial statements are consistent with the previous year.
- (b) The following recommendations I had made regarding the financial statements for the previous year had not been implemented.

Reference to the Paragraphs of the preceding year report	Recommendation that had not been implemented	Reference to the Paragraph in this report
1.6.1. 1.(i)	Differences between Treasury information and Departmental books should be accurately identified and reconciled.	1.6.1.1.(i)
1.6.1. 1.(iii)	The balance of the suspense account should be accurately identified and the necessary adjustments should be made and settled.	1.6.1.1.(iv)
1.6.1.2	Monthly income should be reported accurately.	1.6.1.2 (i)
1.6.1.3.(iii)	Income classification errors should be settled.	1.6.1.3.(i)
1.6.2.1, 1.6.2.2	All assets owned by Departments should be valued and accounted for in accordance with the circular.	1.6.2.3, 1.6.2.6

3. Financial Review

3.1 Management of Imprest

Audit Observation	Comments of the Chief Accounting Officer / Accounting Officer	Recommendation
3.1.1 The Department had not identified the monthly appropriations to be requested when planning the appropriations, and although it had planned to request an amount of Rs.9,551,730,000 for the entire year, the appropriations requested during the year were Rs.9,072,882,000. However, the total amount received by the Department was Rs.8,386,032,000 which was	The annual imprest is prepared based on the approved allocation limit as per the annual budget estimate and the Treasury Operations Department, in releasing the monthly requested ceiling subject to the annual planned ceiling plan, did so based on liquidity and the Treasury did not provide the requested amount of ceiling due to the economic crisis prevailing in the country.	Management should take actions to carry out proper control for the management of imprest in the Department.

92 percent of the amount requested. The monthly variation between the requested imprest and the received imprest ranged from 2 percent to 153 percent. Furthermore, a difference of Rs.1,165,698,000 was observed between the requested imprest and the received imprest, which was 12 percent as a percentage.

3.2 Revenue Management

Audit Observation	Comments of the Chief Accounting Officer / Accounting Officer	Recommendation
3.2.1 In terms of Section 128 (2)(c) of the Financial Regulations, the Commissioner General of Inland Revenue shall submit the half-yearly tax arrears returns to the Auditor General before 31 July and 31 January of the following financial year respectively. Accordingly, the following are the matters observed during the examination of the information provided in the report on default tax revenue in the Legacy and RAMIS systems for the half year ending 30 June 2024, submitted to the Auditor General on 30 August 2024 with a delay of 01 month.	Before preparing the default tax report (C-49), it should receive the return cheques notifications, debit and credit documents related to bank errors and corrections from banks, etc., and it takes more than a month to receive those documents, and then it takes more time to complete the relevant work items, making it practically impossible to complete those tasks within the relevant month. Therefore, the Commissioner General of Inland Revenue has requested the Auditor General, by letter dated 19 July 2024, to extend the time for this.	In terms of Section 128 (2)(c) of the Financial Regulations, the Commissioner General of Inland Revenue should submit the half-yearly default tax reports to the Auditor General on the due date.
(a) According to the above default tax reports, the total default tax, fines and interest income relating to RAMIS and Legacy computer systems as of 30 June 2024 was Rs.961,447,877,690, of which Rs.793,081,825,508 was	The observation is correct.	All recovery measures specified in the relevant tax acts should be implemented and actions should be taken to collect all outstanding tax and penalty balances promptly.

taxes, fines and interest temporarily suspended and Rs.168,366,052,182 was taxes, fines and interest that could be collected. Accordingly, more than 82 percent of the value was temporarily suspended taxes, fines and interest.

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| <p>(b) Out of the total outstanding tax amount recorded in the RAMIS computer system , which includes total outstanding taxes, penalties, and interest valued at Rs.765,243,704,202, 84 percent or Rs.639,069,761,631, had been identified as temporarily suspended taxes, penalties, and interest, while 16 percent or Rs.126,173,942,571, had been identified as collectible outstanding taxes and penalties. According to the Legacy computer system, out of the total outstanding amount of Rs.196,204,173,488 in taxes, penalties, and interest, Rs.154,012,063,877 that is, 79 percent had been identified as temporarily suspended taxes, penalties, and interest.</p> | <p>The observation is correct.</p> | <p>All recovery measures specified in the relevant tax acts should be implemented and actions should be taken to collect all outstanding tax and penalty balances promptly.</p> |
| <p>(c) A significant portion of the total outstanding tax, fine and interest revenue remains in the form of temporarily suspended taxes, fines and interest and it was observed that since the expected tax revenue to be collected by the Department is determined by the resolution of the appeal</p> | <p>The collection of default tax is suspended in cases where appeals or objections have been filed against the assessments issued, when a case has been filed for collection of default tax, or when it is eligible for write-off under the Finance Act No. 18 of 2021 and the Inland Revenue Amendment Act No. 10 of 2021 and the outstanding tax will be collected</p> | <p>All recovery measures specified in the relevant tax acts should be implemented and actions should be taken to collect all outstanding tax and penalty balances promptly.</p> |

	process, it takes a significant period of time to determine whether those taxes and fines should be collected or whether there is no outstanding tax to be collected.	after the reasons for the suspension are resolved.	
(d)	The total outstanding tax and penalty balance as at 31 December 2023, relating to the Legacy system, was Rs.209,936,351,221, and the outstanding tax and penalty balance as at 30 June 2024 was Rs.196,201,974,929. Accordingly, during the period, when examining the progress of collection of default taxes and fines related to the Legacy system, the total default taxes and fines have decreased by Rs.13,734,376,292 as at 30 June 2024. It was observed that Rs.8,610,021,711 of this amount was newly identified arrears of taxes and fines, Rs.14,545,807,451 was adjustments made for non-financial reasons, and only Rs.3,002,483,464 had been recovered in cash. Accordingly, the percentage of cash recovery of the outstanding default tax value that could be collected during the periods considered for the audit was only 15 percent.	Comments had not been given.	All recovery measures specified in the relevant tax acts should be implemented and actions should be taken to collect all outstanding tax and penalty balances promptly.
(e)	In relation to the RAMIS system, during the analysis of additional data requested to examine the progress of tax recovery for the period from 31 December 2023, to 30 June 2024, covering the total	The NCS institution, which provides data relevant to the RAMIS system to this division, has made an error in the information submitted for the period ending 31 December 2023. This error has since been corrected, and the NCS institution has informed	Management should ensure that tax-related reports are generated accurately through the system and take prompt action to resolve any differences.

collectible and temporarily suspended default taxes, interest, and penalties, it was observed that there was a difference of Rs.173,749,755 and Rs.967,411,196 respectively between the balances of total collectible outstanding taxes and temporarily suspended default taxes as at 31 December 2023. Similarly, as at 30 June 2024, a difference of Rs.403,908,945 and Rs.1,998,964,464 was observed between those balances respectively

the Commissioner General of Inland Revenue regarding this change. Accordingly, the preparation of the statement of arrears of revenue for 31 December 2024, using the updated data, has been affected by this change. Furthermore, the Commissioner General has requested an explanation from the officers of the RAMIS office regarding the occurrence of the aforementioned error.

- (f) During the sample inspection conducted during the relevant period of the RAMIS system in several selected regional offices, the audit also observed instances where default tax were not recorded correctly in the default tax returns and it was observed that the default tax report prepared by the Inland Revenue Department does not report the actual default tax amounts.
- Instructions have been given to regional offices to correct default tax reports and prevent the recurrence of such errors.
- Management should ensure that tax-related reports are generated accurately through the system.

3.2.2 The following are the matters observed during the examination of the information provided in the Legacy System default tax revenue report and the RAMIS System default tax revenue report submitted on 20 February 2024 for the year ending 31 December 2024

(a) More than 85 percent of the total default tax, fine and interest revenue or Rs.974,307,199,040 to be collected by the Department, ,had been identified as temporarily suspended taxes, fines and interest.	The Observation is correct	All recovery measures specified in the relevant tax acts should be implemented and steps should be taken to collect all outstanding tax and penalty balances promptly
(b) In relation to the RAMIS computer system, as at 31 December 2024, out of the total default taxes, fines and interest value of Rs.961,921,636,054, 86 percent, or. Rs.824,835,296,464, were identified as taxes, fines and interest temporarily suspended, and Rs.137,086,339,590, or 14 percent, were identified as recoverable default taxes and fines.s	The Observation is correct	All recovery measures specified in the relevant tax acts should be implemented and steps should be taken to collect all outstanding tax and penalty balances promptly.
(c) According to the Legacy computer system, as at 31 December 2024, out of the total outstanding taxes, fines and interest of Rs.188,082,393,190, Rs.149,471,902,576, or 79 percent, had been identified as taxes, fines and interest whose collection was temporarily suspended.	The Observation is correct.	All recovery measures specified in the relevant tax acts should be implemented and steps should be taken to collect all outstanding tax and penalty balances promptly.
(i) Under the Tax Recovery (Special Provisions) Act No. 16 of 2010, as amended by Act No. 14 of 2014, a separate unit (DTRU) was established within the Department under a Deputy Commissioner General for the recovery of taxes defaulted as at 31 December 2009, and special provisions	It is stated that due to the period of the remaining default tax, it takes time to resolve them for various reasons, however, the collection of these tax arrears will be done to the maximum extent possible.	All recovery measures specified in the relevant tax acts should be implemented and steps should be taken to collect all outstanding tax and penalty balances promptly.

were enacted for the collection of such defaulted taxes. However, from 1 January 2024, the DTRU Division was merged under the existing Legacy Division and a new Division was established under a Commissioner as the Arrears Tax (Pre-RAMIS Period) Collection Division. As at 31 December 2015, Rs.48,812,991,690 had been transferred to the DTRU Division as arrears of taxes and fines, and as at 31 December 2024, only Rs.18,752,301,710, or. Rs.30,060,689,980 in default taxes and fines had been settled.

- (ii) According to the information provided, the summary of the reduction in default tax in this sector in cash and other forms for the years 2019, 2020, 2021, 2022, 2023 and 2024 was as follows. Accordingly, it was observed that out of the default tax collections shown below, the actual amount collected in cash was 18 percent, while the write-offs under the Corrections and Finance Act were 82 percent.
- With the introduction of Finance Act No. 18 of 2021, old default tax that could be written off under that Act have been written off, taxes under SMEs have been written off, fines related to government institutions have been written off based on the recommendations of the Advisory Committee, and taxes that should be collected in cash have been collected to the maximum extent possible.
- All recovery measures specified in the relevant tax acts should be implemented and steps should be taken to collect all outstanding tax and penalty balances promptly.

Year	Cash	Amount	of	Write-offs
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	Charging (Rs)	corrections, settlements and adjustments made (Rs.)	under the Finance Act (Rs.)
2019	1,026,330,364	1,089,542,165	-
2020	1,275,035,679	661,186,332	-
2021	80,013,481	1,381,921,734	576,482,746
2022	201,769,368	892,111,204	3,078,470,847
2023	668,169,342	5,791,720,155	1,703,179,440
2024	<u>613,154,940</u>	<u>1,894,317,835</u>	<u>812,528,744</u>
එකතුව	<u>3,864,473,174</u>	<u>11,710,799,425</u>	<u>6,170,661,777</u>
	18%	54%	28%

- (iii) According to the income statement for the year ending 31 December 2024, the collection of income related to Economic Service Charges, National Security Service Tax, Turnover Tax, Debt Repayment Tax, Nation Building Tax - Services, Nation Building Tax - Products and Remittance Fees should be equal to the default collected as per the statement of arrears of revenue, but a difference of Rs.1,686,796,442 was observed between them. Comments had not been given. Management should ensure that tax-related reports are generated accurately through the system.
- (iv) According to the statement of arrears of revenue for the year ending 31 December 2024, it was observed that there is a balance of Rs.14,599,086 under the stamp duty revenue head 10.02.07.00 and Rs.2,215,581,368 under the debit tax revenue head 10.02.08.00 from the year 2019 without any recovery. An appeal has been filed in the Supreme Court by the relevant taxpayers regarding the outstanding amount, and since the matters are currently under consideration before the Supreme Court and are beyond the Department control, no recovery has been made to date. Necessary information for pending cases in the courts should be provided efficiently and that final orders should be acted upon in a timely manner.

3.2.3 Revenue estimation

- (a) The estimated revenue for the year 2024 was Rs.2,740,442,500,000, while the actual revenue collected during the year amounted to The revenue collection target for the year 2024 has been achieved by 95 percent, and the reporting of revenue collection deficiencies and surpluses in relation to the initial revenue Annual revenue targets should be set accurately and actions should be taken to achieve them.

Rs.2,605,027,061,526.

Accordingly, there was a shortfall in revenue collection of 5 percent, equivalent to Rs.135,415,438,474. The revenue collection surplus in relation to 8 revenue codes that were quantitatively observed was Rs.89,965,681,652, while the revenue collection deficit in relation to 6 revenue codes was Rs.160,424,351,241. These excesses and shortfalls ranged between 17 percent to 625 percent and 13 percent to 99 percent respectively, when expressed as percentages of the initial revenue estimate.

estimate has been affected by tax administration decisions and negative and positive changes in various sectors of the country.

