

# PART IV

## MAJOR LEGISLATIVE ENACTMENTS OF 2015 RELATING TO THE FUNCTIONS AND OPERATIONS OF THE CENTRAL BANK AND BANKING INSTITUTIONS IN SRI LANKA

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## Finance Act, No. 10 of 2015

[Certified on 30th October, 2015]

**AN ACT TO PROVIDE FOR THE IMPOSITION OF BARS AND TAVERNS LEVY, CASINO INDUSTRY LEVY, SUPER GAIN TAX, MOBILE TELEPHONE OPERATOR LEVY, SATELLITE LOCATION LEVY, DEDICATED SPORTS CHANNEL LEVY, MANSION TAX, MIGRATING TAX AND MOTOR VEHICLE IMPORTERS LICENCE FEE AND TO PROVIDE FOR MATTERS CONNECTED THEREWITH AND INCIDENTAL THERETO.**

BE it enacted by the Parliament of the Democratic Socialist Republic of Sri Lanka as follows:—

1. This Act may be cited as the Finance Act, No. 10 of 2015.

### PART I

#### BARS AND TAVERNS LEVY

2. (1) There shall be levied, from every holder of a licence specified in the Schedule to this Act, issued under the Excise Ordinance (Chapter 52), who held such licence as at March 31, 2015, a levy to be called Bars and Taverns Levy (hereinafter in this Part referred to as “the levy”) of rupees two hundred and fifty thousand.
  - (2) Where a holder of a licence referred to in subsection (1), held more than one licence specified in the Schedule, he shall be liable to pay the levy in respect of every such licence.
  - (3) The levy shall be paid on or before November 15, 2015.
  - (4) The levy shall be collected by the Commissioner General and shall be remitted to the Consolidated Fund within fifteen days from the date of collection.
3. (1) Any holder of a licence who fails to pay the levy as provided for in section 2, shall be deemed to be a defaulter under this Act.
  - (2) The provisions of section 4 shall apply to and in relation to the prosecution against any such defaulter and for the recovery of such levy.
4. (1) Where the amount of the levy or part thereof is in default, the Commissioner General shall issue a certificate containing particulars of the amount in default and the name and address of the last known place of residence or business of the defaulter to the Magistrate having jurisdiction over such place.
  - (2) The Magistrate shall thereupon summon the defaulter to show cause why proceedings for the recovery of the amount of the levy in default should not be taken against him.
  - (3) If sufficient cause is not shown by the defaulter, the amount of the levy in default shall by Order of the Magistrate be recovered as if it was a fine imposed by the Magistrate on such defaulter and shall when recovered, be remitted to the Commissioner General to be credited to the Consolidated Fund.
  - (4) In addition to the fine imposed under subsection (3), the licence issued to the relevant defaulter under Excise Ordinance (Chapter 52), may be cancelled by the Commissioner General with effect from December 31, 2015.
5. In this Part of this Act, unless the context otherwise requires-
 

“Commissioner General” means the Commissioner General of Excise appointed under section 7 of the Excise Ordinance (Chapter 52).

### PART II

#### CASINO INDUSTRY LEVY

6. (1) There shall be levied from every person who engaged in the business of a casino, as at January 29, 2015, a levy to be called the Casino Industry Levy (hereinafter in this Part referred to as “the levy”) of rupees one thousand million.
  - (2) Where a person referred to in subsection (1) engaged in the business of more than one casino, such person shall be liable to pay the levy in respect of every such casino.
  - (3) The levy shall be paid on or before November 15, 2015.
  - (4) The levy shall be collected by the Commissioner General and shall be remitted to the Consolidated Fund within fifteen days from the date of collection.

