

PART IV

MAJOR LEGISLATIVE ENACTMENTS OF 1980 RELATING TO THE FUNCTIONS AND OPERATIONS OF THE CENTRAL BANK AND BANKING INSTITUTIONS IN SRI LANKA.

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**CEILING ON INCOME AND COMPULSORY SAVINGS
(AMENDMENT) ACT, NO. 12 OF 1980**

(Certified on 13th February, 1980)

**AN ACT TO AMEND THE CEILING ON INCOME AND COMPULSORY SAVINGS LAW,
No. 15 OF 1972.**

1. This Act may be cited as the Ceiling on Income and Compulsory Savings (Amendment) Act, No. 12 of 1980.

2. Section 8 of the Ceiling on Income and Compulsory Savings Law, No. 15 of 1972 (hereinafter in this Act referred to as the "principal enactment") is hereby amended by the substitution, for the words and figures "on or after April 1, 1972", of the words and figures "on or after April 1, 1972, but not after April 1, 1974".

3. (1) Section 16 of the principal enactment is hereby amended as follows:—

(a) by the repeal of subsection (9) of that section, and the substitution therefor of the following subsection:—

“(9) Where the whole or a part of a quarterly instalment of the contribution is in default, the defaulter shall, in addition to the amount in default, pay as a penalty—

(a) a sum equivalent to five *per centum* of the amount in default, and

(b) where the amount in default is not paid before the expiry of thirty days after it has begun to be in default, in respect of each further period of thirty days or part of such period during which it is in default, a further sum equivalent to one *per centum* of the amount in default:

Provided that the total sum payable as a penalty under the preceding provisions of this subsection shall in no case exceed twenty five *per centum* of the amount in default”; and

(c) by the addition, at the end of that section, of the following new subsection:—

“(10) The Commissioner-General may waive or reduce any penalty payable under this section, if he is satisfied that by reason of any special circumstances in which the default was made a waiver or reduction of such amount would be just and equitable”.

(2) The amendment made in section 16 of the principal enactment by paragraph (b) of subsection (1) of this section shall be deemed for all purposes to have come into force on April 1, 1972, and accordingly, shall apply to every year of assessment commencing on or after that date.

4. Section 42 of the principal enactment is hereby repealed and the following new section substituted therefor:—

"Issue of certificates in respect of contributions paid.

42. (1) The Monetary Board of the Central Bank shall cause to be issued to every person, in respect of contributions paid by, or recovered from, him—

- (i) during the period of twelve months ending on April 30, 1973,
- (ii) during the period of twelve months ending on June 30, 1974, and
- (iii) during the period of twelve months ending on June 30, of any subsequent year,

a certificate showing the total amount of the contributions paid by, or recovered from, him during each of such periods.

(2) For the purposes of this section any contribution paid by, or recovered from, any person during the period commencing on May 1, 1973, and ending on June 30, 1973, shall be deemed to have been paid by, or recovered from, him during the period of twelve months ending on June 30, 1974."

5. Section 44 of the principal enactment is hereby repealed and the following new section substituted therefor:—

"Interest on contributions.

44. Interest shall be paid on the amount specified in a certificate issued under section 42 if such amount lies in deposit for a period of two years commencing on the day immediately succeeding the last day of the period of twelve months in respect of which the certificate was issued. Interest in respect of the first two years commencing on the day immediately succeeding the last day of the period of twelve months in respect of which the certificate was issued, shall be paid at the rate of five per centum and in respect of subsequent years also at the rate of five per centum."

ESTATE DUTY ACT, NO. 13 OF 1980

(Certified on 20th February, 1980)

AN ACT TO PROVIDE FOR THE LEVY AND COLLECTION OF ESTATE DUTY ON THE VALUE OF THE ESTATES OF PERSONS DYING ON OR AFTER NOVEMBER 15, 1978; AND FOR MATTERS CONNECTED THEREWITH OR INCIDENTAL THERETO.

1. This Act may be cited as the Estate Duty Act, No. 13 of 1980.

CHAPTER I

Imposition of Estate Duty

2. Except as hereinafter provided, there shall be levied and paid upon the value of the estate of every person dying on or after November 15, 1978, a duty called estate duty computed in accordance with the provisions of section 3.

3. (1) The amount of estate duty payable upon the value of the estate of any person dying on or after November 15, 1978, shall be computed at the appropriate rates specified in the Schedule to this Act.

(2) For the purpose of estimating the value of the estate of any deceased person, all property forming part of his estate shall be aggregated so as to form one estate.

(3) Property passing on any death shall not be aggregated more than once for the purpose of estimating the value of the estate of the deceased, nor shall estate duty be levied more than once on any property on the same death.

(4) The estate duty payable in respect of any property forming part of the estate of a deceased shall be such proportion of the estate duty computed in accordance with subsection (1), payable upon the value of that estate as is equal to the proportion which the value of that property bears to the value of that estate. In determining the value of that property a deduction shall be made of an amount equal to an allowance made under section 17 for any debt or encumbrance referable to such property.

CHAPTER II

Property Passing on Death

4. Property passing on the death of a deceased person shall be deemed to include the following:—

- (a) property which the deceased was competent to dispose of at the time of his death;
- (b) property taken as a *donatio mortis causa* made by the deceased;
- (c) property which the deceased, having been absolutely entitled thereto, has caused to be transferred to or vested in himself and any other person jointly, whether by disposition or otherwise, (including also any purchase or investment effected by the deceased alone, or in concert or by arrangement with any other person), so that the beneficial interest therein or in some part thereof passes or accrues by survivorship on his death to such other person;
- (d) money received under a policy of insurance effected by the deceased on his life where the policy is wholly kept up by him for the benefit of a donee, whether nominee or assignee, or a part of such money in proportion to the

premium paid by the deceased, where the policy is partially kept up by the deceased, for such benefit;

- (e) any annuity or other interest purchased or provided by the deceased, either by himself alone or in concert or by arrangement with any other person, to the extent of the beneficial interest accruing or arising, by survivorship or otherwise, on the death of the deceased.

CHAPTER III

Exemptions

5. Property held by the deceased as trustee for another person under a disposition enforceable at law not made by the deceased or under a disposition enforceable at law made by the deceased, being a disposition under which possession and enjoyment of the property was *bona fide* assumed by the beneficiary immediately upon the creation of the trust and thenceforward retained to the entire exclusion of the deceased or of any benefit to the deceased by contract or otherwise, shall be deemed not to pass on the death of the deceased.

6. Estate duty shall not be payable in respect of one or more annuities not exceeding ten thousand rupees in the aggregate purchased or provided by the deceased, either by himself alone or in concert or arrangement with any other person for the life of himself and of some other person and the survivor of them, or to arise on his own death in favour of some other person.