- (b) The shortfall in revenue collection related to Capital Gains Tax was 63 percent. Despite the establishment of a separate branch within the Department for Capital Gains Tax and the provision of information on the ownership or title of lands and properties registered by the Registrar General of the Department of the Registrar General, including transfers, to the Commissioner General of Inland Revenue through the Extraordinary Gazette No. 2376/25 dated 21 March 2024, there was a shortfall in revenue collection in relation to this Capital Gains Tax.
- It has been identified that payments made without re-registration for Capital Gains Tax have been included under Income Tax revenue. Therefore, the amount reported as Capital Gains Tax is lower than the actual tax revenue collected.
- Steps should be taken to collect the estimated revenue.
- (c) It was observed that the Department should continue to work towards achieving the 60:40 ratio, which is considered the appropriate mix between direct and indirect taxes.
- It has been identified that the increase in indirect tax revenue was due to the policy changes made regarding Value Added Tax (VAT) in 2024, while no such changes occurred in relation to Income Tax. This situation has contributed to the
- The targets of Sri Lankan policymakers should be achieved.

observed ratio. The Department remains committed to continuing its efforts to achieve the government's expected targets in the future.

3.2.4 Examination of Default Tax as at 30 June 2024 in the Legacy system for TIN number 12400xxxx

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| (a) | <p>According to the selected sample for the Default tax audit as at 30 June 2024, a detailed examination was conducted on the default tax of the taxpayer holding TIN No. 12400xxxx. According to the said outstanding tax report, the total default tax amounted to Rs.309,300 for NBT, Rs.36,655 for PAYE, and Rs.1,320 for CIT, respectively. However, when examine the Legacy computer system, additional default taxes of Rs.100,877, Rs.30,267 and Rs.2,837,222 were found for PAYE, CIT and VAT respectively. Accordingly, the default tax return as of June 30, 2024 was understated by Rs.2,930,391.</p> | <p>The NBT, PAYE, and CIT related to the Legacy division have been reconciled as at 31 December 2024, while the VAT outstanding tax pertains to the DTRU default tax report. It has been corrected accordingly.</p> | <p>Proper actions should be taken to maintain the system updated and to reflect accurate tax liabilities.</p> |
| (b) | <p>For the recovery of the default tax , a Tax Recovery Report (101 P (2) 1 (A) DTRU) dated 22 March 2022, was issued to the taxpayer. According to the report, an amount of Rs.5,020,782 was due as default tax. However, the taxpayer had submitted an objection letter dated 30 March 2022. Despite this, the Department of Inland</p> | <p>The taxpayer was informed to adjust the default VAT for periods 03093 and 03092 against the refunds for 03062 and 03091. However, on 5 April 2022, the taxpayer responded via electronic message stating that no such refunds existed and, as a result, was notified on 5 May 2024, to pay the disputed tax.</p> | <p>Proper actions should be taken to maintain the system updated and to reflect accurate tax liabilities.</p> |

Revenue had issued a confirmation letter on 20 May 2024, more than two years after the date the objection letter was received, stating that Rs. 2,837,222 was payable as default tax.

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| (c) | In the Legacy computer system, tax refund balances amounting to Rs.3,698,391 for VAT periods 03062, 03091, 06031, 06033, and 12030 had been adjusted against balances, but it was observed that no refund notices had been printed through the Refund Notice system. Furthermore, it was observed that the actual refunds applicable to the above-mentioned tax periods had not been verified, and the Legacy computer system had not been updated accordingly as at 31 December 2024. | Since the input taxes for periods 03062 and 03091 are incorrect, there are no refunds. There are no refunds for 06031 and 12030 and no overpayments for 06033. | The system should be kept updated to accurately reflect tax liabilities/refunds, and proper measures should be taken to recover default taxes and process refunds in a timely manner. |
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3.3 Expenditure Management

Audit Observation	Comments of the Chief Accounting Officer / Accounting Officer	Recommendation
3.3.1 For 11 recurrent expenditure items, a net allocation of Rs. 330,930,000 was provided. After utilizing Rs.201,100,797 and reducing Rs.7,439,379 for liabilities, a balance of Rs.122,389,824 remained, representing between 15 percent to 99 percent of the allocation.	Under National Budget Circular No. 01/2024, due to reasons such as the restriction of overtime and foreign allowances, limitations on purchasing and maintaining stocks of stationery, reduction in railway warrant requests, minimization of fuel usage, existence of staff vacancies, reduction of provisions for publishing newspaper notices, implementation of programs through online methods, limitation of local training programs, delays in submitting insurance agreement bills, suspension of granting new	The utilization of funds should be managed in accordance with the provisions of the circular.

property loans to public officers, and payment of only the government's contribution portion for officers who have already obtained loans, the total net allocation for 11 recurrent expenditure subjects had not been fully utilized. After the deduction for liabilities, the remaining allocations were found to range between 15 percent and 99 percents.

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| <p>3.3.2 Although a net allocation of Rs.4,845,700,000 had been provided for 6 capital expenditure subjects, only Rs.3,108,675,656 had been utilized, leaving a balance of Rs.1,737,024,344. This unutilized amount represented between 17 percent and 99 percent of the respective allocations.</p> | <p>Due to reasons such as the inability to obtain the services of an engineer resulting in the non-utilization of funds allocated for building renovations, awarding of contracts at values lower than the estimated cost, minimization of stationery usage and postal expenses, prioritization of achieving incentive targets for the year 2024, and expenditure restrictions imposed by the Ministry of Finance, the total net allocations for 6 capital expenditure subjects had not been fully utilized. The unspent balances ranged between 17 percent and 99 percent of the allocation.</p> | <p>The utilization of funds should be managed in accordance with the provisions of the circular.</p> |
| <p>3.3.3 Although allocations amounting to Rs.80,000,000 had been provided under expenditure items 2001(033) and 2001(034) for building and construction work at the head office and regional offices, by the end of the year under review, 91 percent of those allocations remained unutilized due to the inability to obtain the services of an engineer for the construction and renovation work.</p> | <p>Due to the inability to obtain the services of an engineer for building and construction work at the head office and regional offices, the total net allocation was left unutilized, with 91 percent of the allocation remaining. It is expected that an engineer will be appointed in the future to carry out the necessary construction and renovation work.</p> | <p>The services of an engineer should be obtained promptly, and the utilization of allocations should be properly managed.</p> |

- 3.3.4 Under Expenditure Head 246, the total net allocation amounted to Rs.9,984,108,000, of which Rs.1,965,161,431 remained unutilized. This represented 20 percent of the total net allocation.
- Under National Budget Circular No. 01/2024, due to reasons such as restrictions on overtime and foreign allowances, limitations on the purchase and maintenance of stationery stocks, a reduction in railway warrant requests, minimization of fuel usage, the existence of staff vacancies, reduction of provisions for publishing newspaper notices, implementation of programs through online methods, limitation of local training programs, delays in submitting insurance agreement bills, suspension of granting new property loans to public officers, non-utilization of allocations reserved for building renovations, awarding of contracts at values lower than the estimated cost, minimization of stationery usage, and reduction of postal expenses, certain allocations remained unutilized.
- The utilization of funds should be managed in accordance with the circular.
- 3.3.5 Although an additional allocation of Rs.66,000,000 had been provided under the F.R 66 and supplementary estimates for expenditure item 1201 Stationery and Office Supplies, it was observed during the audit that Rs.103,112,129 of the allocation had not been utilized. This indicated that the statutory provisions for utilizing the additional allocations were not properly applied, reflecting a weakness in the management of allocations.
- Due to the insufficient allocation of funds for implementing the program to identify taxpayers over the age of 18 and issue the corresponding certificates, additional allocations were requested. However, since the sending of TIN certificates for registration under Bulk Registration was suspended from 24 July 2024, no purchase of stationery and toner or printing of letterheads was carried out for this purpose. As a result, approximately Rs. 75 million of the allocated funds remained unutilized.
- When obtaining additional allocations, proper estimates should be prepared for them, and their utilization should be effectively managed.
- 3.3.6 During the audit of the initial and revised expenditure estimates under Expenditure Head 246, variances ranging
- During the audit of the initial and revised expenditure estimates, the reasons for variances ranging from 20 percent to 252 percent for 12
- The expenditure estimates should be prepared in a more accurate manner.

from 20 percent to 252 percent were observed for 12 expenditure items, totaling Rs.768,306,000. expenditure items have been disclosed in the financial statements 2024 under ACA-2(iii).

3.4 Incurring of Liabilities and Commitments

	Audit Observation	Comments of the Chief Accounting Officer / Accounting Officer	Recommendation
3.4.1	According to the commitments and liabilities report generated through the new CIGAS web application included in the 2024 financial statements, as at 31 December 2024, the total commitments and liabilities amounted to Rs.87,378,394, with the liability balance on that date shown as Rs.1,559,039 less.	According to the commitments and liabilities report, liabilities amounting to Rs.87,378,394 were recorded. The report also includes details of payments totaling Rs.1,665,857 related to 14 payment items for overtime (2024), along with the corresponding liability numbers and amounts.	The statement of commitments and liabilities should be prepared accurately.
3.4.2	According to the aggregated commitments and liabilities report included in the 2024 financial statements, as at 31 December 2024, the total amount for three payment items, totaling Rs.781,703, was reported higher than the value that should have been recognized as liabilities, while the total amount for one payment item, totaling Rs.1,000,000, was recorded lower than the value that should have been recognized as a liability.	In the 2024 financial statements, the inclusion of balances incorrectly recognized as liabilities as at 31 December 2024, resulted in the total being overstated by Rs.72,176. Accordingly, for seven payment items, the amount recognized as liabilities was Rs.7,486,969, while the amount that should have been recognized as liabilities was Rs.7,394,792.	It is the responsibility of management to prepare the statement of liabilities and commitment accurately.
3.4.3	As per the financial statements as at 31 December 2024, the total unsettled commitments and liabilities as at 28 February 2025 were Rs.18,313,110, which was 21	At the time of providing the response, several travel expenses amounting to Rs.9,350 submitted for the year 2024 had been held pending approval, while payments had been made for all other	Outstanding liabilities should be settled promptly.

	percent as a percentage.	received vouchers. It was noted during the audit that as at 28 February 2025, out of liabilities and commitments totaling Rs.19,669,126 that had not yet been paid, payments for 45 payment items, totaling Rs.19,920,533, which had been completed by February 2025 and submitted for audit, were not recorded in the accounts.	
3.4.4	When preparing the statement of commitments and liabilities in the financial statements, the Department has prepared the commitments statement in accordance with Sections F.R 94(2) and (3) of the Government Accounts Circular 255/2017 dated 27 April 2017. As at 31 December 2024, the value of commitments amounted to Rs.209,965,918. However, in accordance with Section F.R 94(3), the total cost estimation had not been separately identified and accounted for.	For service agreements included in the expenditure estimates from 1 January to 31 December, when a contract that begins in the current year becomes effective in the following year, the charges for the period applicable to the next year are recorded as commitments. It was noted that in such cases, the value of these commitments has exceeded the expenditure estimates.	The total estimated expenditure related to commitments and liabilities should be separately identified and accounted for.
3.4.5	As at 31 December 2024, for expenditure item 246-01-01-1303, the maximum commitment limit that could be incurred according to the provisions of Section F.R 94(2) was Rs. 10,321,000. However, according to the commitments and liabilities statement on that date, the balance was Rs.43,352,396, indicating that during the year commitments exceeding the maximum limit by Rs.33,031,396 had been incurred.	Although the 2024 estimates included maintenance expenses based on the agreement signed in 2023, unexpected increases in maintenance costs during 2024 caused the actual expenditure under the agreement to exceed the estimated amount. This led to an increase in contracted commitments for 2024. However, the total liabilities for 2024 did not exceed the estimated expenditure, and necessary actions will be taken in the future to correct this situation.	As per the financial regulations the maximum commitment limit should not be exceeded.

3.5 Certifications to be made by the Chief Accounting Officer/Accounting Officer

In accordance with the provisions of Section 38 of the National Audit Act No. 19 of 2018, the Accounting Officer was required to certify the following matters, Although such actions were not carried out.

Audit Observation	Comments of the Chief Accounting Officer / Accounting Officer	Recommendation
3.5.1 The Chief Accounting Officer and the Accounting Officer should certify that the annual and other financial statements are prepared within the required timelines. In addition, the Chief Accounting Officer is responsible for submitting the annual reports related to the audited entity to Parliament. However, due to audit observations noted in paragraph 4.3 of the report, these requirements were not fulfilled in a timely manner.	The 2024 Annual Performance Report was not submitted in the format specified in Guideline No. 14 issued by the Department of State Accounts. The relevant officers have been informed to ensure that this does not occur in the future. In accordance with paragraph 10.2 of State Accounts Circular 2/2020 dated 28 August 2020, the Annual Performance Report for 2025 has been submitted in the correct format specified in Guideline No. 14 issued by the Department of State Accounts.	The Chief Accounting Officer and the Accounting Officer are responsible for ensuring that the annual and other financial statements are prepared within the required timelines and that the annual reports are submitted to Parliament in a timely manner.

3.6 Non-compliance with Rules and Regulations

The instances observed during the sample audit inspections where laws, rules, and regulations were not complied with are detailed below.

Observation	Reference to Value Laws, Rules and Regulations	Non Compliance	Comments of the Chief Accounting Officer / Accounting Officer	Recommendation
3.6.1	Section 3.7 of Chapter XXIV of the Establishments Code	Rs. 141,069	Although the loan should be recovered from the month in which the loan was given and the interest should be collected at the prescribed rate from the date of payment of the loan, action had not	The loan balance of Rs.141,069 has not been recovered for many years. The relevant loan balances should be recovered promptly, acting in accordance with the Establishment Code.

been taken to recover the loan balance due from the disaster loan balance obtained by the officer with salary number 5204 for several years.