7. (1) Any person who fails to pay the levy as provided for in section 6, shall be deemed to be a defaulter under this Act.
- (2) The provisions of section 8 shall apply to and in relation to the prosecution against any such defaulter and for the recovery of such levy in default.
8. (1) Where the amount of the levy or part thereof is in default, the Commissioner General shall issue a certificate containing particulars of the amount in default and the name and address of the last known place of residence or business of the defaulter to the Magistrate having jurisdiction over such place.
- (2) The Magistrate shall thereupon summon the defaulter to show cause why proceedings for the recovery of the amount of the levy in default should not be taken against him.
- (3) If sufficient cause is not shown by the defaulter, the amount of the levy in default shall by Order of the Magistrate be recovered as if it was a fine imposed by the Magistrate on such defaulter and shall when recovered, be remitted to the Commissioner General to be credited to the Consolidated Fund.
9. In this Part of this Act, unless the context otherwise requires—
- “casino” means any premises to which individuals have access—
- (a) with or without payment;
- (b) whether as of right or not,
- for the playing of any game for a stake and includes the playing of baccarat, puntobanco, big six, blackjack, boule, chemin-de-fer, chuck-a-luck, crown and anchor, faro, faro bank, hazard, poker dice, pontoon, American french roulette, trente-et-quarntc, vingt-et-um, or wheel of fortune or any other game which the Minister may, from time to time prescribe by regulations;
- “Commissioner General” means the Commissioner General of Inland Revenue appointed or deemed to be appointed under the Inland Revenue Act, No. 10 of 2006;
- “person” includes a company registered under the Companies Act, No. 7 of 2007 and a person or a company licensed under the Casino Business (Regulation ) Act, No.17 of 2010.

### PART III SUPER GAIN TAX

10. (1) There shall be levied, subject to the other provisions of this Part, a tax to be called a Super Gain Tax (hereinafter in this Part referred to as “the tax”) from—
- (a) any company or any individual whose profit before income tax as per the audited financial statement for the year of assessment commenced on April 1, 2013 exceeds rupees two thousand million, at the rate of twenty five *per centum* on the taxable income of such company or individual, for such year of assessment;
- (b) each company of a group of companies, of which the aggregate of the profits before income tax of all subsidiaries and the holding company in that group of companies, exceeds rupees two thousand million as per the audited financial statements, for the year of assessment commenced on April 1, 2013, at the rate of twenty five *per centum*, on the taxable income of each such company, for such year of assessment, notwithstanding that the profit before income tax of any such company does not exceed rupees two thousand million:
- Provided however, where the profit before income tax of any company of a group of companies exceeds rupees two thousand million, as per the audited financial statement for the year of assessment commenced on April 1, 2013, but the aggregate of the profits before income tax, of all subsidiaries and the holding company in that group of companies, does not exceed rupees two thousand million, as per the audited financial statements for the year of assessment commenced on April 1, 2013, the tax shall be levied only from such company.
- (2) For the purpose of subsection (1), “taxable income”—
- (a) in relation to a company which has entered into an agreement with the Board of Investment of Sri Lanka under section 17 of the Board of Investment of Sri Lanka Law, No. 4 of 1978 and has become liable to income tax determined in accordance with such agreement, after the expiration of its period of tax exemption set out in such agreement, means the profit before income tax of such company, as per the audited financial statement;
- (b) in relation to an individual or a company other than the companies referred to in paragraph (a), shall have the same meaning assigned to such expression under the Inland Revenue Act, No. 10 of 2006.