7. Estate duty shall not be payable in respect of any property bequeathed by the deceased to the Government of Sri Lanka or any university or public library in Sri Lanka or the Ceylon National Library Services Board established by the Ceylon National Library Services Board Act, No. 17 of 1970, or any local authority and accepted by such Government, university, library, board or local authority.

8. Estate duty shall not be payable in respect of any pension granted to the widow or child of the deceased under the Widows' and Orphans' Pension Fund Ordinance or under any pension fund or scheme established for public officers or for officers in the Local Government Service, nor in respect of any pension or annuity payable by the Government of any foreign country to the widow or child of any deceased officer of such Government notwithstanding that the deceased contributed during his lifetime to any fund out of which such pension or annuity is paid.

9. Where a member of a Hindu undivided family dies, no estate duty shall be payable—

- (a) on any movable property which is proved to the satisfaction of the Commissioner-General to have been the joint property of that family; or
- (b) on any immovable property, where it is proved to the satisfaction of the Commissioner-General that such property, if it had been movable property, would have been the joint property of that family.

10. Estate duty shall not be payable in respect of the estate of any person who was, on the date of his death, a resident guest as defined in the Resident Guest (Tax Exemption) Act, No. 6 of 1979.

11. Where property passing on the death of any person includes any residential premises, a sum of three hundred thousand rupees of the value of one such premises, if the value of such premises is equal to or exceeds three hundred thousand rupees, or the value of such premises, if the value of such premises does not exceed three hundred thousand rupees, shall be exempt from the payment of estate duty.

12. Where under the last will of a deceased person a sum not exceeding thirty thousand rupees in the aggregate is directed to be paid to one or more persons who were *bona fide* employees of the deceased in Sri Lanka, such sum shall be exempt from the payment of estate duty, if no exemption has been granted in respect of that sum under section 6.

13. Where under the last will of a deceased person a sum not exceeding one hundred thousand rupees in the aggregate is directed to be paid to one or more charitable institutions declared by the Minister, by notice published in the Gazette, to be an approved charity for the purposes of section 31 (9) (a) of the Inland Revenue Act, No. 28 of 1979, such sum shall be exempt from the payment of estate duty.

14. Where property passing on the death of a person includes any household goods or jewellery, a sum not exceeding twenty-five thousand rupees or the value of such goods and jewellery, whichever is less, shall be exempt from the payment of estate duty.

CHAPTER IV

Determination of Value of Property

15. (1) Subject as hereinafter provided, the value of any property shall be estimated to be the price which, in the opinion of an Assessor, such property would fetch if sold in the open market at the date of death of the deceased, and no reduction shall be made in the estimate on account of the estimate being made on the assumption that the whole property is to be placed on the market at one and the same time:

Provided that where it is proved to the satisfaction of an Assessor that the value of the property has been depreciated by reason of the death of the deceased, the Assessor shall, in estimating the value of such property, take such depreciation into account:

Provided further that where the property to be valued is immovable property, the value of such property shall—

(a) if such property was acquired by the deceased on or before March 31, 1977, be estimated to be—

(i) the price which in the opinion of the Assessor that property would have fetched if sold in the open market on March 31, 1977, increased by an amount equal to the cost of improvements, alterations and additions, if any, made to such property after March 31, 1977 and prior to the date of death of the deceased; or

(ii) the price which in the opinion of the Assessor, that property would have fetched if sold in the open market on the date of the death of the deceased,

whichever price is the lower; and

(b) if such property was acquired by the deceased after March 31, 1977, be estimated to be—

- (i) the price which in the opinion of the Assessor that property would have fetched if sold in the open market on the date on which such property was acquired by the deceased, increased by an amount equal to the cost of the improvements, alterations and additions, if any, made to such property after the date on which such property was acquired by the deceased and prior to the date of death of the deceased; or
- (ii) the price which in the opinion of the Assessor, that property would have fetched if sold in the open market on the date of death of the deceased,

whichever price is the lower.

(2) Where income in respect of any property has accrued due but has not been received by the deceased prior to his death, the value of that property for the purposes of this Act shall be the aggregate of the price estimated under subsection (1) and the amount of such income.

(3) Where the property to be valued is an undivided share in any land, the value of that undivided share shall be the proportionate amount of the value of the whole land as estimated under subsection (1) reduced by an amount equivalent to ten *per centum* of such proportionate amount.

(4) (a) Where the property to be valued consists of shares (not being preference shares) in any company which by its articles restricts the right to transfer its shares or which is a company controlled by not more than five persons, and the Commissioner-General is satisfied that the shares have not, within the period of twelve months immediately preceding the death of the deceased, been quoted in the official list of a recognized stock exchange or in a list of a like nature issued in Sri Lanka by any association of brokers approved by the Secretary to the Treasury for the purposes of this subsection, the value of such shares for the purpose of this Act may, notwithstanding anything in subsection (1), be estimated by reference to the value of the total assets of the company.

(b) For the purposes of paragraph (a) —

“company controlled by not more than five persons” means a company in which more than half the total shares issued are held by not more than five persons, their wives, or minor children, either directly or through nominees;

“preference share” means a share the holder of which is entitled to a dividend at a fixed rate only;

“share” includes any interest whatsoever in a company by whatsoever name it is called, analogous to a share;

“value of the total assets of a company” means the value, estimated in accordance with the provisions of sub-section (1), of all the assets of the company as a going concern, including goodwill, after deducting therefrom—

- (i) the par or redemption value, whichever is the greater, of any debenture stock and preference shares of the company;
- (ii) all debts of the company incurred or created bona fide for consideration in money or money's worth;
- (iii) such sum as on a just and fair computation represents any future or contingent liabilities of the company or any liabilities thereof which are uncertain in amount;

- (iv) the amount of any reserve fund separately invested which is bona fide intended to be applied in payment of pension to employees or otherwise for the benefit of employees or their dependents or relatives, and in no other manner.

16. Where the property passing on the death of a person consists of the proceeds from an insurance policy effected by the deceased on his life or from any Tax Reserve Certificate purchased by the deceased, the value of such proceeds shall be deemed to be the amount of such proceeds reduced by:—

- (a) such part of that amount as is available for payment of estate duty; or
- (b) the amount of estate duty that would become payable had the entirety of such amount formed part of the estate of the deceased,

whichever amount is the lower.