3.6.2 Section 4.4 of Chapter XXIV of the Establishments Code	Rs.414,014	It has been stated that if an officer passes away before fully recovering a loan, all amounts owed to the government by the officer should immediately be requested from the Director General of Pensions to be deducted from any amounts payable to the officer's heirs. However, there remains outstanding loan balances that have not been recovered from two deceased officers, with periods ranging from 10–20 years and 1–3 years, respectively.	Requests have been made to recover the amount of Rs.222,500 from the death gratuity and to recover the amount of Rs.191,514 from Agrahara Insurance.	The relevant loan balances should be recovered promptly, acting in accordance with the establishment Code.
3.6.3 Sections 4.2.2, 4.2.4, 4.2.5, 4.5, 4.6, and 6.3 of Chapter XXIV of the Establishments Code	Rs.146,380	The outstanding loan balance, which should have been recovered from a retired officer has been pending for 3–5 years and has not yet been settled.	Relevant actions are being taken to obtain pension entitlement and recover the amount of Rs.146,380.	The relevant loan balances should be recovered promptly, acting in accordance with the Establishment Code.

		Rs.126,291	According to the 2024 Government Officers' "B" Account Reconciliation Statement, although five years have passed since the service of the officer with payroll number 8093 ended, the outstanding loan balance has not yet been recovered.	That actions are being taken to recover the amount of Rs.126,291 from the guarantor in monthly installments of Rs.2200.	The relevant loan balances should be recovered promptly, acting in accordance with the establishment Code.
3.6.4	Sections 4.5 and 4.6 of Chapter XXIV of the Establishments Code	Rs.1,836,557	Although the outstanding loan balances of officers who have vacated their positions should be promptly recovered, the loan balances from 12 such officers, spanning periods of 1 to 20 years, have not yet been settled.	Legal proceedings are currently in progress to recover a sum of Rs. 757,142 from four officers. Furthermore, action is being taken to recover an amount of Rs. 640,245 from five officers through their guarantors, and an additional sum of Rs. 439,170 from two remaining officers, by considering their requests for reinstatement in service as part of the recovery process.	The relevant loan balances should be recovered promptly, acting in accordance with the establishment Code.
		Rs.545,715	The outstanding debt balances of officers who left their posts in 2024 were outstanding and had been in the range of 3 to 6 months.	Action is currently being taken to recover a sum of Rs. 545,715 from four officers by notifying the said officers accordingly.	The relevant loan balances should be recovered promptly, acting in accordance with the establishment Code.

3.6.5	F.R.104 F.R. 104 (3) and 104 (4) of Democratic Socialist Republic of Sri Lanka	A preliminary investigation revealed that, due to a sudden fire that occurred on 24 July 2022, at the Kurunegala Disaster and Data Recovery Centre, a UPS machine was damaged, with the estimated loss being approximately Rs. 10 million, which is the current cost of purchasing a new machine to replace the damaged one. Although more than two years have passed since the incident, the final investigation in accordance with financial regulations has not yet been conducted, and the investigation reports have not been submitted to the Audit.	The preliminary investigation report regarding the damage caused to the UPS equipment due to the fire has been submitted on 24 November 2022, under Financial Regulation 104(3), and further action is being taken to conduct the final investigation in accordance with Financial Regulation 104(4) concerning the loss incurred.	In accordance with the Financial Regulations, investigations should be conducted promptly, and copies of the reports should be submitted to the Audit.
3.6.6	Financial Regulations of the Democratic Socialist Republic of Sri Lanka 1645 (a)	Although vehicle logbooks are required to be updated and maintained for each vehicle, the Department had not recorded information regarding obtaining annual licenses, information about weapons and equipment, and	Relevant officials have been informed to update and enter information on obtaining annual licenses and all other information for all vehicles from the year 2025 in the vehicle log books.	Accordance with financial regulations, Information about vehicle accidents that occur should be recorded in logbooks.

information about 14 vehicle accidents that occurred during the year under review in the logbooks.

3.6.7 Section 03 of Public Administration Circular No. 30/2016 dated 29 December 2016

Due to the fact that the Department did not have a suitable system to conduct fuel combustion tests, the necessary actions to measure fuel efficiency had not been taken.

It was reported that 3 vans and 03 cars from the vehicles owned by the department have been sampled and subjected to fuel testing, and that the necessary steps are currently being taken to conduct and report on all the tests within the next few months.

A suitable procedure should be established to conduct fuel combustion tests in accordance with the relevant circular provisions.

3.6.8 Section 2.3 of Procurement Manual related to Procurement Guidelines 2024

Although a Procurement Management Division should have been established within the Department and an officer should have been appointed to the position of Chief Procurement Officer under the Accounting Officer, the Department had not acted in accordance with it.

The process of establishing a Procurement Management Division within the Department and appointing an officer to the post of Chief Procurement Officer under the Accountant is currently in its final stage.

A Procurement Management Division should be established, and an officer should be appointed to the post of Chief Procurement Officer under the Accountanting officer.

3.7 Non-compliance with tax requirements

	Audit Observation	Comments of the Chief Accounting Officer / Accounting Officer	Recommendation
3.7.1	According to paragraph 02 of the Circular No. CGIR/2019/03 – (Ins. & Cir) dated 9 July 2019, issued by the Commissioner General of Inland Revenue, without confirming whether the person registered for VAT was an active taxpayer, a ministry had collected a VAT amount of Rs.8,955,360 during the year 2024 from a taxpayer whose tax registration had been deactivated by the Department of Inland Revenue based on the accumulated value. The taxpayer had neither submitted tax returns for the year 2024 nor remitted the tax funds collected to the Department of Inland Revenue.	Upon examination of the file, it was revealed that the file had been inactive for VAT purposes based on the value accumulated in it. However, it was reactivated for VAT purposes from 1 May 2024, and a tax liability of Rs.15,691,695 was identified. Based on this, assessment notices will be issued in the future.	Actions should be taken to recover VAT in accordance with the provisions of the Act promptly
3.7.2	According to the financial statements of the institution registered for income tax under TIN number 40923xxxx effective from 1 January 2024, investment income amounting to Rs.100,050,669 for the year 2022 and Rs.130,421,483 for the year 2023 had been included in the surpluses. Accordingly, there could have been an income tax liability of Rs.30,015,201 for 2022 and Rs.39,126,445 for 2023. However, as at the audit date, 20 December 2024, the institution had not submitted any income tax return, and the Department of Inland Revenue	In order to examine the tax liability of this institution, the financial statements for the past five years have been obtained, and the various economic activities engaged in by the institution, along with the income and expenses arising therefrom, are currently being reviewed in accordance with tax law principles.	In accordance with the relevant provisions of the tax law, the reports submitted by the taxpayer should be audited in a timely manner, and necessary action should be taken to collect the correct amount of tax revenue.

had also not identified or taken any action to recover the relevant tax liability from the institution.

3.8 Operation of Bank Accounts

The deficiencies revealed during the sample audit conducted regarding the management of bank accounts are as follows.

Audit Observation	Comments of the Chief Accounting Officer / Accounting Officer	Recommendation
3.8.1 As per the December 2024 bank reconciliation statement, 65 cheques worth Rs.1,428,770 had not been presented for payment as at the audit date of 28 February 2025.	That arrangements are being made to extend the payment dates for cheques.	Action should be taken in accordance with financial regulations regarding cheques issued but not presented for payment.
3.8.2 When comparing the document mentioning 45 bank accounts attached with the TOD/BA/01 form for opening the new account number 7041576 for 2024, the Bank of Ceylon account number 7041586 of the Inland Revenue Department's tourism VAT refund for the year 2024 was not active.	Although the Commissioner General of Inland Revenue's Tourism Value Added Tax Refund Account (7041586) is currently not operational, discussions are underway regarding the re-implementation of that tax refund system, but no decision has been made yet.	Action should be taken in accordance with the circular provisions, regarding non-performing accounts.
3.8.3 When examining the file for the Senior Citizen Income Tax Refund Account of the Inland Revenue Department, it was found that the account number 7039828 had not been closed using the relevant TOD/BA/03 form.	The relevant actions are being taken to submit the TOD/BA/03 form and other documents to the bank regarding the closure of account number 7039828.	Actions should be taken to close accounts in accordance with the prescribed formats.

4. Operational Review

4.1. Failure to achieve the desired level of outcome

4.1.1 Examination of the balance of the suspense account as at 31 December 2023 and 31 December 2024

Audit Observation	Comments of the Chief Accounting Officer / Accounting Officer	Recommendation
(a) It was observed that approximately 47 percent of the total suspense account balance, amounting to Rs.1,908,594,350, consists of balances for which the correct TIN number could not be identified, and approximately 48 percent amounting to Rs.1,954,300,021, consists of balances under TIN number 99999xxxx. Together, these account for about 95 percent of the total balance, and timely measures should be taken to resolve these issues. Furthermore, regarding the RAMIS computer system, as at 31 December 2024, approximately 57 percent of the total suspense account balance, amounting to Rs.2,235,886,581, consisted of Corporate Income Tax (CIT).	The relevant divisions have been informed to minimize the balances in the suspense account, and procedures are being implemented accordingly.	Necessary steps should be taken to identify and reconcile the suspense balance accurately.
(b) The opening balance of the suspense Account was newly added Rs.4,055,449,038 in the year 2023 and Rs.2,545,318,436 in the year 2024 to respectively. Accordingly, it has been revealed over the past few years that, within a year, significant unreconciled balances have accumulated in the suspense	Relevant divisions have been informed to minimize the balances in the suspense account, and procedures are being implemented accordingly.	The reasons for the increase in the suspense account balance should be identified and the balance settled.

account. During the audit, it was further observed that the Department has so far failed to implement effective measures to correct this situation.

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| (c) | As at 31 December 2023, approximately 61percent of the total balance in the suspense account, amounting to Rs.3,384,621,926, and as at 31 December 2024, approximately 59 percent of the total balance in the suspense account, amounting to Rs.2,397,192,549, were observed to relate to the balances for the years 2020 and 2021. | During the period of the COVID situation in 2020 and 2021, payments made through the online system were not processed correctly, resulting in those payments being charged to the suspense account.procedures are being implemented to minimize the balances remaining in the suspense account for those years. | Necessary actions should be taken to identify and settle the suspense balance accurately |
| (d) | It was observed that discrepancies exist between the data displayed under the “View Account Financials” and “Search Payment” access options in the RAMIS system. As a result, the suspense account balance of Rs.4,067,209,501 submitted for audit appears questionable, and it was further observed that this amount should have been higher by Rs.21,533,091 when considering the year 2015. | Comments had not been given. | The development activities of the RAMIS system should be completed promptly |

4.1.2 Examination of the progress of open work items in the Department of Inland Revenue’s RAMIS system as at 30 July 2024, for the period from 1 January 2016, to 30 June 2024.

Audit Observation		Comments of the Chief Accounting Officer / Accounting Officer	Recommendation
(a)	For the period from 1 January 2016, to 30 June 2024, the number of open work items in the RAMIS system was 1,217,161, which had decreased to 512,775 open work items by 28 January	The number of open work items, totaling 1,217,161 by tax type, has decreased to 512,775	steps should be taken to promptly complete the relevant work items,since it directly affects keeping the system updated and taking proper measures to recover default taxes.

2025. It was observed that, within that period, 4,611 open work items created in the RAMIS system from its inception in 2016 up to 2021 still remain unresolved.

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| <p>(b)</p> | <p>As at 28 January 2025, within the RAMIS system, the highest number of open work items was for the tax types CIT, VAT, and IIT, with the respective counts being 56,399, 210,460, and 162,833.</p> | <p>The number of open work items for the tax types CIT, VAT, and IIT has decreased to 56,399, 210,460, and 162,833, respectively.</p> | <p>Steps should be taken to complete the relevant work items promptly, since it directly affects keeping the system updated and taking proper measures to recover default taxes.</p> |
| <p>(c)</p> | <p>The audit query revealed that, among the open work items for the said period, there were 1,205,196 open work items under 30 work item types that each had more than 1,000 open items. By 28 January 2025, this number had decreased to 505,931 and it was observed that, under these work item types, there were 36,173 open items under WI_acknowledgement_of_sa_returns, 99,422 under WI_Verify_Content_of_RTN_DOC, 126,458 under WI_CM_Assign_Case_TD, and 95,260 under WI_Return_Review_by_PTA.</p> | <p>As at 30 June 2024, among the open work items, the number of open work items for 30 Work Item Types with more than 1,000 items each has decreased to 505,931. Additionally, the number of open work items for WI_acknowledgement_of_sa_returns and WI_Return_Review_by_PTA has decreased to 36,173 and 95,260, respectively.</p> | <p>Steps should be taken to complete the relevant work items promptly, since it directly affects keeping the system updated and taking proper measures to recover default taxes.</p> |
| <p>(d)</p> | <p>The “wi_acknowledgement_of_sa_returns” work item is directly related to determining the date on which a taxpayer has submitted a self-assessment return to the Department of Inland Revenue under Section 132 of the Inland Revenue Act No. 24 of 2017. Under the “WI_Return_Review_by_PTA” work item, it is connected to the recording of the tax liability/refund reflected in the</p> | <p>Comments had not been given.</p> | <p>Steps should be taken to complete the relevant work items promptly, since it directly affects keeping the system updated and taking proper measures to recover outstanding taxes.</p> |

submitted returns in the taxpayer's account, as well as to all subsequent actions related to those returns.

Since this work item also affects the maintenance of the updated default tax balances in the pending return, it has been observed that this work item has not been activated on time.