- (3) Any individual or a company who is liable to pay the tax under this Part, shall pay the tax in three equal installments on or before, the thirty first day of October, thirtieth day of November and thirty first day of December of 2015, notwithstanding any assessment has not been made on the taxable income of such individual or company.
  - (4) The tax shall be collected by the Commissioner General and shall be remitted to the Consolidated Fund within fifteen days from the date of collection.
  - (5) The provisions which may be necessary for the implementation of the provisions of this Part, shall be prescribed by regulations made under this Act.
  - (6) It shall be the duty of every subsidiary and the holding company of a group of companies, to pay the tax calculated under subsection (1), as provided for in subsection (3), to the Commissioner General.
  - (7) Any subsequent liquidation process of a subsidiary or the holding company of a group of companies shall not release any such company from the liability to pay the tax under this Part.
  - (8) Notwithstanding any provision contrary in any other written law,—
    - (a) the tax levied under this Part shall be deemed to be an expenditure in the financial statement relating to the year of assessment commenced on April 1, 2013;
    - (b) no deduction shall be granted in calculating the taxable income under Inland Revenue Act, No. 10 of 2006, for any year of assessment, for the payment of tax under this Part;
    - (c) no deduction shall be granted in calculating the tax payable under Value Added Tax Act, No. 14 of 2002, for the payment of tax under this Part;
    - (d) no deduction shall be granted in calculating the tax payable under Nation Building Tax Act, No. 9 of 2009, for the payment of tax under this Part.
11. (1) Where any company, individual or a group of companies who is liable to pay the tax under this Part, fails to pay such tax, as provided for in this Part, such company, individual or group of companies shall be deemed to be a defaulter of tax under this Act.
- (2) The provisions of Chapter XII, Chapter XXII, Chapter XXIII, Chapter XXIV, Chapter XXV, Chapter XXVI, Chapter XXVII, Chapter XXX and Chapter XXXI of the Inland Revenue Act, No. 10 of 2006 shall, *mutatis mutandis*, apply to and in relation to any such defaulter.
12. In this Part of this Act, unless the context otherwise requires—
- “Commissioner General”, “company” and “year of assessment” have the same meanings, respectively assigned to those expressions under the Inland Revenue Act, No. 10 of 2006;
- “group of companies” means a holding company and its subsidiaries;
- “holding company” means a company which owns more than fifty *per centum* of the shares with voting rights of another company, directly or indirectly, other than a holding company incorporated outside Sri Lanka and not registered under Chapter XVIII of the Companies Act, No. 7 of 2007;
- “subsidiary” means a company in which more than fifty *per centum* of its shares with voting rights are owned by another company, directly or indirectly other than a subsidiary incorporated outside Sri Lanka and not registered under Chapter XVIII of the Companies Act, No. 7 of 2007 of a holding company incorporated outside Sri Lanka and not registered under Chapter XVIII of the Companies Act.

#### PART IV

##### MOBILE TELEPHONE OPERATOR LEVY

13. (1) There shall be levied, on every person who engaged in the business of a licensed mobile telephone operator, as at March 31, 2015, a levy to be called Licensed Mobile Telephone Operator Levy (hereinafter in this Part referred to as “the levy”) of rupees two hundred and fifty million.
- (2) The levy shall be paid on or before November 15, 2015.
- (3) The levy shall be collected by the Telecommunications Regulatory Commission of Sri Lanka established under the Sri Lanka Telecommunications Act, No. 25 of 1991 (hereinafter in this Part referred to as “the Commission”), and shall be remitted to the Consolidated Fund within fifteen days from the date of collection.

14. (1) Any person who fails to pay the levy as provided for in section 13, shall be deemed to be a defaulter under this Act.
- (2) The provisions of section 15 shall apply to and in relation to the prosecution against such defaulter and for the recovery of such levy in default.
15. (1) Where the amount of the levy or part thereof is in default, the Commission shall issue a certificate containing particulars of the amount in default and the name and address of the last known place of residence or business of the defaulter to the Magistrate having jurisdiction over such place.
- (2) The Magistrate shall thereupon summon the defaulter to show cause why proceedings for the recovery of the amount of the levy in default should not be taken against him.
- (3) If sufficient cause is not shown by the defaulter, the amount of the levy in default shall by Order of the Magistrate be recovered as if it was a fine imposed by the Magistrate on such defaulter and shall when recovered, be remitted to the Commission to be credited to the Consolidated Fund.
16. In this Part of this Act, unless the context otherwise requires—
- “licensed mobile telephone operator” means an operator licensed under section 17 of the Sri Lanka Telecommunications Act, No. 25 of 1991, other than an operator who is authorized solely to provide a public pay phone service;
- “person” includes a body of persons whether incorporated or unincorporated.