17. (1) In determining the value of the estate of a deceased person, allowance shall be made, subject as hereinafter provided, for reasonable funeral expenses and for debts and encumbrances incurred or created by the deceased or which, having been charged upon any property forming part of the estate prior to its acquisition by the deceased, whether by way of inheritance, gift, transfer, purchase or otherwise, continued to be so charged at the date of death but an allowance shall not be made—

- (a) for debts incurred by the deceased, or encumbrances created by the deceased, unless such debts or encumbrances were incurred or created bona fide for full consideration in money or money's worth wholly for the deceased's own use and benefit and take effect out of his interest ; or
- (b) for any debt in respect whereof there is a right to reimbursement from any other estate or person, unless such reimbursement cannot be obtained ; or
- (c) more than once for the same debt or encumbrance charged upon different portions of the estate ; or
- (d) for any debts incurred outside Sri Lanka (other than a debt contracted to be paid in Sri Lanka or secured on property situated in Sri Lanka), except to the extent of the amount of the value of the property, if any, of the deceased situated outside Sri Lanka and forming part of the estate of the deceased.

and any debt or encumbrance for which an allowance is made shall be deducted from the value of the property liable thereto.

(2) In determining the value of the estate of a deceased person, allowance shall also be made—

- (a) for any income tax, gifts tax, wealth tax or other like tax, which is payable, under any written law in force in Sri Lanka, by any executor, administrator or other person administering the estate of the deceased, in respect of the profits or income or gifts or wealth of the deceased for any period prior to the date of his death ; and
- (b) for any tax which is payable under any written law in force in any other country in respect of the profits and income for any period of the deceased for any period prior to his death arising or derived from any property forming part of his estate.

CHAPTER V

Reliefs

18. Where the Commissioner-General is satisfied that estate duty has become payable on any property consisting of land or a business (not being a business carried on by a company), or any interest in land or such a business, passing on the death of any person, and that subsequently within five years estate duty has again become payable on the same property, or any part thereof, passing upon the death of the person to whom the property passed on the first death the amount of estate duty payable on the second death, in respect of the property so passing shall be reduced as follows:—

- (a) where the second death occurs within one year of the first death, by fifty *per centum*;
- (b) where the second death occurs within two years of the first death, by forty *per centum*;
- (c) where the second death occurs within three years of the first death, by thirty *per centum*;
- (d) where the second death occurs within four years of the first death, by twenty *per centum*;
- (e) where the second death occurs within five years of the first death, by ten *per centum*;

Provided that where the value, on which the duty is payable, of the property on the second death exceeds the value, on which the duty was payable, of the property on the first death, the latter value shall be substituted for the former for the purpose of calculating the amount of duty on which the reduction under this section is to be calculated.

19. Where property forming part of the estate of the deceased is situated in a foreign country and the Commissioner-General is satisfied that any duty is payable on the death of the deceased in that country in respect of that property, he shall in determining the value of such property, allow a deduction of an amount equal to—

- (a) the amount of the duty payable in that country; or
- (b) such proportion of the estate duty payable under this Act upon the value of that estate as is equal to the proportion which the value of the property situated in that country bears to the value of the estate,

whichever amount is the lower.

CHAPTER VI

Liability for estate duty

20. (1) The executor of the estate of the deceased shall pay the estate duty in respect of all property of which the deceased was competent to dispose at his death and may pay the estate duty in respect of any other property passing on such death, if the persons liable to pay the duty in respect thereof request him to make such payment; but an executor shall not be liable for any duty in excess of the assets which he has received as executor, or might, but for his own neglect or default, have received.

(2) Where property passes on the death of the deceased, and his executor is not liable to pay the estate duty in respect of such property, every person to whom any property so passes or is deemed to pass and to the extent of the property actually received or disposed of by him, every trustee, guardian, curator, manager or other person in whom any interest in the property so passing or the management thereof is at any time vested, and every person in whom the same is vested in possession by alienation or other derivative title, shall be liable to pay the estate duty on the property, and shall within the time required by this Act, or such later time as may be allowed, deliver to the Commissioner-General a declaration of property:

Provided that nothing in this section shall render a person liable to pay estate duty who acts merely as agent for another person who is resident in Sri Lanka.

21. (1) Subject to the provisions of subsection (2) —

- (a) the estate duty payable by an executor shall be a first charge on all the property of which the deceased was competent to dispose at his death and such charge may be enforced against any such property for the recovery of the whole or any part of such estate duty;
- (b) the estate duty payable by any person other than the executor in respect of any property shall be a first charge on that property.

(2) Subject as hereinafter provided, the first charge referred to in subsection (1) shall rank in priority over all alienations, leases and encumbrances effected or created before or after the death:

Provided that—

- (a) such charge shall not extend to any property sold prior to the date of its seizure in execution of such charge to a bona fide purchaser thereof for valuable consideration without notice;
- (b) as regards immovable property, such charge shall not rank in priority over any lease or encumbrance created bona fide for value by an instrument registered prior to the date of death;
- (c) as regards movable property, such charge shall not rank in priority over any mortgage or hypothecation of such property created bona fide for value by an instrument registered prior to the date of the death.

(3) Nothing in this Act shall be deemed to create a charge for estate duty on any property situated outside Sri Lanka.

22. (1) A person authorized or required to pay the estate duty in respect of any property shall, for the purpose of paying the duty, or raising the amount of the duty when already paid, have power, whether the property is or is not vested in him, to raise with the consent of the appropriate District Court, the amount of such duty and any interest and expenses properly incurred or paid by him in respect thereof, by the sale or mortgage of, or a terminable charge on, that property or any part thereof.

(2) A lessee or mortgagee of any property, who pays the estate duty in respect of that property, shall be entitled to the like charge as if the estate duty in respect of that property had been raised by means of a mortgage to him.

23. As between the several persons beneficially interested in the property of a deceased person on which the executor is, under the provisions of this Act, authorised or required to pay estate duty, all such duty paid in respect of such property shall be regarded as a debt incurred by the deceased person, and shall, unless such deceased person has otherwise directed by his will, if any, be apportioned among such persons in proportions to the values of their interests in the property of such deceased person.

CHAPTER VII

Declarations

24. (1) The executor of every estate in respect of which the grant of probate or letters of administration is compulsory under the Civil Procedure Code shall, and the executor of any other estate may, within six months from the date of death of the deceased, deliver to the Commissioner-General through the appropriate District Court, a declaration of property containing a full and true statement of particulars relating to the estate of the deceased including the value thereof in such form as may be specified by the Commissioner-General; and together with such declaration of property he shall deliver to the Commissioner-General a certified copy of the will, if any, of the deceased.