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| (e) | Among the above-mentioned Open Work Items, 43,004 work items related to 10 officers with more than five thousand (5,000) work items remained open and uncompleted as at 28 January 2025. | Among the open work items, the number of open work items related to 10 officers with more than five thousand (5,000) work items has decreased from 109,798 to 43,004. | Steps should be taken to complete the relevant work items promptly, as this directly affects the ability to keep the system up to date and take appropriate steps to collect default taxes. |
| (f) | Among the open work items, a majority were associated with 129 TIN numbers, with a total of 13,473 work items. Of these, 4,552 open work items were under N/A, where no TIN number was applicable, and 3,627 work items were under WI_Allocate_TIN_New. | Among the open work items, the number of work items for 129 TIN numbers, which had the highest proportion, decreased from 24,533 to 13,473. The number of open work items under N/A, where no TIN number was applicable, decreased from 8,755 to 4,552, and the number of open work items under WI_Allocate_TIN_New, which had the largest number of work items, decreased from 7,598 to 3,627. | To maintain the system up to date and to take proper steps for the recovery of default taxes, immediate action should be taken to complete the relevant work items. |
| (g) | There were still 38 open work items under the work item WI_pymt_payment_adjusted_to_o_suspense_acc, with no TIN number specified (Blank). It was observed that the correct allocation of paid taxes to the relevant TIN numbers depends on the completion of this work item, and therefore, this work item directly affects the reconciliation of uncertain account balances. | The number of open work items under WI_pymt_payment_adjusted_to_o_suspense_acc without a specified TIN (Blank) has decreased to 38 out of 77, and the work for each item is completed as soon as the TIN number is identified. | These open work items should be settled promptly. |

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| (h) | <p>A sample test conducted by the audit revealed that there was no entry in the Tax Period Profile of the RAMIS system for the Import Credit Voucher Value with a total value of Rs.35,498,990 for 15 tax periods of 2018, 2019 and 2021 for VAT under TIN No. 11424xxxx. Accordingly, the tax amount payable (Payable or Refund) and tax payments were not recorded in the RAMIS system. The audit was a problem by the fact that work items were not created in the system to complete this task.</p> | <p>It was informed that there is a legal case regarding the relevant file.</p> | <p>The reasons for the absence of records in the RAMIS system should be investigated and corrected.</p> |
| (i) | <p>The reasons for the existence of unfinished work items in the RAMIS system for the period from 01 January 2016 to 30 June 2024 were identified as follows.</p> | | |
| (i) | <p>Due to existing technical errors in the RAMIS system, actions have been taken for the work items WI_acknowledgement_of_sa_returns and WI_Verify_Content_of_RTN_DOC for several years. However, these work items continue to be shown as open within the system due to the error that RAMIS lacks the functionality to close work items, resulting in incorrectly displayed pending work items. There is no ability to close an objection until the related Appeal or Appeal Query is resolved, which also takes a considerable amount of time. Similarly, the WI_CM_Assign_Case_TD work item remains open until the tax and penalties are fully</p> | <p>It was stated that there were technical errors in the RAMIS system.</p> | <p>The causes should be identified and the work on developing the RAMIS system should be completed expeditiously.</p> |

settled and until the default taxes for the assigned taxpayers are fully reconciled.

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| (ii) | The issues exist in VAT/SVAT tax reports and supporting documents, along with the taxpayer's failure to resolve the issues in the schedules, make it impossible to carry out the related work items until the Refund Request work item and the work item for default taxes are completed. | It was stated that due to existing issues in VAT/SVAT tax reports and supporting documents, and because the taxpayer has not resolved the issues in the schedules, it is not possible to carry out the related work items until the Refund Request work item and the work item for outstanding taxes are completed. | Investigate issues and take necessary steps to expedite work items. |
| (iii) | Lack of facilities in the RAMIS system to enter information related to the nature of the taxpayer's business. | It had been stated that the RAMIS system does not have facilities to enter information related to the nature of the taxpayer's business. | Action should be taken to enter the relevant information of the taxpayer into the RAMIS system. |
| (iv) | It is not possible to complete the relevant work items due to the fact that guidelines have not yet been issued regarding the completion of PAYE and WHT works from the 2018/2019 assessment year under the new Inland Revenue Act. | It was stated that guidelines have not yet been issued regarding the completion of PAYE and WHT works from the 2018/2019 assessment year under the new Inland Revenue Act. | Guidelines for PAYE and WHT should be issued expeditiously. |
| (v) | The work items related to the TIN number cannot be completed due to the inability to identify the correct TIN number due to entering the TIN number incorrectly (Invalid TIN), making the payment without registering for the tax type, and the TIN number being canceled. | It was stated that the relevant works could not be completed due to the inability to identify the correct TIN number due to the incorrect entry of the TIN number (Invalid TIN), the payment being made without registering for the tax type, and the TIN number being cancelled. | The problems should be resolved quickly and the development of the RAMIS system should be expedited. |
| (vi) | Having a limited number of officers, spending a lot of time on scheduling related activities. | It was stated that there was a limited number of officials and that a lot of time was spent on scheduling activities. | Action should be taken to recruit the necessary officers expeditiously. |

4.1.3 The following were the findings observed during the performance inspection of the Colombo South Regional Office of the Inland Revenue Department.

Audit Observation	Comments of the Chief Accounting Officer / Accounting Officer	Recommendation
(a) As at November 2024, the branch had issued 83 additional assessment reports for a total outstanding tax amount of Rs. 128,225,621 including interest and penalties for CIT, IIT and PIT from the assessment year 2018/19 to the assessment year 2022/23, but as of the audit date of 18 December 2024, data for 68 reports had not been uploaded to the RAMIS system and the total default tax related to those reports were Rs.100,634,822.	It appears that various reasons have affected the inability to upload additional assessment reports to the RAMIS system under the relevant TIN number.	Steps should be taken to complete the development of the system promptly and upload the relevant additional assessment report data to the RAMIS system.
(b) Upon further examination of the said additional assessment reports, it was found that the additional assessment reports for 26 out of the 68 reports, as well as the self-assessment reports for the assessment years 20/21, 21/22 and 22/23, had not been uploaded to the RAMIS system until 11th April 2025. The total tax arrears, including interest and penalties related to those reports, were Rs. 30,229,197. Furthermore, due to errors in the RAMIS system, the tax liability related to 18 additional assessment reports issued for the assessment years 2018/19 and 2019/20 was not included in the RAMIS system and the total tax arrears related to this were Rs. 25,208,635.	Income tax returns related to audited files from the 2018/2019 assessment year to the 2022/2023 assessment year are being identified and work is being done to upload the tax files that have not been uploaded to the RAMIS system.	Steps should be taken to complete the development of the system promptly and upload the relevant additional assessment report data to the RAMIS system.

- (c) From the assessment year 2015/16 to the assessment year 2022/23, 1162 Query Work Items (Queries) related to the Regional Office were open as at the audit date of 18 December 2024 and 04 Appeal Work Items (Appeals) were open as at 05 February 2025. It is stated that 76 out of 1238 inquiry work items related to the Colombo South Office from the 2015/16 assessment year to the 2023/24 assessment year have been completed by 30 April 2025, and only 04 out of 21 appeal work items remain and steps will be taken to complete the remaining work items expeditiously. Steps should be taken to keep the system up to date, take appropriate steps to collect outstanding taxes, and complete related work items promptly
- (d) According to the information received by the audit regarding work items related to the performance of the first half of 2024, out of a total of 81,040 work items, 43,594 work items were still open as at December 2024. According to the data obtained from the RAMIS system as at 06 January 2025, it was observed that 37,047 work items were open related to each tax category. It is stated that 76 out of 1238 inquiry work items related to the Colombo South Office from the 2015/16 assessment year to the 2023/24 assessment year have been completed by 30 April 2025, and only 04 out of 21 appeal work items remain and steps will be taken to complete the remaining work items expeditiously. Prompt completion of work items for the recovery of default taxes.
- (e) While preparing the default tax return as at 30 June 2024, a total default tax amounting to Rs.823,575,418 including arrears tax and interest belonging to the DTRU division was transferred to the Colombo South Regional Office through the arrears tax return as at 30 June 2024. While preparing the default tax return by the Department, a total tax value of Rs.1,208,104,322 was recorded twice in the default tax return of the Colombo South Branch and was later identified and corrected. However, it was observed that due to the existence of errors in the arrears tax returns, the correct arrears tax amounts While preparing the C-49 as at 30 June 2024, it was identified that there were default tax of Rs.823,575,118 belonging to the DTRU division, and the Deputy Commissioner General - Tax Administration, city offices and regional offices were informed through a letter dated 01 October 2024. It was identified that the default tax of Rs.1,208,104,322 as at 30 June 2024 had been recorded twice and it was corrected and when preparing the C-49 report for Colombo South. It is the responsibility of management to prepare the arrears tax reports correctly and submit them to the Auditor General before the relevant dates in accordance with paragraph 128 (2) (c) of the Financial Regulations.

were not correctly reported in the relevant half-yearly default tax returns.

4.1.4 Performance review regarding Kurunegala Regional Office

Audit Observation	Comment of the Chief Accounting Officer/ Accounting Officer	Recommendation
(a) It was observed during the inspection of the system that out of the 35 additional assessment reports that were not included in the RAMIS system for the assessment year 2018/19, as at 31 January 2025, 14 reports for CIT with a tax value of Rs.18,561,029 including interest and penalties, and 16 reports for IIT with a tax value of Rs.60,896,011 including interest and penalties, a total of 30 additional assessment reports were not included in the RAMIS system, and it was observed that the total tax value including interest and penalties related to them was Rs.79,457,040.	A copy of the assessment notices relating to the assessment years 1819 and 1920 has been provided to the Revenue Division by the officers of the Assessment Division, and the officers have already taken collection action to collect the arrears of tax, fines and interest as notified by the Information Technology Administrative Services Division (ITAS) regarding the arrears of tax incurred in the assessment year 1819. If the arrears of tax have already been paid, the fines will be limited as per the agreement reached and the remaining fines will be released, and the remaining additional assessment notices will also be entered into the RAMIS system by resolving the errors in the RAMIS system.	A system should be established that can accurately identify the number of all additional assessment reports issued and the total outstanding tax value, including interest and penalties, related to those issuances.
(b) According to the open work item information of all categories obtained from the RAMIS system as at 22 January 2025, it was observed that 24,031 work items related to the regional office were open. Out of this, 5,072, 4,762, 3,559 and 2,265 open work items were mainly identified under the work item names WI_Verify_Content_of_Other_Documents, WI_CM_Assign_Case_TD, WI_Return_Review_BY_PTA	These work items are work items received from time to time through the RAMIS system from the assessment year 2015 to date, the officers have completed the maximum number of work items that can be completed, various reasons for work items that cannot be completed have been provided to the incentive committee and higher administration when necessary, and most of the work items have been left behind due to errors in the RAMIS system.	To keep the RAMIS system up to date, steps should be taken to promptly complete all work items issued by the system.

and WI_Verify_ Refund respectively. It was also observed that the highest number of open work items were for the tax types IIT, CIT and VAT, which were 9,163, 6,158 and 4,312 respectively.

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| (c) | According to the open work item information obtained in the RAMIS system as at 22 January 2025, the total number of Appeals and Queries of the Inland Revenue Service officers in the year 2025 from the assessment year 2015/16 to the assessment year 2023/2024 were 150 and 127 respectively, relating to the regional office, which remained open as of the date of audit. Out of these, 52 Queries were observed to be related to tax periods of more than 6 years and had not been resolved further. | All officers have paid attention to resolving this Appeal/Query and have taken the relevant preliminary measures. The tax, penalty and interest applicable to this Appeal/Query have already been shown as suspended tax in the outstanding tax documents. The reasons for this are lack of proper compliance from the taxpayer, problems in the RAMIS system, incorrect submission of PAYE schedules and shortage of officers. | To keep the RAMIS system up to date, steps should be taken to complete all work items issued by the system promptly. |
| (d) | Since 2011, 16 cheques worth Rs.5,276,921 have been cancelled at the Kurunegala regional office, and for 08 of the cancelled cheques, it has taken more than 05 years to take recovery action. It was observed that the taxes had not been collected by taking recovery measures in accordance with the Inland Revenue Act. | Legal action has been taken for dishonored cheques, including 06 cheques worth Rs. 2,100,012, 03 cheques worth Rs.773,551 identified for cancellation under the Finance Act, and 16 cheques worth of Rs.5,843,673 recovered for transfer of payment and cash as recovery measures. | Prompt steps should be taken to collect taxes by taking all necessary recovery measures in accordance with the Inland Revenue Act. |
| (e) | As per the arrears tax returns submitted by the regional office as at 30 June 2024, the total arrears tax value for RAMIS and Non RAMIS was reported to be Rs.2,305,575,477. In the age analysis of the arrears tax | The Payment and Settlement Division of the Head Office identifies the arrears of taxes arising on assessments based on the accounting year in which the assessment notices are issued. Assessment notices prior to the year 2019 have also been issued in | The actual tax arrears should be disclosed accurately in the tax returns based on the age analysis of tax arrears. |

report, the years for which arrears were identified were from 2019 to 2024 and arrears had not been reported prior to 2019. It was observed that all the arrears of taxes prior to 2019 applicable to the branch had been identified for the year 2019, thereby not accurately disclosing the branch's actual arrears of taxes as per the age analysis.

the same manner, so the arrears of taxes for that year have been identified.

