

Sri Lanka study on Tax Policy and Enterprise Development

Draft Outline for Key Informant Interview (KII) Questionnaire

(Provided by type of information/stakeholder being interviewed)

Revenue Administration Officials

1. What are the difficulties in taxing SMEs?
 - Operate outside the tax net –i.e. informal SMEs
 - Large in numbers – lack of resources
 - Unable to assess true taxable revenue – SMEs do not maintain proper records/financial statements)

2. What are the weaknesses in the present tax system which encourage non-compliance and informality to remain outside the tax net

3. How does the revenue authority go about taxing SMEs which operate outside the tax net
 - Search and Identify potential taxable SMEs via advertisements
 - Work with other government agencies/ banks encourage formalization
 - Work with other government agencies/ banks to access financial records
4. What further reforms could be proposed to increase tax compliance

5. Where could improvements be made to the existing tax structure and administration to ease the burden of the tax system on doing business to encourage formalization and increasing compliance
 - Simplify Tax Structure – both CIT & VAT
 - Streamline tax registration process
 - Improvements to the VAT refund mechanism
 - Reduce the number of annual tax filings
 - Introduction of an online tax filing system
 - Improve efficiency of tax administration
 - Friendliness of the tax administration

Other Government Officials

6. Does tax concessions granted to larger enterprises (i.e. BOI registered companies) lead to higher than necessary tax rates being introduced on other enterprises to balance out revenue considerations

7. What could be done to better balance out this asymmetry whilst still extending tax concessions

8. Taxation, entrepreneurship and investments: what taxes matter? Which types of taxes are relevant?

9. Tax incentives for SMEs/ removal of tax concessions for larger players: Is this needed create a more leveled playing field

10. Tax incentives for SMEs: do we need them to encourage more investments? How should these incentives be designed?

Representative of NGOs/Chambers and Tax consultants

11. Is taxation a major concern when considering formalizing a business
 - Which Tax – VAT or CIT
 - the tax rates
 - Tax Compliance procedure and time involved in complying

12. What weaknesses are present in the property taxation system (structure as well as administration) that limits expansion of property tax revenues?

13. What are the benefits and drawback of being a non-VAT registered company

14. What are the benefits and drawbacks of being an informal enterprise in terms of non-compliance with taxes