(2) Where the executor is not liable to pay estate duty in respect of any property passing on the death of a deceased person, the person liable to pay such duty shall, within six months from the date of death of the deceased, deliver to the Commissioner-General declaration of property containing a full and true statement of particulars relating to such property including the value thereof in such form as may be specified by the Commissioner-General.

25. Where at any time it comes to the notice of any executor or other person liable to pay estate duty that in any declaration of property delivered by him there is an error in that—

- (a) property liable to estate duty has been omitted therefrom; or
- (b) property liable to estate duty has been undervalued therein ; or

(c) a deduction has been claimed which is not authorized under this Act,

he shall forthwith deliver to the Commissioner-General a further declaration setting out particulars of such error.

26. (1) An Assessor may give notice in writing to any person who, in his opinion, is able to give information regarding the affairs of any deceased person requiring him within the time specified in such notice, to furnish such particulars as the Assessor may deem necessary for the purpose of making an assessment under this Act.

(2) An Assessor may give notice in writing to any person who is required by this Act to make a declaration of property or to whom a notice has been addressed under subsection (1) calling upon such person within the time specified in such notice to produce at the time and place fixed by the Assessor any deeds, plans, instruments, books, accounts or documents which the Assessor may deem necessary for the purpose of making an assessment under this Act.

CHAPTER VIII

Assessments

27. An Assessor may at any time, whether the declaration of property has been delivered or not, assess the estate duty payable in respect of the estate of a deceased person, and shall issue to the person or persons whom he considers liable to pay such estate duty a notice of such assessment.

28. (1) An Assessor shall, within one year after the receipt by him of such particulars as he may deem necessary to assess the estate duty in respect of the estate of a deceased person, assess the estate duty payable in respect of the estate and determine the person or persons by whom such duty is payable.

(2) Where it appears to an Assessor that the amount which any person is liable to pay as estate duty has been assessed at less than the proper amount, the Assessor may, at any time prior to the expiration of two years from the date on which an executor or administrator of a deceased person informs the Assessor in writing that probate or letters of administration has been granted in respect of the estate of that deceased person, make an additional assessment of the amount which such person is, in his opinion, liable to pay and communicate to him in writing the reasons for making the additional assessment:

Provided that—

- (a) where the under-assessment is due to fraud or wilful evasion, such additional assessment may be made at any time;
 - (b) an Assessor may assess at any time any liability for additional duty which may be brought to his notice by an executor or by any other person liable to pay estate duty under this Act;
 - (c) an additional assessment made under this section shall not affect, or create a charge upon, any property mentioned in a certificate issued under section 40 except in the circumstances referred to in subsection (4) of section 40.
- (3) Where an additional assessment of estate duty has been made under subsection (2), an executor shall not, except in the case of fraud, be personally liable for any estate duty under any such additional assessment by reason of having administered or distributed the estate of the deceased without retaining assets to satisfy the duty.
- (4) Where an Assessor does not accept a declaration delivered under section 24 by any person and makes an assessment or additional assessment on such person, he shall communicate in writing to such person his reasons for not accepting that declaration.

CHAPTER IX

Appeals

29. (1) Any person who is aggrieved by an assessment made under this Act, whether on the ground that he is not liable to pay estate duty or that the assessment is erroneous, may, within a period of thirty days from the date of the notice of assessment, appeal to the Commissioner-General against such assessment.

Provided that the Commissioner-General, upon being satisfied that owing to absence from Sri Lanka, sickness or other reasonable cause, the appellant was prevented from appealing within such period, shall grant an extension of time for preferring the appeal.

(2) Every appeal shall be preferred by a petition in writing addressed to the Commissioner-General and shall state precisely the grounds of such appeal.

(3) Where the assessment appealed against has been made in the absence of a declaration of property, required to be delivered under section 24, the appellant shall deliver a declaration of property together with his petition of appeal.

(4) Every petition of appeal which does not conform to the provisions of subsections (1), (2) and (3) shall not be valid.

(5) The appellant shall, within three months of the date on which he prefers an appeal under subsection (1), transmit to the Commissioner-General a list specifying the documents on which, and the names and designations of the persons upon whose evidence, the appellant proposes to rely in support of his appeal:

Provided that the Commissioner-General may, from time to time, upon application made to him in that behalf by the appellant, extend the period referred to in the preceding provisions of this section.

(6) On receipt of a valid petition of appeal, the Commissioner-General may cause further inquiry to be made by the Assessor, and if in the course of such inquiry an agreement is reached as to the matters specified in the petition of appeal, the necessary adjustment of the assessment shall be made.

(7) Where no agreement is reached between the appellant and the Assessor in the manner provided in subsection (6), the Commissioner-General shall fix a time and place for the hearing of the appeal.

(8) Every appellant shall attend before the Commissioner-General at the time and place fixed for the hearing of the appeal. The appellant may attend the hearing of the appeal in person or by an authorised representative. The Commissioner-General may, if he thinks fit, from time to time adjourn the hearing of an appeal for such time and place as he may fix for the purpose. In any case in which the authorized representative attends on behalf of the appellant, the Commissioner-General may adjourn the hearing of the appeal and may, if he considers that the personal attendance of the appellant is necessary for the determination of the appeal, require that the appellant shall attend in person at the time and place fixed for the adjourned hearing of the appeal. If the appellant or his authorised representative fails to attend at the time and place fixed for the hearing or any adjourned hearing of the appeal, or if the appellant fails to attend in person when required so to attend by the Commissioner-General the Commissioner-General may dismiss the appeal:

Provided that if the appellant shall within a reasonable time after the dismissal of an appeal satisfy the Commissioner-General that he or his authorized representative was prevented from the due attendance at the hearing or at any adjourned hearing of such appeal by reason of absence from Sri Lanka, sickness, or other unavoidable cause, the Commissioner-General may vacate the order of dismissal and fix a time and place for the hearing of the appeal.

(9) Before making a determination upon any appeal preferred under this section the Commissioner-General—

(a) may require the appellant to produce for inspection any document included in the list referred to in sub-section (5) or call for the evidence of any person mentioned in that list; and

(b) shall consider any evidence which the appellant may desire to adduce before him.

(10) Where the Commissioner-General hears the evidence of the appellant or of any other person in respect of the appeal, he shall maintain or cause to be maintained, a record of such evidence.

(11) In determining an appeal under this section the Commissioner-General may confirm, reduce, increase or annul the assessment appealed against and shall give notice in writing to the appellant of his determination on the appeal.

30. (1) At any time within thirty days after the notification by the Commissioner-General of his determination on an appeal, the appellant may file a petition of appeal in the appropriate District Court, naming the Commissioner-General as respondent to his petition. A copy of such petition shall be served on the Commissioner-General.