4.1.5 Performance of the Inland Revenue Department in issuing additional assessment reports

Audit Observation	Comment of the Chief Accounting Officer/ Accounting Officer	Recommendation
According to the information called for audit, as of April 18, 2024, the number of additional assessments issued for Corporate (CIT), Individual (IIT) and Partnership (PIT) for the assessment years 2018/19 to 2021/22 is 11,686 and the related additional assessed tax amount is Rs.579,804,166,354.		
(a) It was observed that the additional assessments issued against the total number of registered tax files of 624,000 ranged from 0 percent to 9 percent for the above tax categories, which is a minimum percentage of the total number of registered tax files.	The taxpayer submits tax returns under the self-assessment system and the Department conducts a quick audit of all files and only select files are subjected to detailed audit. Due to the limited human and physical resources currently available to the Department, the number of files that are subjected to detailed audit is limited.	Timely action should be taken to ensure the correct tax liability in relation to tax files.
According to the age analysis of the issuance of the 1,830 additional assessments issued to the above-mentioned 2018/19 assessment corporate taxpayers, 10 assessments	The issuance of additional assessments from the year of assessment 2018/2019 was issued through a software system other than the RAMIS system and facilities for issuing additional	In accordance with Section 24 of the Inland Revenue Act of 2017, the relevant assessment notices should be issued before the expiry of the prescribed cut-off

were issued from 2019 to 2021, 1478 assessments in 2022, 286 assessments in 2023 and 56 assessments in 2024. Although the cut-off period as per Section 135 (2) (b) of the Inland Revenue Act, No. 24 of 2017 (as amended) expires in May 2022 and the returns should have been submitted before 30 November 2019 to meet the cut-off period, the audit observed that a significant number of additional assessments, namely 1,813, were issued after May 2022.

assessments through RAMIS will be available from 30 April 2024. The cut-off date varies based on the date of submission of tax returns by tax payers and only reports submitted before 30 November 2019 are subject to the cut-off date for the year 2018/2019.

4.1.6 Performance of the Department of Inland Revenue in entering additional assessment report data issued through the alternative method for Corporate Income Tax (CIT) in the 2018/19 assessment year into the RAMIS system

Audit Observation	Comment of the Chief Accounting Officer/ Accounting Officer	Recommendation
(a) As per the information called for audit on 18 April 2024, as the system had not been developed to issue additional assessments through the RAMIS system for the assessment years 2018/19 to 2021/22 through the alternative method on the audit date, the number of additional assessments issued for Corporate Income Tax (CIT) through the alternative method was 7,090 and the tax amount related thereto was Rs.569,897,813,253. Out of which, the number of additional assessments issued for the assessment year 2018/19 was 1,830 and its value was Rs.256,727,918,900.	A copy of the circular No. CGIR/2023/3-1(Ins & Cir)15 dated 22 June 2023 relating to the issuance of additional or revised assessment notices has been submitted as a reply.	In order to keep the RAMIS system up to date, all additional assessment notices issued outside the system should be promptly entered into the RAMIS system and steps should be taken promptly to recover the default taxes.

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| <p>(b)</p> | <p>The issuance of additional assessments for CIT in the assessment year 2018/19, as per section 135 (2) (b) of the Inland Revenue Act, No. 24 of 2017 (as amended), should be issued before the expiry of 30 months from the end of the assessment year, which is the cut-off period. Accordingly, according to the additional assessment sample test issued above, 43 assessment reports were issued between 01-05 days before the deadline. It is observed that a system should be established to issue assessment reports a certain number of days before the deadline, as not issuing assessment reports until the deadline is approaching may lead to risks such as missing the deadline, delay in receiving letters by registered mail to the taxpayer and the taxpayer citing reasons in appeals that the deadline has been missed.</p> | <p>There was a problem uploading reports due to an error in the RAMIS system, and steps have now been taken to overcome the error and the relevant reports have been uploaded to the RAMIS system.</p> | <p>In accordance with the Inland Revenue Act No. 24 of 2017, the relevant assessment notices should be issued before the expiry of the prescribed cut-off date.</p> |
| <p>(c)</p> | <p>100 TIN numbers issued additional assessments to corporate taxpayers were examined in the assessment year 2018/19, and the total value of which was Rs.162,168,617,836. Although the officials have been informed to enter the details of the additional assessments issued through the alternative method into the RAMIS system through the internal circular dated 10 April 2024 relating to corporate taxes, the details of the additional</p> | <p>There was a problem with uploading reports due to an error in the RAMIS system, and steps have now been taken to overcome the error and the relevant reports have been uploaded to the RAMIS system.</p> | <p>In order to keep the RAMIS system up to date, all additional assessment notices issued outside the system should be promptly entered into the RAMIS system and steps should be taken to collect the outstanding taxes.</p> |

assessments relating to TIN number 100 relevant to the sample test had not been entered into the RAMIS system until 05 August 2024, the date of the audit. It was further observed that as per the reply letter dated 15 May 2025 regarding the said audit query, the details of additional assessments pertaining to 95 out of the said 100 TIN numbers have not been uploaded to the RAMIS system.

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| (d) | In relation to the above sample audit, when considering the date of issuance of the additional assessment and the date of self-assessment (date of original assessment), the audit observed 18 cases where a completely different date was included under the date of original assessment in the additional assessment report issued through the alternative method from the date on which the assessment reports were provided to the Department. | As there was no complete and accurate understanding of the guidelines for issuing assessment notices under the alternative method for 2018/2019 issued on 05 May 2022 as of 19 May 2022, the date of issue of the assessment notice has been entered incorrectly as date of original assessment. The issue has now been identified and steps are being taken to correct the errors. | To keep the RAMIS system up to date, a formal internal control system should be established to ensure that all assessment notices are uploaded correctly to the RAMIS system. |
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4.2 Delays in the Execution of Projects

4.2.1 Examination of Performance of the RAMIS system in the Department of Inland Revenue

Audit Observation	Comment of the Chief Accounting Officer/ Accounting Officer	Recommendation
The Revenue Administration Management Information System (RAMIS), which was initiated with the aim of increasing the efficiency of the Inland Revenue Department,		

was reported to the audit that it incurred a total cost of approximately Rs.17.3 million from the year 2014 to 31 December 2024. Accordingly, an agreement was signed with a Singaporean company (NSC) for RAMIS 1.0 on 27 May 2014 for a sum of 35,006,646 Singapore dollars (equivalent to Rs.04 billion at the prevailing foreign exchange rate), and the completed modules of the system were implemented from 01 January 2016. In this regard, the following were observed during the examination of the performance of the RAMIS system in the year 2024.

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| <p>(a) The contracts for the development of the RAMIS system were signed on 27 May 2014 for RAMIS 1.0 at a cost of Singapore dollars 35,006,646, for RAMIS 2.0 Phase A at a cost of Singapore dollars 1,760,000 (approximately Rs. 265 million), and for 2.0 Phase B at a cost of Singapore dollars 15,534,364 (approximately Rs.2.3 billion). The maintenance service contract for 03 years up to 31 January 2024 for a value of Singapore dollars 21,053,371 (approximately Rs. 3.1 billion) was awarded to a subcontractor of the Singapore Cooperation Agency. It was observed that the terms of the draft agreement prepared to extend the contract for the maintenance of the RAMIS system by 3 years from February 2024 to January 2027</p> | <p>Comments had not been given.</p> | <p>Urgent action should be taken to ensure that the Department takes over the maintenance of the RAMIS system.</p> |
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were referred to the Attorney General for observation and the agreement was signed on 13 September 2024 and the contract value was Singapore Dollars (SGD) 31,808,289.

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| <p>(b)</p> | <p>It was observed during the sample audit that certain changes are being made to the RAMIS system to address the issues that arise during the operation of the RAMIS system, and that the Singaporean institution will be required to spend Singapore Dollars 1,333, or approximately Rs.291,000, per man-day to make those changes, and that this amount has been increased to Singapore Dollars 1,400, or approximately Rs.305,200 under the new agreement, and accordingly, in addition to the above-mentioned cost paid to that institution for developing the modules, the institution was also paid approximately Rs.405 million in 2024 for the changes made (Service Request).</p> | <p>Additional payments should be made for requests (Service Requests) for changes to the system based on new requirements adopted by users and government policy decisions (budget proposals, etc.) and the amount payable per man-day may change over time when entering into maintenance agreements.</p> | <p>It is the responsibility of management to conduct the project at the lowest cost to the government.</p> |
| <p>(c)</p> | <p>Under the RAMIS 2.0 phase, due to the incomplete development of the assessment report issuance module, additional income tax assessment reports from the year 2018/2019 to the assessment year 2021/2022 were maintained through a temporary system outside the RAMIS system and based on the information provided, 2,979, 4,489, 3,460 and 758 additional income tax assessment reports were issued</p> | <p>The system has been developed for the IIT/CIT tax types in the system from the assessment year 2019/2020 to 2022/2023 and development work is being carried out for Partnership Tax (PIT).</p> | <p>It is the responsibility of management to resolve existing problems and complete the work promptly.</p> |

from the year 2018/2019 to the year 2021/2022 respectively. However, it was observed that while the system has been developed to be able to issue assessments for the individual (IIT) and corporate (CIT) tax types for each assessment year, development work has not yet been done for partnership tax (PIT). Also, it was further observed that the inclusion of the aforementioned additional assessment reports in the module for which the development of the system has been completed is not at a positive level.

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| <p>(d) The connection of 29 institutions to the RAMIS system will be carried out in 4 phases, and 6 institutions have already been connected, namely Sri Lanka Customs, People's Bank, Bank of Ceylon, Ministry of Finance, Department of Registrar of Companies, and Lanka Clear Private Limited, while the Department of Motor Vehicle Registration is in the process of being connected. The remaining institutions have not been connected yet due to various issues and it was observed that the information of those institutions has not been able to be obtained through the online RAMIS system.</p> | <p>In addition to the 6 institutions, the Department of Motor Vehicle Registration has also been connected to the system.</p> | <p>To resolve existing issues and take necessary steps to promptly connect the remaining institutions to the RAMIS system.</p> |
| <p>(e) The staff requirement submitted by NCS for the takeover of the RAMIS system is estimated at 45 officers for Application Maintenance</p> | <p>An expert committee was appointed to review the RAMIS system takeover plan and conduct a comprehensive evaluation, which is scheduled to provide a report within</p> | <p>The Department should take over the maintenance of the RAMIS system before the end of the contract period for the</p> |

	tasks, 21 officers for Infrastructure Maintenance tasks and 10 officers for Supporting Service tasks, for a total staff of 76. It is observed that further steps in this regard should be taken before the expiry date of the existing RAMIS system maintenance contract with NCS in January 2027.	03 weeks.	maintenance of the existing RAMIS system, which is January 2027.
(f)	Since 2014, officers of the Inland Revenue Service have been attached to the RAMIS project and 60 officers have been deployed for the year 2024. According to the sample examination of the payments made by the Project Office for the establishment of the RAMIS system, approximately Rs.22 million had been paid to the officers of the Inland Revenue Regular Staff for the RAMIS project work in relation to the year 2024. Furthermore, it was observed that the fact that this project staff contributed their services to the work of this project while they were engaged in the duties of the Inland Revenue Department could have hindered regular duties for a period of nearly 10 years, and that the Inland Revenue Department's failure to promptly accept the project could have adverse effects on the overall efficiency of the department.	The staff engaged in the RAMIS project are updated during their duties and engaged in project activities and all payments made for the maintenance of the RAMIS system are made in accordance with Circular No. 01/2029 of the Department of Management Services and with the proper permission of the Ministry of Finance.	The Department should take over the maintenance of the RAMIS system before the end of the contract period for the maintenance of the existing RAMIS system, which is January 2027.
(g)	The Call Center service operated by the Singaporean company under the RAMIS project was taken over by the Inland Revenue Department	It has only been informed that the call center will be administered by the procurement and asset management division, which will be appointed by the Inland Revenue	It is the responsibility of management to conduct the project at the lowest cost to the government.

and operated under a private company for a period of more than 2 years from 01 April 2021 to 31 May 2023, subject to a payment of Rs.33,844,000 excluding VAT per year. The Ministry of Finance had approved the extension of the relevant contract from 01 June 2023 to 31 March 2025 for a further payment of Rs.38,350,000 excluding VAT per year. Due to the lack of physical and human resources available to the Department to maintain this call center service, this contract had to be extended and it was reported that Rs.38,683,199 had been paid for this call center service for the year 2023 and Rs.33,939,750 for the year 2024. Accordingly, it was observed that these additional expenses are incurred due to the department not taking steps to provide these services.

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| <p>(h) It was observed that the administrative activities of the tax types such as Betting and Gaming Tax, Stock Transaction Tax introduced and implemented by Finance Act No. 5 of 2005, Emigration Tax introduced in 2015 and Remittance Fees introduced in 2017, which were expected to be systematized under RAMIS implementation phase II, are not being carried out through the revenue administration management information system, and there is a severe delay in their systematization.</p> | <p>Considering the cost of introducing separate modules for betting and gambling tax, it is appropriate to manage it without systematizing it.</p> | <p>It is the responsibility of management to increase the efficiency of tax administration by systematizing all types of taxes administered by the Department.</p> |
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- (i) According to the normal transfer system of the Department, officers in services outside the departmental service should be subject to transfers when their service period exceeds 05 years. However, it was observed that due to the delay in the recruitment of officers in relation to the RAMIS project in the Department and the relevant professional shortage, it has not been possible to properly implement the transfer system of officers deployed to support the RAMIS project. Accordingly, as at 28 February 2025, three Assistant Project Director officers of the Sri Lanka Information Technology Service employed in the Department had been in service for more than 12 years, and three Project Officers, including two Assistant Project Director officers, had been in service for more than 05 years.
- These officers are not assigned to RAMIS project activities full-time and are officers who perform RAMIS duties during normal duty hours and outside of duty hours like other RAMIS officers.
- It is the responsibility of the management to ensure that the maintenance of the RAMIS system is taken over by the Department before the end of January 2027, which is the end date of the contract period for the maintenance of the existing RAMIS system, and to adhere to the government approved transfer procedure by recruiting the approved staff to maintain the RAMIS system.

