

APPENDIX I.

A. MAJOR LEGAL ENACTMENTS ADOPTED BY GOVERNMENT IN 1959.

**B. MAJOR ADMINISTRATIVE MEASURES ADOPTED BY THE MONETARY BOARD
IN 1959.**

**A— MAJOR LEGAL ENACTMENTS ADOPTED BY GOVERNMENT
IN 1959**

(i) Bank Debits Tax (Amendment) Act No. 1 of 1959

An Act to Amend the Bank Debits Tax Act No. 42 of 1957

(Date of Assent : January 21, 1959)

Be it enacted by the Queen's Most Excellent Majesty, by and with the advice and consent of the Senate and the House of Representatives of Ceylon in this present Parliament assembled, and by the authority of the same, as follows :—

- (1) *Short title*—This Act may be cited as the Bank Debits Tax (Amendment) Act, No. 1 of 1959.
- (2) Section 5 of the Bank Debits Tax Act, No. 42 of 1957, hereafter in this Act referred to as the principal Act, is hereby amended, in sub-section (1) of that section, by the substitution for the words "fourteen days", of the words "thirty days".
- (3) Section 15 of the principal Act is hereby amended by the substitution, for the words "thirty days", of the words "forty-four days".

The object of this Act is to extend the period allowed to commercial banks to remit the tax each month to the Chief Accountant of the Central Bank, and also to extend the period within which the Governor of the Central Bank is expected to forward to the Deputy Secretary to the Treasury, quarterly certificates relating to the total debits on which the tax was due, the amount of tax remitted by the banks, the fee retained by them, and the amount of tax not collected.

(ii) Debt Conciliation (Amendment) Act No. 5 of 1959

An Act to Amend the Debt Conciliation Ordinance No 39 of 1941

(Date of Assent : February 9, 1959)

Be it enacted by the Queen's Most Excellent Majesty, by and with the advice and consent of the Senate and the House of Representatives of Ceylon in this present Parliament assembled, and by the authority of the same, as follows :—

- (1) *Short title*—This Act may be cited as the Debt Conciliation (Amendment) Act, No. 5 of 1959.
- (2) The following new sections are hereby inserted immediately after section 19, and shall have effect as section 19A and section 19B, of the Debt Conciliation Ordinance, No. 39 of 1941, hereinafter referred to as the principal enactment :—

"Applications in respect of debts purporting to be secured by conditional transfers of immovable property." :—

- 19A. (1) The Board shall not entertain any application by a debtor or creditor in respect of a debt purporting to be secured by any such conditional transfer of immovable property as is a

mortgage within the meaning of this Ordinance unless that application is made at least thirty days before the expiry of the period within which that property may be redeemed by the debtor by virtue of any legally enforceable agreement between him and his creditor.

- (2) Where the Board entertains an application of a debtor in respect of such a debt as is referred to in sub-section (1), the Board shall cause notice of that fact signed by the Secretary to be sent together with a copy of the application by registered post to the creditor to whom the application relates.

Prohibition of the sale, alienation, etc., of any immovable property to which an application entertained by the Board in respect of a debt referred to in section 19A relates:—

- 19B. (1) Where a creditor receives a notice under sub-section (2) of section 19A relating to an application of a debtor of his in respect of such a debt as is referred to in sub-section (1) of that section, he shall not sell, alienate, transfer, lease or mortgage the property to which such notice relates unless such application is dismissed by the Board or unless the settlement effected under this Ordinance in respect of such debt permits him to dispose of such property.

- (2) Any sale, alienation, transfer, lease, or mortgage effected in contravention of sub-section (1) shall be null and void”.

- (3) The following new section is hereby inserted immediately after section 21 and shall have effect as section 21A, of the principal enactment :—

“Matters to be considered in deciding whether or not a conditional transfer of immovable property is in reality a mortgage:—

21A. In any proceedings under this Ordinance in regard to an application relating to a conditional transfer of immovable property, the Board shall, for the purpose of deciding whether or not such transfer is in reality a mortgage, take into consideration all the circumstances of the case and in particular the following matters :

- (a) the language of the notarial instrument of transfer and, where provision in regard to the right of the transferor to redeem the property transferred is contained in any other notarial instrument, the language of that other instrument ;
- (b) any difference between the sum received by the transferor from the transferee and the value of the property transferred ;
- (c) the continuance of the transferor’s possession of the property transferred ; and
- (d) the existence of a legally enforceable agreement between the transferor and the transferee whereby the transferor is bound to pay the transferee interest, or any sum which may reasonably be considered to be interest, on the sum received by the transferor from the transferee”.