(2) Where the appellant having filed a petition of appeal fails to serve a copy thereof on the Commissioner-General within thirty days of the date on which such petition was filed of the District Court shall dismiss such petition.

(3) Except with the consent of the Court and subject to such terms as the Court may determine, the appellant shall not be allowed at the hearing of the appeal—

(a) to produce any document which is not included in the list referred to in subsection (5) of section 29 or to adduce the evidence of any witness who is not mentioned in that list;

(b) to produce any document which he has failed to produce before the Commissioner-General when required to do so under subsection (9) of section 29 or to adduce the evidence of any witness whose evidence was not tendered to the Commissioner-General when called for under that subsection.

(4) Upon the filing of the petition of appeal and the service of a copy thereof on the Commissioner-General, the appeal shall be deemed to be, and may be proceeded with, as an action between the appellant as plaintiff and the Commissioner-General as defendant and the provisions of the Civil Procedure Code and of the Stamp Ordinance shall, subject as hereinafter provided, apply accordingly:

Provided that no pleading other than the petition of the appellant shall be filed in any such action, unless the Court by order made in that action otherwise directs:

Provided further, that the decree entered in any such action shall specify the amount, if any, which the appellant is liable to pay as estate duty under this Act.

(5) Any party aggrieved by any decree or order of the District Court made on an appeal as hereinbefore provided may appeal against such decree or order in accordance with the provisions of law for the time being in force relating to appeals from judgements and orders of the District Court.

(6) In all proceedings before the District Court or in any other Court as hereinbefore provided, the Commissioner-General shall be deemed to be a Government officer suing or being sued in a suit *virtue officii* and shall not be required to make any deposit or pay any fee or furnish any security prescribed by any written law.

CHAPTER X

Finality of Assessments and Penalty for Incorrect Declarations

31. Where no valid appeal has been lodged within the time specified in this Act against an assessment of the estate duty payable in respect of the estate of a deceased person or where an appeal preferred against such an assessment is dismissed under subsection (11) of section 29 or where agreement is reached under section 29 (6) as to the amount of such duty, or where such amount has been determined on appeal, the assessment as made or agreed to or determined on appeal, as the case may be, shall be final and conclusive for all purposes of this Act as regards such amount:

Provided that nothing in this section shall prevent an Assessor from making an assessment or additional assessment which does not involve re-opening any matter which has been determined on appeal.

32. (1) Where in an assessment made in respect of the estate of any deceased person the value put on any property forming part of the estate exceeds the value put on that property in any declaration delivered in respect of that estate and such assessment is final and conclusive under section 31, the Commissioner-General may, unless the person who delivered that declaration proves to the satisfaction of the Commissioner-General that there was no fraud or wilful neglect involved in the disclosure made by him in that declaration, in writing, order that person to pay on or before a specified date a sum not exceeding the aggregate of two thousand rupees and a sum equal to the estate duty on the amount of the excess as a penalty for making an incorrect declaration.

(2) Any person in respect of whom an order is made under subsection (1) may, within twenty-one days after the communication of the order to him, appeal therefrom in writing to the appropriate District Court. The appeal shall state the grounds of objection to the order.

(3) The provisions of section 30 shall as far as possible apply to the hearing and disposal of any appeal under the preceding provisions of this section. The District Court may confirm, reduce, increase or annul the penalty imposed by the order of the Commissioner-General from which an appeal is made, but any increase of such penalty shall not be in excess of the maximum amount which the Commissioner-General could have imposed under subsection (1) as such penalty.

(4) Where a penalty is imposed on any person under this section he shall not be liable to a prosecution for an offence relating to that declaration under paragraph (a) of section 64.

CHAPTER XI

Payment of Estate Duty

33. (1) Estate duty shall be paid in the manner directed in a notice of assessment on or before the date specified in such notice.

(2) Estate duty shall be paid notwithstanding any appeal unless the Commissioner-General orders that payment of the duty or any part thereof be held over to a date specified in such order.

(3) Any estate duty not paid on or before the date specified in the notice of assessment or in any order made under subsection (2) shall be deemed to be in default unless the Commissioner-General has agreed to accept payment of estate duty by instalments.

34. (1) Any person liable to pay estate duty under this Act may apply to the Commissioner-General before the date fixed for the payment thereof that immovable property passing on the death of the deceased equivalent in value to the amount of such duty be transferred to the Government of Sri Lanka in lieu of payment of such duty in cash.

(2) No such application shall be granted or refused by the Commissioner-General except with the approval of the Minister.

(3) The value of any immovable property transferred in payment of duty under this section shall be the value of that property as determined for the purposes of this Act.

(4) All fees, charges and expenses incidental to, or connected with, the transfer to the Government of any immovable property in payment of estate duty, the examination of title to, and the execution of the deed of transfer of, such property, shall be borne by the applicant.

35. (1) Government stock may be surrendered to the Secretary to the Treasury in accordance with the following provisions of this section in lieu of the payment of the whole or any part of any estate duty in cash.

(2) No stock shall be accepted for the purposes of this section unless—

(a) it is Sri Lanka Government stock which has been issued in Sri Lanka; and

(b) was subscribed for by the deceased himself at the time of its issue, or was purchased by him not less than one year before his death.

(3) Where the stock surrendered is fully paid stock, issued and redeemable at par, the surrender of such stock shall be deemed to be equivalent to the payment in cash of an amount equal to the aggregate of—

(a) the face value of such stock; and

(b) the accrued interest on such stock.

(4) Where the stock surrendered is not fully paid or has been issued below par or is redeemable at an amount above or below par, the surrender of such stock shall be deemed to be equivalent to the payment in cash of an amount equal to the aggregate of—

(a) a sum bearing the prescribed proportion to the face value of such stock; and

(b) the accrued interest on such stock.

In this subsection, "prescribed proportion", in relation to any stock, means such proportion as may be prescribed by the Minister by regulation made under section 74, being a proportion which is not less than the sum originally subscribed for the stock, or the sum payable for the redemption of the stock, whichever of those is the less.

(5) Where the surrender of stock by any person under this section is deemed under subsection (3) or subsection (4) to be equivalent to the payment in cash of an amount which exceeds the estate duty payable by him, the excess shall be disposed of in the following manner:—

(a) where the amount of the excess is not less than one hundred rupees—

(i) each complete sum of one hundred rupees comprised therein shall be reckoned as a unit, and each unit or each group of two or more units, as the Secretary to the Treasury may determine, shall be returned in the form of stock of the same issue as the surrendered stock; and

(ii) any outstanding fraction of a unit shall be returned in cash; and

(b) where the amount of the excess is less than one hundred rupees, such amount shall be returned in cash.