4.3 Annual Performance Report

	Audit Observation	Comment of the Chief Accounting Officer/ Accounting Officer	Recommendation
4.3.1	Although the Annual Performance Report should have been prepared in accordance with the format specified in guideline No. 14 issued by the Department of Public Finance in accordance with paragraph 10.2 of Public Finance Circular No. 2/2020 dated 28 August 2020, the report submitted for audit	The Annual Performance Report of 2024 was not submitted in accordance with the format specified in guideline No. 14 issued by the Department of Public Finance, and the relevant officers were informed to take the necessary steps to prevent this from happening in the future, and the Annual Performance Report for the year 2025 was submitted in	Annual and other financial statements should be prepared and submitted in accordance with the relevant guidance formats.

along with the annual financial statements had not been in accordance with the said circular.

accordance with the correct format specified in guideline No. 14 issued by the Department of Public Finance in accordance with paragraph 10.2 of Public Finance Circular 2/2020 dated 28 August 2020.

- 4.3.2 In terms of paragraph 12.1 of the Public Finance Circular No. 2/2020 dated 28 August 2020, the Annual Performance Report, including the audited financial statements, should be prepared in three languages and tabled before 150 days from the end of the financial year. However, the annual report of the Inland Revenue Department for the year 2023 was tabled in Parliament on 07 January 2025 after a delay of 07 months.
- It was stated that the tabling of the annual performance report for the year 2023 was delayed beyond the expected time due to various factors beyond the control of the Department and that the relevant officials were informed to take the necessary steps to prevent this from happening in the future.
- Annual reports should be submitted to Parliament on the due date in accordance with the provisions of the circular.

4.4 Procurements

The following observations are made.

Audit Observation	Comment of the Chief Accounting Officer/ Accounting Officer	Recommendation
4.4.1 Considering the total estimated expenditure for the procurement activities of the Department and its physical progress for the year 2024, the expected progress had not been achieved for 17 procurement items for which the procurement process was to be completed by 31 December 2024.	The procurement work of Sub-No. 7, which was planned to commence on 1 May 2024, was commenced in October, and the procurement plan for Sub-Nos. 9 and 10 was stated to be 75 percent due to an error, and the first and second parts of the procurement work of Sub-No. 8 were completed during the year 2024 and the third part was commenced in November 2024, and approval for the purchase of goods was received on 28 February 2025. The value of the bills paid for the work completed during the year 2024 under Sub-No. 11 has been 58	Action should be taken to achieve the expected progress according to the procurement plan.

percent, and the percentage of the funds spent on such requests for the year 2024 among the provisions allocated for the requests received as per the need under Sub-No. 12 has been 52 percent.

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| 4.4.2 | Three cases were observed where the Department initiated the procurement process in 2024 and the procurement process was not completed by 31 December 2024, but sufficient progress was not made by that date. | It is stated that due to the delay in these 04 procurement processes, engineering advice had to be obtained from an external institution, which prevented the expected progress from being achieved by 31 December 2024, and that the relevant contract period has now been extended and the procurement activities are being carried forward. | Action should be taken to achieve the expected progress according to the procurement plan. |
| 4.4.3 | According to the procurement progress report of the Department, the percentage progress had not been identified for 29 procurement items. Also, out of the total estimated amount of Rs.102,000,000 for advertising under Departmental expenditure item 246-1-1-0-1409, Rs. 84,031,658, or 82 percent, had been spent through direct purchases. | It is stated that no procurement process is being implemented for 15 items for which the percentage progress has not been identified due to the need for repairs, renovation work has not been carried out for items 51-55 due to the absence of an engineer and the insufficient provisions requested, the need has not been communicated by the information technology administrative services division for items 56-80, expenses have been incurred as per the need to publish newspaper advertisements related to the procurement for item 95, the approval of the Departmental small scale procurement committee was not available at the time of receiving the estimate from the engineering department for item 113, and provisions have been allocated to pay monthly bills for items 121,122 and no procurement process is being implemented. | Action should be taken to achieve the expected progress according to the procurement plan. |
| 4.4.4 | During the examination of the procurement plan for the year 2024 and the information | The procurement plan for the Department is prepared by a combination of various | Procurement needs should be identified and the procurement plan should |

related to the first quarter, the Department of Inland Revenue had prepared the procurement plan for 130 items of works, goods and services worth Rs.2,024,922,615 in the year 2024, but due to the preparation of the procurement plan without properly identifying the needs, in the procurement progress submitted to the audit for the first quarter, 33 items of works, goods and services worth Rs.242,400,000 included in the procurement plan for the year 2024 had been removed.

departments, and the procurement plan related to services and maintenance is carried out by the procurement division, and the procurement plan has been prepared and submitted for 97 service items. be prepared accurately.

4.5 Assets Management

The following observations are made.

	Audit Observation	Comment of the Chief Accounting Officer/ Accounting Officer	Recommendation
4.5.1	A very large unused generator, which had been received by the Department along with the building where the Javatta regional office is located, was entered in the inventory book on 14 June 2023 for removal, and that asset had remained idle for a long time. Similarly, a water tank with a capacity of approximately 10,000 liters, which had been received by the Department along with the building in the Javatta regional office premises, was an unused asset that could not be used.	Comments had not been given.	Assets should be properly recorded in inventory books and assets should be used efficiently and effectively.
4.5.2	According to the information document regarding vehicles registered under the name of the institution submitted by the	A committee with an engineer has been appointed to decide whether to repair or dispose of vehicle 52-8295, but no decision has been	The reasons for assets remaining idle should be identified, and action should be taken to repair

	Department, 06 vehicles are currently not in running condition.	made yet. Appropriate steps will be taken in the future regarding the disposing of vans JQ-3981 and JQ-3987, repairs are being carried out on CAC-9946, 301-4716, and JQ-8478 has been referred to the Procurement Committee for approval for repair on 20 May 2025.	or dispose of them.
4.5.3	After a UPS machine in the UPS system at the Kurunegala disaster and data recovery center was damaged by fire in 2022, the damaged UPS machine and the parallel system of the remaining two UPSs were removed and a new system was installed by 2024. However, the damaged UPS machine parts and the parts of the parallel system of the two UPSs have been stored in the office premises without being disposed of or released to an appropriate party for productive purposes, resulting in further capacity depletion.	The preliminary investigation under F.R. 104(3) has been conducted and the F.R. 104(4) Committee has been appointed and is currently carrying out relevant work. Accordingly, upon receipt of the final investigation report, the UPS system damaged by the fire will be disposed of or a recommended course of action will be taken as per the recommendations of the Committee.	The reasons for assets remaining idle should be identified, and action should be taken to repair or dispose of them.
4.5.4	Since the 02 transformer machines provided to the Department during the renovation of the building had not been connected to the main electricity system, those machines had not been used since 2010 and had been idle for almost 15 years.	The installation of the 02 transformers supplied to the Department into the electrical system has been delayed until the construction work at the vehicle yard is completed.	The reasons for assets remaining idle should be identified, and action should be taken to repair or dispose of them.
4.5.5	The CCTV camera system of the Department was completed by a private company under the supervision of the State Engineering Corporation and handed over to the State Engineering Corporation in May 2010, and by then the one-year warranty period had	The Engineering Corporation had handed over the documents related to the 70 cameras belonging to the CCTV camera system, which cost Rs.7,985,992, to the then chief security officer of the Department in 2010 and those documents are included in the file. It is expected that further steps will be taken after	Steps should be taken to effectively utilize the assets owned by the Department and verifiable evidence should be submitted regarding the transfer of assets.

already expired. No evidence had been produced to confirm that the State Engineering Corporation had formally handed it over to the Department, and the 70 CCTV cameras that had not been used so far were not in working condition and the cost incurred for this had been Rs.7,985,992 according to the files.

4.5.6	The premises of the Gampaha district Inland Revenue Regional Office had changed between the 2022 Board of Survey and the 2023 Board of Survey and although the inventory survey reports did not reveal the 7-mic call system and 16-camera CCTV system that were identified as being included in the 2022 inventory and CIGAS program, the relevant equipment was later handed over to the main warehouse on 30 August 2024. However, evidence to confirm that the equipment handed over to the main warehouse was the same as the equipment installed at the Gampaha regional office had not been submitted to the audit so far.	The serial numbers of the cameras during the installation of these cameras or the serial numbers of the cameras that were repaired in 2022 were not provided to this office by the institutions that installed/repaired the cameras, or the serial numbers of the installed equipment were not duly verified at the time of completion of the installation. The camera system and other related accessories removed from the Gampaha regional office in Yakkala were handed over to the supply division of the head office on 29 August 2024.	Assets should be properly recorded in inventory books and verifiable evidence should be maintained.
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4.6 **Security Deposits of Public Officers**

The following observations are made.

Audit Observation	Comment of the Chief Accounting Officer/ Accounting Officer	Recommendation
The relevant officials had not taken action to deposit the security deposit in accordance with the new account number	new account number 7041576 opened under the name of Senior Citizen Income Tax Refund and the delegation of powers to operate	Action should be taken to obtain security deposits from the officers who are required to deposit

7041576 (TOD/BA/01) opened official bank accounts to the security deposits in the name of senior citizen commissioner General of Inland Revenue , in accordance with F.R 880, relevant officials are taking steps to deposit the security deposit as per F.R.880.

4.7 Losses and Damages

The following observations are made.

	Audit Observation	Comment of the Chief Accounting Officer/ Accounting Officer	Recommendation
4.7.1	As per Financial Regulation 104, as soon as a loss or damage occurs, an investigation is conducted to determine the cause, amount and those responsible, and as per Financial Regulation 105, the amount of money to be paid by the officers responsible for the loss is determined and they are ordered to pay that amount and recover it or act and write off as per Financial Regulation 109. However, a balance of Rs.5,346,250 had been carried forward from the past several years without doing so.	An advance of Rs.1,400,000 has been given to the relevant garage on 24 April 2025 to carry out the repairs of the CAC-9946 vehicle from the amount received under the insurance claim and the gross value of the loss has been estimated at Rs.1,000,000 as per the initial report regarding the UPS fire by the Secretary to the Ministry of Finance, Planning and Economic Development, letter No. MF/06/16/02/IRD/2025 and dated 26 March 2025. In terms of Public Finance Circular No. 02/2024, the Accounting Officer has been empowered to appoint the Board of Inquiry up to Rs.2,000,000.	Action should be taken to recover or write off the amount in accordance with financial regulations.
4.7.2	Action had not been taken so far to recover or write off the value of Rs.353,499 that was not collected through insurance coverage in relation to 03 vehicle accidents from the relevant parties in accordance with financial regulations.	The Commissioner General's approval has been received to write off the amount of Rs.240,499 from the books and the necessary actions will be taken to write off the remaining balance.	Actions regarding vehicle accidents should be taken in accordance with Financial Regulations.

- 4.7.3 Although the damage to the vehicle bearing number NA-9123, which was involved in an accident on 9 September 2024, had been fully repaired, action had not been taken to obtain insurance coverage.
- The repairs to vehicle NA-9123 have been fully completed, but due to the delay in submitting the final bills by the relevant garage, the expenses have not been reimbursed.
- Action should be taken to obtain insurance coverage for vehicle accidents.

4.8 Weaknesses of Management

4.8.1 Tax payments made online through a state bank were not uploaded to the RAMIS system

Audit Observation	Comment of the Chief Accounting Officer/ Accounting Officer	Recommendation
(a) It was reported that out of the tax payments made through the said bank through the online system on 18 April 2024, there was a Value Added Tax amount of Rs.433,129,012 related to a taxpayer that had not been deposited in the RAMIS system and the tax collection bank account of the Inland Revenue Department. Therefore, during the further investigation carried out in this regard, it was revealed that due to an error in the computer system of the said bank, out of the total transaction amount, Rs.2,012,262,011 relating to 86 transactions on 18 April 2024, had not been deposited in the RAMIS system and the tax collection bank account of the Inland Revenue Department. It was revealed to the audit through further investigation that the tax receipts had not been uploaded to the system under the relevant TIN numbers and that the payments were not recorded in the soft copy of the tax receipts sent daily by the	It was confirmed that replies had been given on 08 August 2024 and accordingly, due to an error in the computer system on 18 April 2024, a value of Rs. 2,012,262,011 had been correctly accounted on 04 July 2024 in relation to 86 transactions that were not deposited into the tax collection bank account of the Inland Revenue Department.	Strong internal control mechanisms should be established to ensure accurate reporting and verification of tax payments which made online.

said bank to the Inland Revenue Department, as well as in the suspense account of the Department.

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| (b) | <p>However, after it was discovered that the said tax payments had not been uploaded in the RAMIS system, the said bank had backdated the payment data after three months to update the RAMIS system and provided it on 22 July 2024. Accordingly, it is observed that the existing internal control mechanisms to ensure that tax payments made through the online system are correctly reported and recorded in the tax collection account of the Inland Revenue Department are not at a positive level.</p> | <p>A technical committee has been appointed under the supervision of the chief information officer of the relevant state bank to correct the computer error, and the process of updating the relevant computer system has been initiated to determine the reasons for it and prevent such incidents from recurring.</p> | <p>Strong internal control mechanisms should be established to ensure accurate reporting and verification of tax payments which made online.</p> |
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4.8.2 Examination of the issuance of privilege cards (Gold and Silver Privilege Cards) for taxpayers

Audit Observation	Comment of the Chief Accounting Officer/ Accounting Officer	Recommendation
(a) There are two types of privilege cards issued by the Inland Revenue Department and taxpayers who meet the qualifications announced by the Department can apply for these cards. According to the official website of the Department of Inland Revenue, the information related to the issuance of these privilege cards was updated on 20 August 2025 after 2016, but according to the updated information, it was not observed that more attractive benefits were provided to privilege card holders than the benefits previously provided.	In this regard, it has been decided to take necessary steps to restore the official website as soon as the final decision of the committee appointed to review the privileges is received. Cards were issued only to taxpayers who applied for them in the years 2023 and 2024, and it has been decided that the taxpayers will be informed through the advisory and promotion division and regional offices.	The Department should focus on implementing/updating the most attractive benefits to support the achievement of strategic goals that help achieve the Department's mission, as well as providing timely information to taxpayers.

