



Tax Alert

Risk Based Refund Scheme

29 May 2026

The **Risk Based Refund Scheme (“RBRS”)** was implemented with effect from 01 October 2025, replacing the Simplified Value Added Tax (SVAT) scheme.

Extraordinary Gazette Notification No. 2481/17 (*dated 26 March 2026 and issued on 28 May 2026*) details the procedural aspects on the RBRS. This replaces the prior Extraordinary Gazette Notification No. 2456 /02 dated 29 September 2025 issued in this regard.

Under the RBRS, any claim for refunds will be processed subject to risk assessment based on pre-defined criteria taking into account the likelihood of inaccuracy, non-compliance and overall behavior and reliability of eligible persons.

Criteria pertaining to determining the risk rating has been added under the latest gazette notification.

Criteria for determination of risk rating

In assigning the risk rating of an eligible exporter, the Inland Revenue Department (IRD) will consider the following information for the immediately preceding five years (except for item f).

- a. The taxpayer’s compliance history, particularly with respect to the filing of returns, accuracy of reporting, and timely payment of taxes.
- b. The taxpayer’s history of refunds claimed
- c. Findings of previous audits
- d. Abnormalities in operational performance and revenue stability
- e. The reliability of the business as determined on the basis of institutional third-party information available to the IRD and
- f. The duration of the taxpayer’s engagement in the business.

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