36. (1) Simple interest shall be paid at the rate of eight *per centum* per annum upon all estate duty unpaid after the expiration of twelve months from the date of death of the deceased and at the rate of twelve *per centum* per annum upon all estate duty unpaid after the expiration of thirty-six months from such date.

(2) Interest shall be calculated for a full period of three calendar months upon the amount of duty unpaid at the commencement of such a period, the first such period commencing on the first of the month subsequent to the expiration of twelve months from the date of death.

(3) Interest payable under this section shall be recovered as though it formed part of the estate duty in default.

(4) Where any person liable to pay any duty satisfies the Commissioner-General on or before the date he is required to pay such duty or any instalment thereof, that he has made arrangements for the payment of such duty or instalment, as the case may be, from any sum to be repaid to the estate of the deceased by the Government of Sri Lanka or from money lying to the credit of the deceased in the National Savings Bank or from moneys to be paid to the deceased from any pension or provident fund approved by the Commissioner-General, the Commissioner-General may grant such person an extension of time for the payment of such duty or instalment, as the case may be, and such duty or instalment, as the case may be, shall be deemed not to be in default until the expiration of such extended time, and no interest shall be payable on such duty or instalment during the period commencing on the date on which such extension is granted and ending on the expiration of the period of extension.

(5) Where interest is payable on that part of estate duty arising on an additional assessment made under section 28 (2) the Commissioner-General may, having regard to the circumstances in which such additional assessment is made, waive or reduce such interest.

(6) Where estate duty has not been assessed, the executor or other person liable to pay duty may pay the Commissioner-General any sum on account of estate duty thereafter to be assessed; and any sum so paid shall on assessment be appropriated against the estate duty due from such person.

37. Where under this Act any sum is payable by any person by way of interest and estate duty, any payment made by such person shall be appropriated first to interest and then to estate duty.

38. (1) If the Commissioner-General is satisfied that the estate of a deceased person consists wholly or mainly of immovable property and that the movable property of the estate available for payment of estate duty is insufficient for such payment, the Commissioner-General may, subject to such terms, conditions and procedure as may be prescribed, accept payment of estate duty in not more than sixteen equal half-yearly instalments, the first of such instalment falling due for payment on a date six months from the date of death of the deceased.

(2) No person shall be permitted to pay estate duty by instalments unless and until he has furnished security for such payment to the satisfaction of the Commissioner-General.

(3) Where a person is permitted to pay estate duty by instalments and fails to pay any such instalment within twenty-eight days after the date on which it falls due, the remaining instalments shall be deemed to be in default and the total amount of estate duty remaining unpaid may be recovered in the manner provided in this Act for the recovery of estate duty in default.

CHAPTER XII

Certificate of Payment and Release

39. (1) When any executor shall have paid or secured to the satisfaction of the Commissioner-General the payment of all estate duty for which he is liable, the Commissioner-General shall issue a certificate to that effect to which shall be attached a copy of the declaration of property in respect of which estate duty has been paid or secured.

(2) Where the Commissioner-General is satisfied that any executor is not liable to pay estate duty under this Act, the Commissioner-General shall issue a certificate to that effect to which shall be attached a copy of the declaration of property in respect of which estate duty is not payable.

40. (1) The Commissioner-General on being satisfied that full estate duty has been or will be paid in respect of all property passing on the death of a deceased person for which the executor is liable to pay estate duty under this Act shall, if required by the executor, give a certificate to that effect, which shall discharge from any further claim for estate duty the property mentioned in that certificate.

(2) Where a person other than the executor is liable to pay estate duty in respect of any property passing on a death such person may, if the executor has not delivered under section 24 a declaration which includes a reference to that property, furnish to the Commissioner-General a full statement to the best of his knowledge and belief of all property passing on such death and the several persons entitled thereto; and the Commissioner-General may determine the rate of the estate duty in respect of the property for which the applicant is liable, and on payment of the duty at that rate, that property and the applicant, so far as regards that property, shall be discharged from any further claim for estate duty, and the Commissioner-General shall give a certificate of such discharge.

(3) On the application of the executor or of any person having an interest in any property passing on the death of a deceased person, the Commissioner-General may, on payment of the estate duty payable in respect of that property and the interest thereon together with such additional amount as the Commissioner-General may require him to pay, having regard to the amount of estate duty payable on the other properties forming part of the estate, issue a certificate which shall discharge from any further claim for estate duty the property mentioned in that certificate.

(4) A certificate of the Commissioner-General under this section shall not discharge any person or property from estate duty in case of fraud or failure to disclose material facts, and shall not affect the rate of duty payable in respect of any property afterwards shown to have passed on the death, and the duty on such property shall be at such rate as would be payable if the value thereof were added to the value of the property in respect of which duty has been already accounted for:

Provided that a certificate purporting to be a discharge of the whole estate duty payable in respect of any property included in the certificate shall exonerate from the estate duty a bona fide purchaser for valuable consideration without notice, notwithstanding any such fraud or failure.

41. Any statement made in any certificate issued by the Commissioner-General shall be presumed to be correct until the contrary is proved; and, in the absence of proof to the contrary, a court shall act on any such statement without requiring further proof thereof.

42. No probate or letters of administration shall be granted by the court in respect of the estate of a deceased person until—

- (a) the Commissioner-General has issued the certificate that the estate duty for the payment of which the executor is liable under this Act had been paid or secured, or that the executor is not liable to pay estate duty under this act; and
- (b) the certificate so issued has been filed in court.

43. Where property passing on the death of a deceased consists of—

- (a) money received under a policy of insurance effected by the deceased on his life, being a policy of insurance within the meaning of section 4 (d); or
- (b) money deposited in any bank or institution or with any person, to the credit of the deceased and any other person,

then, notwithstanding anything in any contract, agreement or written law to the contrary, it shall not be lawful for any person to pay—

(i) any part of the money referred to in paragraph (a); or

(ii) more than one-half of the money referred to in paragraph (b),

to any person entitled to such money upon the death of the deceased, unless he obtains a certificate of release from the Commissioner-General.

CHAPTER XIII

Recovery of Estate Duty

44. (1) Where any person proves to the satisfaction of the Commissioner-General that he would, on payment of estate duty, be entitled to probate or letters of administration, and requests the Commissioner-General to collect a sum on account of the estate duty to be paid by such person out of any money or debts forming part of the estate of the deceased, the Commissioner-General may, by notice in writing, require any person or persons who hold such money or owe such debts to pay in the manner and within the period stated in such notice so much of such money or debts as the Commissioner-General may deem sufficient to cover the estate duty payable in respect of the property of the deceased.