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| (b) | <p>It is observed that while there are a large number of taxpayers, only a very small number of them apply for privilege cards, indicating that the awareness of taxpayers regarding this system is at a minimum level. It is also observed that the Department has not focused on implementing/updating these privilege cards in a manner that supports taxpayers by utilizing the most attractive benefits available through them, and providing timely information to taxpayers, in order to achieve the strategic goals that help achieve the mission of the Inland Revenue Department.</p> | <p>In this regard, it has been decided to take necessary steps to restore the official website as soon as the final decision of the committee appointed to review the privileges is received. Cards were issued only to taxpayers who applied for them in the years 2023 and 2024, and it has been decided that the taxpayers will be informed through the advisory and promotion division and regional offices.</p> | <p>The Department should focus on implementing/updating the most attractive benefits to support the achievement of strategic goals that help achieve the Department's mission, as well as providing timely information to taxpayers.</p> |
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4.8.3 Examination of inclusion of Social Security Contribution Levy (SSCL) payments under Defence Levy (DL – W) in the Legacy system

Audit Observation	Comment of the Chief Accounting Officer/ Accounting Officer	Recommendation
Due to the non-development of the relevant modules in the RAMIS system for the Social Security Contribution Levy (SSCL) which was implemented from 01 October 2022, the following facts were revealed during the examination conducted using the system in relation to 114 payment data for 07 TIN numbers.		
(a) The Director of the information technology administrative services division had reported to the audit that Social Security Contribution Levy (SSCL) is a tax type related to the RAMIS system, but it was approved on 02 January 2023 to be kept in the Legacy system until the RAMIS system is prepared to	On 12 September 2022, tax code 32 was issued for the SSCL tax type in the RAMIS system. Approval was also received by the Deputy Commissioner General's email dated 02 January 2023 to temporarily retain the RAMIS tax type in the Legacy system. Since the banking system had already received SSCL under	The relevant modules of the RAMIS system for new tax types should be developed urgently and new tax codes should be used in doing so.

- update the tax and action has been taken accordingly. Accordingly, the 32 tax code of the RAMIS system has been used to upload SSCL payment data, and it was observed during the audit that since 1994, Defence Levy tax payments have been in the Legacy system under the 32 tax code with the abbreviation DL-W.
- code number 32 and taxpayers had been informed about it, there was no possibility of changing that tax code, and no orders had been received to change the code, and the DL-W tax type was not a tax type that had been actively received by the system since 2012.
- (b) According to the audit, if a tax type named DL-W had existed in the Legacy system since 1994, it would have been recognized at the first time the transaction was entered into the system that it was not correct to record the SSCL payment data under the same tax code. Therefore, the decision to enter a new tax type under the said code into the Legacy data system was problematic for the audit.
- The SSCL tax data was ordered to be temporarily retained in the Legacy system, and after the RAMIS system was ready and approval was received for the data migration process, NCS institute worked with the RAMIS SSCL team to transfer all SSCL payment data from the Legacy system to the RAMIS system on 19 January 2024.
- The relevant modules of the RAMIS system for new tax types should be developed urgently and new tax codes should be used in doing so.
- (c) Although it had been decided to gradually phase out the system due to the risk of the Legacy system not being updated with software and hardware, it was observed that due to the lack of development of the relevant modules in the RAMIS system, the existing data in the Legacy system was also put at risk by re-entering 74,148 new data into the Legacy system.
- Data Migration is a recognized and agreed upon process for transferring data between RAMIS Legacy systems, and the same process has been used for SSCL as well.
- It is necessary to urgently develop the relevant modules of the RAMIS system in relation to new tax categories.
- (d) Although it has been stated that only payments related to the SSCL tax type have been removed from the Legacy system due to the transfer to the RAMIS system, the removal of transactions entered into the system as DL-W tax payments
- This is a transfer of data temporarily held in the Legacy system to the RAMIS system through the data migration process under a proper methodology, and it is stated that the data migration has been carried out in 2 stages under the
- It is the responsibility of management to maintain strong internal control mechanisms to ensure the security and authenticity of data within the Legacy system.

with a Document Location Number ("DLN"- Document Location Number) from the Legacy system in this way may affect the security and authenticity of the data existing in the Legacy system of the Department of Inland Revenue, and this was observed by the audit as an internal control weakness in the Legacy system.

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| <p>(e) The Social Security Contribution Levy (SSCL) payment data was approved to be uploaded to the RAMIS system on 19 January 2024, with 71,148 data uploaded and 2,838 data rejected. It is observed that the fact that data is recorded in two systems for a long time could lead to errors and fraud in the future.</p> | <p>Due to the migration to the RAMIS system, only payments related to the SSCL tax type have been removed from the Legacy system. If taxpayers are registered for other tax types in addition to the SSCL tax type, those arrears taxes before 2016 related to those tax types will be included in the Legacy system, and those payments will be updated and reflected in the Legacy system.</p> | <p>It is the responsibility of management to maintain strong internal control mechanisms to ensure the security and authenticity of data within the Legacy system.</p> |
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4.8.4 Audit examination regarding the collection of advance income tax

Audit Observation	Comment of the Chief Accounting Officer/ Accounting Officer	Recommendation
52 individuals who had entered into contracts with the institution with TIN number 40906xxxx had been paid an aggregate value of Rs. 1,750,450,843 as basic competition fees and prize money for international tournaments organized under the auspices of the said institution from April 2023 to March 2024. It was also observed that the Inland Revenue Department had held that the payments made by this institution to the individuals who had entered into the said agreements were payments	The Inland Revenue Department is of the opinion that payments made by the Sri Lanka Cricket to cricketers are subject to Advance Personal Income Tax (APIT) and accordingly, the Sri Lanka Cricket Board has been notified on 14 October 2024 to deduct APIT from the relevant payments.	Action should be taken in accordance with the provisions of the Act and steps should be taken to promptly recover the money due from the tax payers.

subject to Advance Personal Income Tax (APIT) and accordingly, the institution had been informed by letter number ACT/05/05 and dated 14 October 2024 to deduct the advance income tax from the relevant payments.

4.8.5 Examination of the progress of registration and payment of individual income tax under Section 102 of the Inland Revenue Act of Sri Lankan residents

Audit Observation	Comment of the Chief Accounting Officer/ Accounting Officer	Recommendation
(a) Every person liable to pay income tax in terms of Section 102(1) of the Inland Revenue Act, No. 24 of 2017 shall register with the Commissioner General of Inland Revenue and in terms of Gazette Notification No. 2334/21 dated 31 May 2023 issued in terms of Section 102(3) of the said Act, persons who have attained the age of 18 years as at 31 December 2023 and persons who attain the age of 18 years on or after 01 January 2024 shall register with the Commissioner General of Inland Revenue. As at 10 December 2024, 7,883,066 individual income tax files and TIN numbers of individuals over the age of 18 were registered with the Department. As at 19 May 2025, 1,090,096 individual income tax files and as at 09 May 2025, 10,065,680 TIN numbers of individuals over the age of 18 were registered with the Department.	Agreed with the terms of this article.	The management should take actions to promptly register the relevant persons with the Department, acting in accordance with Gazette Notification No. 2334/21 dated 31 May 2023 issued in terms of Section 102(3) of the Inland Revenue Act, No. 24 of 2017.
(b) Currently, the number of people over the age of 18 in Sri Lanka is approximately 17 million, and the number registered with the	The TIN registration process is being carried out based on data obtained using all available means of obtaining information	The management should take action to promptly register the relevant persons with the

Department has increased by about 3,179,372 between 10 December 2024 and 09 May 2025, but the number registered for income tax has increased by about 93,338 between 10 December 2024 and 19 May 2025. Accordingly, it is observed that steps should be taken to register individuals over the age of 18 with the Inland Revenue Department and to register individuals with incomes of more than 1.2 million under income tax.

about the population over the age of 18 in Sri Lanka, and since the capacity and number of employees of RAMIS and other computer systems have not been increased for the additional large task of opening TINs, we are working to the best of our ability to complete it within a certain period of time.

Department, acting in accordance with Gazette Notification No. 2334/21 dated 31 May 2023 issued in terms of Section 102(3) of the Inland Revenue Act No. 24 of 2017.

4.8.6 In accordance with the information provided to the Auditor General by a Government Teaching Hospital and a District Secretariat in accordance with the provisions of the Circular CGIR/2019/03-1 (Ins. & Cir) dated 09 July 2019, Circular CGIR/2021/02-02 dated 09 April 2021 and the provisions of the Government Procurement Guidelines, the following are the matters observed during sample audit examination of VAT payments made in the RAMIS system in relation to the remittal of Value Added Tax (VAT) payments made to suppliers by the said institutions to the Department of Inland Revenue.

Audit Observation	Comment of the Chief Accounting Officer/ Accounting Officer	Recommendation
(a) The said Teaching Hospital had not included 112 invoices with a total value of Rs.98,773,631 inclusive of VAT under 15 suppliers during the period from December 2019 to March 2022 in the VAT Output Schedules (VAT – Schedule 01 – Output Tax) uploaded by each supplier in the RAMIS system under the relevant periods (including 02 future tax periods). The said District had not included 26 invoices relating to the VAT value of Rs. 4,251,368 under 11 suppliers during the period from January 2023 to September 2024 were not included in the VAT output	According to the reply letter sent on 05 May 2025 to the audit query regarding the remittal of Value Added Tax (VAT) paid to suppliers by the Ratnapura District Secretariat to the Inland Revenue Department, checks are being carried out to see whether each supplier has uploaded the correct VAT output schedules under the relevant periods and the facts presented regarding the Karapitiya Teaching Hospital have been agreed upon.	It is necessary to take action in accordance with the existing legal provisions regarding non-payment of tax under the Value Added Tax Act No. 14 of 2002.

schedules (VAT – Schedule 01 – Output Tax) uploaded by each supplier in the RAMIS system under the relevant periods (including 02 future tax periods).

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| (b) | <p>The audit observed 228 open work items for VAT tax in the RAMIS system as at 29 April 2025 under 15 suppliers included in the above sample examination conducted in relation to the said Teaching Hospital for the years 2019 to 2022. In relation to that period, the audit further observed 122 open work items for VAT in the RAMIS system as at 08 May 2025 under 11 suppliers included in the said sample examination conducted in relation to the said District Secretariat.</p> | <p>Regarding the Karapitiya Teaching Hospital, work is currently being carried out under 29 contractors to complete the 424 open work items as at 29 April 2025, and further work is being carried out by conducting information requests after identifying the situation.</p> | <p>The work items assigned to officers through the system should be completed in a timely manner and tax money should be collected.</p> |
| (c) | <p>It is observed that action should be taken in accordance with existing legal provisions regarding the failure to remit VAT tax monies already paid to suppliers to the government, the provision of incorrect VAT tax details to the department, and the failure to pay the correct VAT tax on the due date.</p> | <p>Necessary actions are being taken in accordance with existing legal provisions regarding non-payment of VAT to the government.</p> | <p>It is necessary to take action in accordance with the existing legal provisions regarding non-payment of tax under the Value Added Tax Act, No. 14 of 2002.</p> |

4.8.7 Examination of the dishonoured cheques held as at 31 December 2023 and 31 December 2024

Audit Observation	Comment of the Chief Accounting Officer/ Accounting Officer	Recommendation
(a) The number of dishonoured cheques in the Inland Revenue Department as on 31 December 2023 and 31 December 2024 was 3,174 and 2,534 respectively and the related value was Rs.1,948,707,728 and	According to the reply letter dated 22 July 2025, as at 31 March 2025, 2,511 cheques worth Rs.1,130,395,726 have been dishonoured and respective departments are taking recovery	The cash related to the dishonoured cheques should be recovered promptly and actions should be taken to introduce an effective payment system.