#### PART V SATELLITE LOCATION LEVY

17. (1) There shall be levied, from any person who owned satellites and was permitted to utilize the Sri Lankan satellite locations, as at March 31, 2015, a levy to be called the Satellite Location Levy (hereinafter in this Part referred to as “the levy”) of rupees one thousand million.
- (2) The levy shall be paid on or before November 15, 2015.
- (3) The levy shall be collected by the Telecommunications Regulatory Commission of Sri Lanka established under the Sri Lanka Telecommunications Act, No. 25 of 1991 (hereinafter in this Part referred to as “the Commission”), and shall be remitted to the Consolidated Fund within fifteen days from the date of collection .
18. (1) Any person who fails to pay the levy as provided for in section 17, shall be deemed to be a defaulter under this Act.
- (2) The provisions of section 19 shall apply to and in relation to the prosecution against any such defaulter and for the recovery of such levy in default.
19. (1) Where the amount of the levy or part thereof is in default, the Commission shall issue a certificate containing particulars of the amount in default and the name and address of the last known place of residence or business of the defaulter to the Magistrate having jurisdiction over such place.
- (2) The Magistrate shall thereupon summon the defaulter to show cause why proceedings for the recovery of the amount of the levy in default should not be taken against him.
- (3) If sufficient cause is not shown by the defaulter, the amount of the levy in default shall by Order of the Magistrate be recovered as if it was a fine imposed by the Magistrate on such defaulter and shall when recovered, be remitted to the Commission to be credited to the Consolidated Fund.
20. In this Part of this Act, unless the context otherwise requires-
- “Sri Lankan satellite location” means an orbit slot allocated to Sri Lanka by the International Telecommunications Union for the purpose of providing and obtaining services through satellites;
- “person” includes a body of persons whether incorporated or unincorporated.

#### PART VI DEDICATED SPORTS CHANNEL LEVY

21. (1) There shall be levied, on every person who was carrying on the business of operating an island-wide dedicated sports channel, as at March 31, 2015, under the authority of a Certificate of Registration issued under the Sri Lanka Rupavahini Corporation Act, No. 6 of 1982, using five or more transmitting locations as at January 29, 2015, a levy to be called Dedicated Sports Channel Levy (hereinafter in this Part referred to as “the levy”) of rupees one thousand million.

- (2) The levy shall be paid on or before November 15, 2015.
- (3) The levy shall be collected by the Telecommunications Regulatory Commission of Sri Lanka established under the Sri Lanka Telecommunications Act, No. 25 of 1991 (hereinafter in this Part referred to as "the Commission") and shall be remitted to the Consolidated Fund within fifteen days from the date of collection .
22. (1) Any person who fails to pay the levy as provided for in section 21, shall be deemed to be a defaulter under this Act.
- (2) The provisions of section 23 shall apply to and in relation to the prosecution against such defaulter and for the recovery of such levy in default.
23. (1) Where the amount of the levy or part thereof is in default, the Commission shall issue a certificate containing particulars of the amount in default and the name and address of the last known place of residence or business of the defaulter to the Magistrate having jurisdiction over such place.
- (2) The Magistrate shall thereupon summon the defaulter to show cause why proceedings for the recovery of the amount of the levy in default should not be taken against him.
- (3) If sufficient cause is not shown by the defaulter, the amount of the levy in default shall by Order of the Magistrate be recovered as if it was a fine imposed by the Magistrate on such defaulter and shall when recovered, be remitted to the Commission to be credited to the Consolidated Fund.
24. In this Part of this Act, unless the context otherwise requires—
- "dedicated sports channel" means a television channel of which ninety *per centum* of the telecasting time is allocated for telecasting sports related programmes;
- "person" includes a body of persons whether incorporated or unincorporated.