(2) Any person to whom a notice is sent by the Commissioner-General in accordance with subsection (1), shall, notwithstanding anything contained in any written law, contract or agreement, comply with such notice to the extent of the money held by him on account of the estate of the deceased, or owed by him to such estate, and is hereby indemnified in respect of any payment made thereunder against all proceedings, civil or criminal.

(3) Nothing in subsection (1) or in subsection (2) shall enable or be deemed to enable the Commissioner-General to collect or recover from any person any debt at any time before the date on which that debt is due to be paid by that person to the estate of the deceased.

(4) Where any sum required to be paid by a notice given under subsection (1) is not paid in accordance with such notice, it shall be recoverable from the person to whom such notice was directed as if such sum were estate duty due from such person and as if such estate duty were in default.

45. (1) Where any duty is in default, the Commissioner-General shall, before proceeding to recover such duty in any manner hereinafter provided, issue notice in writing to the defaulter stating—

(a) the particulars of such duty, and

(b) that action is being contemplated to recover such duty.

(2) If such defaulter has not appealed within the period specified in section 29, against the assessment in respect of which such duty is charged, he may within thirty days of the date of such notice make any objection to the duty so charged, and the Commissioner-General shall, notwithstanding the provisions of section 31, consider such objections and give his decision thereon which shall be final.

46. (1) The Commissioner-General may appoint persons to be collectors of estate duty.

(2) (a) Where any estate duty is in default, the Commissioner-General may issue to a Government Agent, Assistant Government Agent, Fiscal, Deputy Fiscal or collector of estate duty a certificate containing particulars of such duty and the name and address of the person by whom it is payable, and the officer to whom such certificate is issued shall be empowered and is hereby required to cause the estate duty to be recovered from the person named in the certificate by seizure and sale of the movable property which passed on the death of the person in respect of whose estate the duty is in default.

(b) A seizure of movable property shall be effected in such manner as the said officer shall deem most expedient in that behalf and, as soon as any movable property is seized by such officer, a list of such property shall forthwith be made and signed by him and shall be given to the defaulter and a copy thereof furnished to the Commissioner-General.

(c) Where the property so seized is—

- (i) cash in Sri Lanka currency, it shall be applied in satisfaction of the duty in default;
- (ii) cash in foreign currency, such cash shall be deposited in the Central Bank of Ceylon and the proceeds therefrom applied in satisfaction of the duty in default;
- (iii) not cash, such property shall be kept for five days at the costs and charges of the defaulter. If the defaulter does not pay the duty together with the costs and charges within the aforesaid five days, the Government Agent, Assistant Government Agent, Fiscal, Deputy Fiscal or collector of estate duty shall cause such property to be sold by public auction or, where such property is a negotiable instrument or a share in any corporation or a public company, to be sold through a broker at the market rate of the day.

(d) The sum realized by a sale referred to in subparagraph (iii) of paragraph (c) shall be applied—

- (i) firstly, in payment of the costs and charges of seizing, keeping and selling the property; and
- (ii) secondly, in satisfaction of the duty in default,

and any balance shall be restored to the credit of the testamentary case.

(3) Whenever the Commissioner-General issues a certificate under this section he shall at the same time issue to the person named in the certificate a notification thereof by personal service, or by registered letter sent through the post or by telegraph; but the non-receipt of such notification shall not invalidate proceedings under this section.

47. (1) Where any estate duty is in default, the Commissioner-General may issue to the appropriate District Court a certificate, in this Act referred to as a collection certificate, containing particulars of such duty, the name and address of the person by whom it is payable, and a schedule of property by the sale of which the duty may be recovered; the Commissioner-General may also, if he thinks fit, state a price below which the property shall not be sold. The District Court shall thereupon issue a writ to the Fiscal or Deputy Fiscal requiring him to seize and sell the said property or such part thereof as he may deem necessary and at a price that is not below the price, if any, stated by the Commissioner-General, and the provisions of sections 226 to 297 of the Civil Procedure Code, shall, *mutatis mutandis*, apply to such seizure and sale.

(2) The provisions of this section shall have no application in a case in which a decree for the payment of estate duty has been entered by a District Court on an appeal to that court under this Act.

48. (1) Where the Commissioner-General is of opinion in any case that recovery of duty in default by seizure and sale is impracticable or inexpedient, or where the full amount of the duty has not been recovered by seizure and sale, he may issue a certificate containing particulars of such duty and the name and last known place of residence of the defaulter to a Magistrate having jurisdiction in the division in which such residence is situate. The Magistrate shall thereupon summon such defaulter before him to show cause why further proceedings for the recovery of duty should not be taken against him, and in default of sufficient cause being shown, the duty in default shall be deemed to be a fine imposed by a sentence of the Magistrate on such defaulter for an offence punishable with fine only or not punishable with imprisonment and the provisions of subsection (1) of section 291 (except paragraphs (a), (d) and (i) thereof) of the Code of Criminal Procedure Act, No. 15 of 1979, relating to default of payment of a fine imposed for such an offence shall thereupon apply, and the Magistrate may make any direction which, by the provisions of that subsection he could have made at the time of imposing such sentence.

(2) The correctness of any statement in a certificate issued by the Commissioner-General for the purpose of sub-section (1) shall not be called in question or examined by the Magistrate in any proceeding under this section and accordingly nothing in that subsection shall authorize a Magistrate to consider or decide the correctness of any statement in such certificate or to postpone or defer such proceedings by reason only of the fact that an appeal is pending against the assessment in respect of which the duty in default is charged.

(3) Nothing in subsections (2) to (5) of section 291 of the Code of Criminal Procedure Act, No. 15 of 1979, shall apply in any case referred to in subsection (1) of this section.

(4) In any case where a fine is deemed under subsection (1) to have been imposed on a defaulter, the Magistrate may allow time for the payment of the amount of that fine or direct the payment of that amount to be made by instalments.

(5) The court may require bail to be given as a condition precedent to allowing time under subsection (1) for showing cause as therein provided or to allowing him time under subsection (4) for payment of the fine; and the provisions of Chapter XXXIV of the Code of Criminal Procedure Act, No. 15 of 1979, shall apply where the defaulter is required to give bail.

(6) Where payment is directed under subsection (4) to be paid in instalments and default is made in the payment of any one instalments proceedings may be taken as if default had been made in payment of all the instalments then remaining unpaid.