- Rs.1,160,490,862 respectively. The said number of cheques comprised 1,205 cheques related to the RAMIS system in 2023 and 1,967 cheques related to the Legacy system in 2024, while in 2024 it was 867 and 1,667 cheques respectively.
- action in this regard.
- (b) During the period from 01 January 2023 to 31 December 2023, 653 cheques were dishonoured with a value of Rs.621,421,379 and from 01 January 2024 to 31 December 2024, the number of newly added dishonoured cheques was 414 with a value of Rs.430,157,104.
- According to the reply letter dated 22 July 2025, as at 31 March 2025, 2,511 cheques worth Rs.1,130,395,726 have been dishonoured and respective departments are taking recovery actions in this regard.
- The cash related to dishonoured cheques should be recovered promptly and actions should be taken to introduce an effective payment system.
- (c) According to the list of dishonoured cheques as at 31 December 2024, 1,834 cheques for Value Added Tax (VAT) with the highest value were dishonoured and its value was Rs.927,116,432. Also, 212, 289 and 104 cheques for CIT, IIT and PAYE taxes were dishonoured as at the said date and their value was Rs.119,172,065, Rs.57,127,835 and Rs.27,905,850 respectively.
- According to the reply letter dated 22 July 2025, as at 31 March 2025, 2,511 cheques worth Rs.1,130,395,726 have been dishonoured and respective departments are taking recovery actions in this regard.
- The cash related to dishonoured cheques should be recovered promptly and actions should be taken to introduce an effective payment system.
- (d) According to the said register of dishonoured cheques, there are dishonoured cheques for the period from 2008 to 2024, and 192 dishonoured cheques with a maximum value of Rs.178,025,475 were in 2024, and 336 cheques with a maximum value of Rs.173,881,750 were in 2019.
- According to the reply letter dated 22 July 2025, as at 31 March 2025, 2,511 cheques worth Rs.1,130,395,726 have been dishonoured and respective departments are taking recovery actions in this regard.
- The cash related to dishonoured cheques should be recovered promptly and actions should be taken to introduce an effective payment system.
- (e) The Extraordinary Gazette No. 2378/33 dated 04 April 2024 limited the tax payments that could be made to the Inland Revenue Department through cheques, and
- According to the reply letter dated 22 July 2025, as at 31 March 2025, 2,511 cheques worth Rs.1,130,395,726 have been dishonoured and
- The cash related to dishonoured cheques should be recovered promptly and actions should be taken to

	accordingly, only VAT and SSCL tax types could be made through cheques, but out of the 192 dishonoured cheques, there were 38 cheques with a total value of Rs.12,640,086 were not VAT or SSCL. Under that, 15 cheques for IIT with a total value of Rs.5,909,228, 15 cheques for PAYE with a value of Rs.5,714,020, and 04 cheques for CIT with a value of Rs.979,838 were also observed to be dishonoured. It is observed that cheque dishonor continues even though the above Gazette has limited payments through cheques.	respective departments are taking recovery actions in this regard.	introduce an effective payment system.
(f)	The audit observed the highest number of dishonoured cheques under the same TIN number among 1,262 taxpayers. In the sample examination, there were 22 taxpayers who had 10 or more cheques dishonoured, 23 cheques worth Rs.4,672,729 for VAT tax relating to TIN No. 53238xxxx, 22 cheques worth Rs.1,247,778 for IIT relating to TIN No. 69047xxxx, and 21 cheques worth Rs.4,785,613 for VAT tax relating to TIN No. 11400xxxx.	According to the reply letter dated 22 July 2025, as at 31 March 2025, 2,511 cheques worth Rs.1,130,395,726 have been dishonoured and respective departments are taking recovery actions in this regard.	The cash related to dishonoured cheques should be recovered promptly and actions should be taken to introduce an effective payment system.
(g)	It was observed that 13 cheques worth Rs.23,704,757, for TIN numbers 17407xxxx, 81214xxxx and 64306xxxx with the highest value in relation to VAT taxes, 11 cheques worth Rs.17,600,000 and 14 cheques worth Rs.12,352,198 were dishonoured respectively.	According to the reply letter dated 22 July 2025, as at 31 March 2025, 2,511 cheques worth Rs.1,130,395,726 have been dishonoured and respective departments are taking recovery actions in this regard.	The cash related to dishonoured cheques should be recovered promptly and actions should be taken to introduce an effective payment system.
(h)	Various divisions and 15 Regional Offices (ROs) of the Inland Revenue Department, where 50 or more cheques were dishonoured, were observed for audit.	According to the reply letter dated 22 July 2025, as at 31 March 2025, 2,511 cheques worth Rs.1,130,395,726 have been dishonoured and	The cash related to dishonoured cheques should be recovered promptly and actions should be taken to

Accordingly, 533 cheques with the highest value were dishonoured under the Medium Corporate-Legacy sector, with a value of Rs.311,563,605. 212 cheques worth Rs.62,034,265, 179 cheques worth Rs.69,169,646 and 166 cheques worth Rs.53,020,469 were dishonoured under Colombo East, Batticaloa and DTRU divisions respectively. respective departments are introduce an effective taking recovery actions in this payment system. regard.

4.8.8 Examination of Public Petition

Audit Observation	Comment of the Chief Accounting Officer/ Accounting Officer	Recommendation
(a) The taxpayer with TIN number 11424xxxx has filed revised VAT returns for the VAT returns filed from June 2019 to September 2021. It was observed that the taxpayer had obtained a writ order up to 24 October 2024, restraining the Commissioner General of Inland Revenue from issuing further additional assessment reports, on 06 October 2024, indicating that the additional assessment reports had been issued a few days before the expiry of the cut-off dates.	Regarding the writ order obtained by the relevant company, it has been referred to the legal division for advice on how to proceed in accordance with the court order.	Action should be taken before the deadline expires in accordance with the acts to recover additional tax dues.
(b) The audit observed that the 10 additional assessment reports had issued in relation to Value Added Tax, namely, for 3 tax periods when the period between the date of issuance of additional assessment reports and the cut-off date was approximately less than 03 days, for 6 tax periods when the period between 03 and 25 days, and for one tax period when the date of issuance of additional assessment reports and the cut-off date was the same. It is observed	Regarding the writ order obtained by the relevant company, it has been referred to the legal division for advice on how to proceed in accordance with the court order.	Action should be taken before the deadline expires in accordance with the Act to recover additional tax due.

that issuing additional assessment reports on a date close to the cut-off date may result in situations such as missing the cut-off date, taxpayers arguing in appeals that the cut-off date has been missed due to delays in receiving letters via registered mail, and not being given sufficient time to provide reasons and information before issuing assessment reports, as indicated by the petitioner company.

- (c) It was also stated that the value of import credit vouchers that the institution could not recover in relation to the above periods due to the fact that the Department of Inland Revenue had not implemented the relevant work items for the Primary Tax Assessments (PTA) for the tax periods from January 2018 to December 2021 was Rs.120,576,643. This value also includes values relating to periods for which additional assessment notices have not been issued (periods for which tax returns have not been accepted notices). Due to the non-issuance of Primary Tax Assessments (PTA), the VAT liability or refund in the reports for the relevant tax periods is not recorded in the taxpayer's account. It was observed that due to this, the amount of tax refund related to the petitioner company and the relevant import credit voucher cannot be obtained and the accuracy of the reports obtained through the Department's RAMIS system is affected.
- Regarding the writ order obtained by the relevant company, it has been referred to the legal division for advice on how to proceed in accordance with the court order.
- Action should be taken before the deadline expires in accordance with the Act to recover additional tax due.

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| <p>(d) As of the date of audit, the number of open work items related to Value Added Tax with the officers of the Inland Revenue Department in relation to the petitioner was 116, which are unresolved work items from August 2016 to date and include work items related to these tax periods. It is observed that the fact that some of the work items remain open may result in the taxpayer's account not being accurate and up-to-date and may also impact the outstanding tax returns and tax administration received through the system.</p> | <p>Regarding the writ order obtained by the relevant company, it has been referred to the legal division for advice on how to proceed in accordance with the court order.</p> | <p>Steps should be taken to complete unresolved work items promptly</p> |
| <p>(e) Based on the special report issued by the Auditor General regarding the loss incurred by the government due to the reduction of the special excise duty imposed on one kilogram of sugar from Rs.50 to 25 cents during the period from 14 October 2020 to 28 February 2021, which was discussed at the Committee on Public Finance held on 16 January 2024, a special committee of 04 officers was appointed on 22 January 2024 in response to the letter informing the Commissioner General of Inland Revenue to verify whether income tax had been properly paid for the profit earned from the import of this sugar.</p> | | |
| <p>(i) It was reported to the Commissioner General of Inland Revenue that a proper investigation had not been carried out on the basis of the profit earned from sugar imports, as only 06 files out of the 12 importers involved in the preliminary report submitted by</p> | <p>Agreed.</p> | <p>All the procedures for resolving all the disputes and appeals specified in the relevant tax acts should be implemented in a timely manner and steps should be taken to promptly collect all the arrears of taxes and fines.</p> |

the Special Committee on 23 January 2024 had been completed. However, with the appointment of the Chairman of the said Special Committee to another position, a committee with a new chairmanship was appointed by the Commissioner General on 27 December 2024.

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| (ii) | According to the report dated 24 February 2025 given by the new committee, during the investigation conducted on 12 sugar importers under the said investigation, assessments totalling Rs.896,858,125 had been issued by the large non-tax (investigation) division and the large tax (investigation) division in respect of 10 importers. It was observed that one of the remaining two importers had reported that no sugar had been imported during this period and that no sufficient misstatements had been identified to issuance of additional duties in respect of the other importer. | The value of the assessments issued by the audit division and the large non-tax investigation division is Rs.484,790,925, while the large tax division (Investigation) has issued assessments of Rs.412,067,200, bringing the total value of the assessments issued accordingly to Rs.896,858,125. | All the procedures for resolving all the disputes and appeals specified in the relevant tax acts should be implemented in a timely manner and steps should be taken to promptly collect all the arrears of taxes and fines. |
| (iii) | It was observed that there are default taxes worth Rs.2,395,734,789 in respect of the above-mentioned 12 taxpayers as per the arrears tax reports as at 31 December 2024. | Comments had not been given. | All the procedures for resolving all the disputes and appeals specified in the relevant tax acts should be implemented in a timely manner and steps should be taken to promptly collect all the arrears of taxes and fines. |
| (iv) | In the Audit and Management Committee meeting held with the Department on 21 August 2025, based on the information provided as the current progress in this regard, the total issued additional assessment value of | Out of the total issued additional assessment value of Rs.896,858,125, a value of Rs.332,067,546 has been revised as deductions made during the resolution of the appeal. | The system should be kept up to date so that tax liabilities are properly reflected, and appropriate steps should be taken to collect outstanding taxes. |

Rs.896,858,125 has been revised by Rs.332,067,546 as deductions made during the resolution of appeals. However, since the relevant additional assessment reports for those revisions have not yet been uploaded in the RAMIS system, it was problematic for the audit to check them through the system.

(v)

Under Partnership Income Tax (PIT), the additional assessment issuances worth Rs.41,355,881 for 04 importers in respect of the 2021 tax period were not uploaded in the By pass system or in the RAMIS system. Therefore, the audit was unable to observe through the system whether the additional assessment issuances and the appropriate recoveries were made in relation to that.

Agreed.

The system should be kept up to date so that tax liabilities are properly reflected, and appropriate steps should be taken to collect outstanding taxes.

5 Human Resource Management

5.1 Approved Cardre and Actual Cardre

Audit Observation	Comment of the Chief Accounting Officer/ Accounting Officer	Recommendation
5.1.1 As at 31 December 2024, 490 posts, which is 17 percent of the total approved staff of the Department, were vacant, out of which 269 were senior level posts, which is 21 percent of the approved staff. The total number of vacancies under the non-executive employee category in the Department at the end of the year under review was 221, and accordingly, 13 percent of that category remained vacant as at 31 December 2024.	As at 31 December 2024, the total number of vacancies in the Department is 490, of which 263 are senior level vacancies in the Inland Revenue Service. Applications have been invited to fill the 100 vacancies approved out of this number of vacancies, and request letters have been sent to the Ministry of Finance to take action to fill the 204 expected vacant positions by 31 December 2025.	Action should be taken to recruit essential staff for vacant departmental positions.

- 5.1.2 The approved number of employees for the post of Commissioner of the Inland Revenue Department is 90 and as of 31 December 2024, the number of posts has been completed with 68 regular officers and 22 acting officers, but the departmental activities had been affected in covering the duties of the Commissioner post while actually performing the duties of the Senior Deputy Commissioner. The delay in recruiting officers for the 05 vacant Deputy Director/Assistant Director posts in the Sri Lanka Information Technology Service had an adverse impact on the handover of the maintenance of the Revenue Administration Management Information System (RAMIS) of the Department of Inland Revenue to the Department.
- As at 31 December 2024, the total number of vacancies in the Department is 490, of which 263 are senior level vacancies in the Inland Revenue Service. Applications have been invited to fill the 100 vacancies approved out of this number of vacancies, and request letters have been sent to the Ministry of Finance to take action to fill the 204 expected vacant positions by 31 December 2025.
- Action should be taken to recruit essential staff for vacant departmental positions.
- 5.1.3 The vacancy of the Class II Grade III Engineer post in the Sri Lanka Engineering Service, which has been vacant for several years within the approved staff of the Department, had not been permanently filled even as of 31 December 2024, and at present, an Engineering Officer from the Ministry of Education, Higher Education and Vocational Education had been provided to the Department on a two-day working basis per week. Due to the inability to obtain the services of an Engineer permanently, out of the allocation of Rs.80 million allocated for buildings and construction for the head office and regional offices in the year
- Although an engineering officer from the Ministry of Education, Higher Education and Vocational Education had been transferred to this department, her transfer was cancelled. Since the officer expressed her unwillingness to come to perform acting duties due to the heavy workload of the ministry, letters have been referred requesting that an engineer officer be permanently assigned to this department.
- Action should be taken to obtain the services of a permanent engineer for departmental buildings and construction.

2024, Rs.72 million, or 91 percent, remained unused.

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| 5.1.4 | <p>Approval had been given to immediately recruit MN-6 officers of the Information and Communication Technology Service to implement the Revenue Administration Management Information System of the Department of Inland Revenue. However, delay in the recruitment of 24 Information Technology Officer posts had directly affected the activities of the Revenue Administration Management Information System of the Department of Inland Revenue.</p> | <p>Since departmental recruitment for these positions has not yet taken place, letters have been reffered to the Director General of Combined Services from time to time to fill the vacancies.</p> | <p>Action should be taken to recruit essential staff for vacant departmental positions.</p> |
| 5.1.5 | <p>Although the posts of technical officer, a departmental post belonging to the secondary level employee category, and tourist bungalow keeper and building inspector belonging to the primary level category, had been vacant for many years, the Department had failed to recruit any officer for those posts by the end of the year under review.</p> | <p>Secondary Level - Information has been prepared to submit for the conduct of the examination in relation to the recruitment for the 02 posts of technical officer.</p> <p>Secondary Level - A committee has been appointed to include the post of building inspector in the recruitment procedure.</p> <p>Primary Level - Recruitment to the primary grades in relation to the post of tourist bungalow keeper has been temporarily suspended, but further steps will be taken to fill the vacancies as soon as possible by the multi-functional officers in accordance with the relevant recruitment procedure for that vacancy.</p> | <p>Action should be taken to recruit essential staff for vacant departmental positions.</p> |