#### PART VII MANSION TAX

25. (1) There shall be levied, for every year commencing on or after April 1, 2015, on every owner of a mansion constructed on or after April 1, 2000, a tax to be called Mansion Tax (hereinafter in this Part referred to as "the tax") of rupees one million per annum.
- (2) The tax shall be paid in four equal installments, respectively as follows:—
- (a) first installment on or before the fifteenth day of July of the relevant year of assessment;
- (b) second installment on or before the fifteenth day of October of the relevant year of assessment;
- (c) third installment on or before the fifteenth day of January of the year succeeding the relevant year of assessment;
- (d) fourth installment on or before the fifteenth day of April of the year succeeding the relevant year of assessment.
- (3) The tax shall be collected by the Commissioner general and shall be remitted to the Consolidated Fund within fifteen days from the date of collection.
- (4) The provisions which may be necessary for the implementation of the provisions of this Part, including any adjustment to be made in determining the value of any building, shall be prescribed by regulations made under this Act.
26. (1) Where an owner of a mansion who is liable to pay the tax under this Part fails to pay such tax, as provided for in this Part, he shall be deemed to be a defaulter of tax under this Act.
- (2) The provisions of Chapter XII, Chapter XXII, Chapter XXIII, Chapter XXIV, Chapter XXV, Chapter XXVI, Chapter XXVII, Chapter XXX and Chapter XXXI of the Inland Revenue Act, No. 10 of 2006 shall, *mutatis mutandis*, apply to and in relation to any such defaulter.
27. In this Part of this Act, unless the context otherwise requires—
- "Commissioner General" means the Commissioner General of Inland Revenue appointed or deemed to be appointed under the Inland Revenue Act, No. 10 of 2006;
- "mansion" means any building constructed on or after April 1, 2000 for residential purpose, of which the floor area is not less than ten thousand square feet as per the building plan approved by the local authority of the local authority area wherein such building is situated or the value of such building, as at the first day of April of any relevant year, is not less than rupees one hundred and fifty million as determined by the Government Chief Valuer or by an officer authorized by him, after making any adjustment as may be prescribed and in the case of a condominium property, a condominium unit of such property shall be deemed to be a building for the purposes of this Part;

“owner of a mansion” means a person or persons who hold the ownership of the land wherein the relevant mansion is situated, in accordance with the written laws governing land ownership and in the case of a condominium property, an owner of a condominium unit of such property shall be deemed to be the owner of the mansion for the purposes of this Part.

### PART VIII MIGRATING TAX

28. (1) There shall be levied, with effect from November 1, 2015, from any citizen of Sri Lanka who permanently leaves Sri Lanka, a tax to be called Migrating Tax (hereinafter in this Part referred to as “the tax”) at the rate of twenty *per centum* on the foreign exchange released to be taken out of the country by such citizen.
- (2) The tax shall be collected by the Commissioner General and shall be remitted to the Consolidated Fund within fifteen days from the date of collection.
- (3) The provisions which may be necessary for the implementation of the provisions of this Part shall be prescribed by regulations made under this Act.
29. In this Part of this Act, unless the context otherwise requires-

“Commissioner General” means the Commissioner General of Inland Revenue appointed or deemed to be appointed under the Inland Revenue Act, No. 10 of 2006;

“Citizen of Sri Lanka” has the same meaning assigned to such expression under the Citizenship Act (Chapter 349).

### PART IX MOTOR VEHICLE IMPORTERS LICENCE FEE

30. (1) There shall be levied, for every year commencing on or after January 1, 2016, from every importer of motor vehicles, a fee to be called a Motor Vehicle Importers Licence Fee (hereinafter in this Part referred to as “the fee”) of rupees one million five hundred thousand per annum:
- Provided however, any person who imports a motor vehicle for personnel use shall not be liable to pay the fee.
- (2) The ownership of a motor vehicle imported for personal use, in respect of which the fee was not paid under subsection (1), shall not be transferred to a second owner, for a period of four years from the date of the registration of such motor vehicle in the name of the importer, unless such importer proves to the satisfaction of the Commissioner General of Motor Traffic that there is no commercial purpose involved:
- Provided however, the transfer of ownership of such motor vehicle to any bank licensed under the Banking Act, No. 30 of 1988 or to any finance company licensed under the Finance Business Act, No. 42 of 2011 or to any finance leasing establishment registered under the Finance Leasing Act, No. 56 of 2000, as a security for a hire purchase agreement or a finance lease agreement, entered into by the importer with such bank, finance company or finance leasing establishment in respect of such motor vehicle shall not be deemed to be a transfer of ownership for the purposes of this section.
- (3) The fee shall be paid, for every year commencing on or after January 1, 2016 on or before the thirty first day of December of the year preceding the relevant year.
- (4) The fee shall be collected by the Commissioner General of Motor Traffic, in the prescribed manner and shall be remitted to the Consolidated Fund within fifteen days from the date of collection.
- (5) The provisions which may be necessary for the implementation of the provisions of this Part shall be prescribed by regulations made under this Act.
31. (1) Any person who fails to pay the fee as provided for in section 30, shall be deemed to be a defaulter under this Act.
- (2) The provisions of section 32 shall apply to and in relation to the prosecution against any such defaulter and for the recovery of such fee in default.
32. (1) Where the amount of the fee or part thereof is in default, the Commissioner General of Motor Traffic shall issue a certificate containing particulars of the amount in default and the name and address of the last known place of residence or business of the defaulter to the Magistrate having jurisdiction over such place.
- (2) The Magistrate shall thereupon summon the defaulter to show cause why proceedings for the recovery of the amount of the fee in default should not be taken against him.