(4) Section 64 of the principal enactment (as amended by Ordinance No. 40 of 1941) is hereby amended as follows :—

- (a) by the omission of the definition of “agricultural property”;
- (b) by the insertion, immediately after the definition of “Branch Board”, of the following new definition :—

“conditional transfer of immovable property” means any transfer, sale or alienation of immovable property which is effected by a notarial instrument and which, by virtue of such instrument or any other notarial instrument, is subject to the right of the person by whom such property was transferred, sold or alienated to redeem such property within a period specified in such instrument or such other instrument ;’ ;

- (c) in the definition of “creditor”, by the substitution, for the words “is owing”, of the words “is owing and includes the heirs, executors and administrators of such person,” ;
- (d) in the definition of “debtor”—

- (i) by the substitution, in clause (i) of that definition, for the words “an agricultural property”, of the words “any immovable property” ;

- (ii) by the substitution, in clause (ii) of that definition, for the semicolon occurring at the end of that clause, of a comma ; and

- (iii) by the addition, at the end of that definition, of the following :—

“and includes the heirs, executors and administrators of such person” ; and

- (e) by the insertion, immediately after the definition of “debtor”, of the following new definition :—

“mortgage”, with reference to any immovable property, includes any conditional transfer of such property which, having regard to all the circumstances of the case, is in reality intended to be security for the repayment to the transferee of a sum lent by him to the transferor;’.

Under this Act, the Debt Conciliation Ordinance will apply to any such conditional transfer of any immovable property as is in reality intended to be security for the repayment to the transferee of a sum lent by him to the transferor. However, an application in respect of a debt purporting to be secured by any such transfer of immovable property, will not be entertained by the Debt Conciliation Board, unless it is made at least 30 days before the expiry of the period within which such property may be redeemed by the debtor. Once the Board notifies a creditor that such an application will be entertained by the Board, the creditor will be prohibited from selling, alienating, transferring, leasing or mortgaging the property to which the application relates.

(iii) Income Tax (Amendment) Act No. 13 of 1959

This Act gives effect to the proposals in the Budget Speech of 1958 as modified by decisions of the Cabinet. Certain other amendments to the Income Tax Ordinance which were considered desirable have also been incorporated. This Act also repeals the Profits Tax Act No. 5 of 1948.

(iv) Personal Tax Act No. 14 of 1959

This Act provides for the levy of a tax computed by reference to a person's net wealth, personal consumption expenditure, and gifts.

(v) Estate Duty (Amendment) Act No. 15 of 1959

This Act gives effect to the proposals in the Budget Speech of 1958 as modified by decisions of the Cabinet. Certain other amendments to the Estate Duty Ordinance which were considered desirable have also been incorporated.

(vi) Ceylon Development Loans (Amendment) Act No. 18 of 1959

An Act to Amend the Ceylon Development Loans Act No. 6 of 1954

(Date of assent : May 18, 1959)

Be it enacted by the Queen's Most Excellent Majesty, by and with the advice and consent of the Senate and the House of Representatives of Ceylon in this present Parliament assembled, and by the authority of the same, as follows :—

- (1) *Short title*—This Act may be cited as the Ceylon Development Loans (Amendment) Act, No. 18 of 1959.
- (2) The long title of the Ceylon Development Loans Act, No. 6 of 1954, (hereinafter referred to as the "principal Act"), is hereby amended, by the substitution, for the words "Six Hundred", of the words "One Thousand."
- (3) Section 2 of the principal Act is hereby amended, in sub-section (1) of that section, by the substitution, for the words "six hundred", of the words "one thousand".

This Act makes provision for the Monetary Board to raise loans for the Government of Ceylon, up to a maximum of one thousand million rupees. The previous limit was six hundred million rupees.

(vii) Bretton Woods Agreements (Amendment) Act No. 19 of 1959

An Act to Amend the Bretton Woods Agreements Act No. 20 of 1950

(Date of Assent : August 27, 1959)

Be it enacted by the Queen's Most Excellent Majesty, by and with the advice and consent of the Senate and the House of Representatives of Ceylon in this present Parliament assembled, and by the authority of the same, as follows :—

- (1) *Short title*—This Act may be cited as the Bretton Woods Agreements (Amendment) Act, No. 19 of 1959.
- (2) Section 3 of the Bretton Woods Agreements Act, No. 20 of 1950, hereinafter referred to as the principal Act, is hereby amended by the insertion, immediately after sub-section (1) of that section, of the following sub-section :—

“(1a) Where the subscription of Ceylon to the International Monetary Fund is increased in consequence of an increase in the quota of Ceylon, there shall be paid out of the Consolidated Fund of Ceylon such sums as may, under section 4 of Article III of the Fund Agreement, be necessary for paying in gold and Ceylon currency the amount of the increase in such subscription ”.