- (3) If sufficient cause is not shown by the defaulter, the amount of the fee in default shall by Order of the Magistrate be recovered as if it was a fine imposed by the Magistrate on such defaulter and shall when recovered, be remitted to the Commissioner General of Motor Traffic to be credited to the Consolidated Fund.

33. In this Part of this Act, unless the context otherwise requires-

“Commissioner General of Motor Traffic” means the Commissioner General of Motor Traffic appointed under section 204 of the Motor Traffic Act (Chapter 203);

“motor vehicle” means a motor car, a dual purpose vehicle, a light motor coach with a passenger capacity of less than sixteen passengers and any other vehicle prescribed by regulations made under this Act.

#### **PART X GENERAL**

34. Where the default in payment of a levy, tax or fee imposed under this Act is made by a body of persons, if that body of persons is-
- (a) a body corporate, every director and officer of that body corporate; or
  - (b) a firm, every partner of that firm; or
  - (c) a body unincorporated other than a firm, every officer of that body, responsible for its management and control,
- shall be liable to be prosecuted for the recovery of such levy, tax or fee, as provided for in this Act.
35. (1) The Minister may make regulations in respect of all matters which are required to be prescribed or for which regulations are authorized to be made under this Act.
- (2) Every regulation made by the Minister under subsection (1) shall be published in the *Gazette* and shall come into operation on the date of such publication or on such later date as may be specified therein.
- (3) Every regulation made by the Minister shall as soon as convenient after its publication in the *Gazette* be brought before Parliament for approval. Every regulation which is not so approved shall be deemed to be rescinded from the date of disapproval but without prejudice to anything previously done thereunder.
- (4) Notification of the date on which any regulation is deemed to be rescinded shall be published in the *Gazette*.
36. In the event of any inconsistency between the Sinhala and Tamil texts of this Act, the Sinhala text shall prevail.

#### **SCHEDULE**

1. Retail licence for the sale of foreign liquor (including locally made foreign liquor) not to be consumed on the premises. (Excise F.L.4)
2. Licence for the supply of foreign liquor (including locally made malt liquor) to residents in hotels.(Excise F.L.7)
3. Bar licence for a place of public entertainment for the sale of foreign liquor (including locally made malt liquor) to be consumed on the premises. (Excise F.L.9)
4. Licence for the sale of foreign liquor (including locally made malt liquor) in a refreshment room or in a dining car attached to a railway train.(Excise F.L.10)
5. Licence for the sale of foreign liquor (including locally made malt liquor) in a refreshment room or restaurant. (excise F.L.11)
6. Licence for the sale of foreign liquor (including locally made malt liquor) in a rest house. (Excise F.L.12)
7. Licence for the sale of foreign liquor (including locally made malt liquor) in a proprietary club. (excise F.L.13)
8. Licence for the sale of foreign liquor (including locally made malt liquor) in a members only clubs, social and recreational clubs. (Excise F.L.13a)
9. Special licence for sale of beer, ale, stout and wines retail licence.(Excise F.L.22 a)
10. Beer, ale, stout and wines retail licence to be consumed on the premises.(Excise F.L.22 b)

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## **OTHER RELATED LEGISLATIVE ENACTMENTS OF 2015 RELATING TO THE FUNCTIONS AND OPERATIONS OF THE CENTRAL BANK AND BANKING INSTITUTIONS IN SRI LANKA**

1. Inland Revenue (Amendment) Act, No. 9 of 2015
2. Value Added Tax (Amendment) Act, No. 11 of 2015
3. Nation Building Tax (Amendment) Act, No. 12 of 2015
4. Economic Service Charge (Amendment) Act, No. 13 of 2015
5. Betting and Gaming Levy (Amendment) Act, No. 14 of 2015