(3) Section 5 of the principal Act is hereby amended by the insertion, immediately after sub-section (1) of that section, of the following sub-section :—

“(1a) Where the authorised capital stock of the International Bank for Reconstruction and Development is increased and Ceylon decides to subscribe such proportion of the increase of that capital stock as Ceylon is entitled to subscribe under paragraph (c) of section 3 of Article II of the Bank Agreement, there shall be paid out of the Consolidated Fund of Ceylon such sums as may be necessary for making such subscription in accordance with the conditions that may be decided by such Bank under the aforesaid paragraph (c)”.

(4) Section 7 of the principal Act is hereby amended, in sub-section (1) of that section, by the omission of the expression “sub-section (1) of”.

It has been found necessary to amend the Bretton Woods Agreements Act further, and amendments are presently under consideration.

(viii) Stamp (Amendment) Act No. 21 of 1959

This Act gives effect to amendments which are consequential to the introduction of the Personal Tax Act and modifies the scope of existing exemption in respect of instruments executed by foreign Governments in Ceylon.

B.—MAJOR ADMINISTRATIVE MEASURES ADOPTED BY THE MONETARY BOARD IN 1959

Central Bank of Ceylon,
P. O. Box 590,
Colombo 1,
16th December, 1959.

Circular No. 4
(Revised 16-12-59)

CENTRAL BANK'S RATE OF INTEREST ON ADVANCES

(Reference : Section 86 of the Monetary Law Act)

With effect from 16th December, 1959, the rate of interest on advances by the Central Bank secured by the pledge of Government securities is 3% per annum.

S. D. AMERASINGHE,
Chief Accountant
Central Bank of Ceylon

D. W. RAJAPATIRANA,
Governor
Central Bank of Ceylon

Circular No. 4
(Revised 24-12-59)

24th December, 1959.

CENTRAL BANK'S RATE OF INTEREST ON ADVANCES

With effect from the close of business of Thursday 24th December, 1959, the rate of interest on advances by the Central Bank secured by the pledge of Government securities is 2½% per annum.

S. D. AMERASINGHE,
Chief Accountant
Central Bank of Ceylon

D. W. RAJAPATIRANA,
Governor
Central Bank of Ceylon

(iii) CENTRAL BANK'S EXCHANGE RATES FOR U. S. DOLLARS

Date	Circular No.		Buying (per \$100)	Selling (per \$100)
1959				
1/1/59	1/117	Spot Forward upto three months	Rs. 474.75 Rs. 474.75	Rs. 475.00 Cts. 50 per month premium against spot
6/1/59	1/118	Spot Forward upto three months	Rs. 474.50 Rs. 474.50	Rs. 474.75 Cts. 50 per month premium against spot
9/1/59	1/119	Spot Forward upto three months	Rs. 474.25 Rs. 474.25	Rs. 474.50 Cts. 50 per month premium against spot
22/1/59	1/120	Spot Forward upto three months	Rs. 474.00 Rs. 474.00	Rs. 474.25 Cts. 50 per month premium against spot
3/4/59	1/121	Spot Forward upto three months	Rs. 473.85 Rs. 473.85	Rs. 474.10 Cts. 50 per month premium against spot
7/9/59	1/122	Spot Forward upto three months	Rs. 474.25 Rs. 474.25	Rs. 474.50 Cts. 50 per month premium against spot
18/9/59	1/123	Spot Forward upto three months	Rs. 474.25 Rs. 474.00	Rs. 474.25 Cts. 50 per month premium against spot
9/11/59	1/124	Spot Forward upto three months	Rs. 474.50 Cts. 50 per month discount against spot	Rs. 474.75 Cts. 50 per month discount against spot
30/11/59	1/125	Spot Forward upto three months	Rs. 474.75 Cts. 50 per month discount against spot	Rs. 475.00 Cts. 50 per month discount against spot
7/12/59	1/126	Spot Forward upto three months	Rs. 475.25 Cts. 25 per month discount against spot	Rs. 475.50 Rs. 475.50