49. (1) Where estate duty payable on the death of a deceased person is in default, and it appears to the Commissioner-General to be probable that any person—

- (a) is about to pay any money to an executor for or on account of the estate of the deceased; or
- (b) holds any money for or on account of such estate; or
- (c) has authority from some other person to pay any money to an executor for or on account of such estate; or
- (d) is liable to pay for or on account of such estate money which, if paid to an executor, is bound to be credited by him to that estate,

the Commissioner-General may give to such person notice in writing requiring him to pay as directed in such notice any such money not exceeding the amount of the estate duty in default. The notice shall apply to such money as is in the hands of the person noticed or is due from him or is about to be paid by him at the date of the receipt of such notice, or comes into his hands or becomes due from him or is about to be paid by him at any time within a period of thirty days after that date.

(2) Any estate duty paid in accordance with this section shall be deemed to have been paid on behalf of another person within the meaning of section 58.

(3) Any person to whom a notice has been given under subsection (1) who is unable to comply therewith owing to the fact that the money in question does not come into his hands or does not become due from him within the period of thirty days referred to in that subsection shall, within fourteen days after expiration of that period, inform the Commissioner-General in writing of the facts by reason of which he is unable to comply with such notice.

(4) Where any person to whom a notice has been given under subsection (1) is unable to comply therewith and has failed to inform the Commissioner-General as required by subsection (3), or where he has deducted or could have deducted the estate duty to which the notice relates or any part thereof and has not paid over as directed by the Commissioner-General the amount of such estate duty or part thereof within fourteen days after the expiration of the period of thirty days referred to in subsection (1), he shall be personally liable for the whole of the estate duty which he has been required to deduct, and the amount of such duty may be recovered from him as a debt due to the State.

50. (1) Where a deceased person was at the time of his death a partner in a partnership carrying on business in Sri Lanka, and any estate duty payable in respect of the property passing on the death of such deceased person is in default, the Commissioner-General may give notice in writing to any person who was at the time of the death a partner in such partnership requiring him to pay as directed in such notice the amount of the estate duty in default or the amount of the deceased person's interest in such partnership, whichever is the less.

(2) Any estate duty paid in accordance with this section shall be deemed to have been paid on behalf of another person within the meaning of section 58.

(3) Where any person fails to comply with a notice given under subsection (1), the amount of the estate duty which is in default, or the amount of the deceased person's interest in the partnership at the time of death, whichever is the less, shall be recoverable from him as if it were estate duty due from him and as if such estate duty were in default.

51. The special procedure prescribed by this Act for the recovery of estate duty from any person shall not affect or abrogate or be deemed to affect or abrogate the right of the State to recover any such duty or part thereof in any other manner or by any other procedure available under any written or other law for the recovery of debts due to the State.

52. (1) The Commissioner-General may, by notice given in writing to any person, require that person within the period specified in such notice to furnish any information which the Commissioner-General may require for the purpose of recovering any estate duty due from such person or any other person.

(2) The Commissioner-General may, by writing under his hand, delegate to any Assessor any of the powers or functions conferred on, or assigned to, the Commissioner-General by this Chapter.

(3) Every Assessor to whom any power or function has been delegated under subsection (2) shall exercise or discharge that power or function, subject to the general or special directions of the Commissioner-General.

53. In this Chapter "duty" means estate duty and includes any interest payable on such duty and any fines, penalties, fees, costs or charges incurred under this Act.

CHAPTER XIV

Miscellaneous

54. (1) Every notice given by the Commissioner-General, a Commissioner or a Deputy Commissioner or an Assessor under this Act shall bear the name of the Commissioner-General, Commissioner, Deputy Commissioner or Assessor, as the case may be, and every such notice shall, if the name of the Commissioner-General, Commissioner, Deputy Commissioner or Assessor is duly printed or stamped thereon, be as valid and effectual as if that notice is signed by such Commissioner-General, Commissioner, Deputy Commissioner or Assessor, as the case may be.

(2) Every notice given by virtue of this Act may be served on a person either personally or by being delivered at, or sent by post to, an address furnished by him for the purpose of service of notices or his last known address or place of abode or to any place at which he is or has been carrying on business:

Provided that a notice of assessment shall be served personally or by being sent by registered post to any such address or place as aforesaid.

(3) Any notice sent by post shall be deemed to have been served on the day succeeding the day on which it would have been received in the ordinary course by post.

(4) In proving service by post it shall be sufficient to prove that the letter containing the notice was duly addressed and posted.

(5) Every notice required by or under this Act to be served on a non-resident person may be served on his agent.

(6) Where any notice or certificate bears the name and official designation of any person and purports to have been issued by him under this Act, it shall be presumed, until the contrary is proved, that on the date of the issue of that notice or certificate a person bearing that name was entitled to that official designation; and the name and office of that person shall be judicially noticed.

55. The secretary, manager, chairman, or other principal officer of every company or body of persons shall be answerable for doing all such acts, matters and things as are required to be done under the provisions of this Act by such company or body of persons.

Provided that any person to whom a notice has been given under the provisions of this Act as representing a company or body of persons shall be deemed to be the principal officer thereof unless he proves that he has no connection with such company or body of persons, or that some other person resident in Sri Lanka is the principal officer thereof.

56. (1) Any act or thing required by, or under this Act to be done by any person shall, if such person is an incapacitated or non-resident person, be deemed to be required to be done by the trustee of such incapacitated person or by the agent or such non-resident person, as the case may be.

(2) Where a non-resident person dies, any person who was the agent of such non-resident person at the time of death shall, to the best of his knowledge and belief, furnish to the Commissioner-General all such information and particulars as the Commissioner-General may from time to time require for the purpose of the levy of estate duty under this Act.

57. Where two or more persons, whether in partnership or otherwise, act jointly in any capacity, either on behalf of themselves or of any other person, they shall be jointly and severally answerable for doing all such acts, matters and things as would be required to be done under the provisions of this Act by an individual acting in such capacity.

58. (1) Every person liable to pay estate duty as trustee, or from whom estate duty is recoverable or has been recovered on behalf of another person, may retain out of any assets coming into his possession or control, either on behalf of such other person or in his capacity as trustee, so much thereof as shall be sufficient to produce the amount of such duty, and he shall be and is hereby indemnified against any person whomsoever in respect of his retention of such assets.

(2) Where any person acting as trustee has paid estate duty, and no assets of the trust come into his possession or control out of which he could retain the duty so paid, such duty shall be a debt due from the beneficiaries of the trust to the trustee.

(3) Where estate duty has been paid by or recovered from any person liable to pay estate duty on behalf of another person, and no assets of such other person come into his possession or control out of which he could retain the duty so paid, such duty shall be a debt due to him from such other person.

59. (1) Where an Assessor is of the opinion that any transaction which reduces or would have the effect of reducing the amount of estate duty payable by any person in respect of the estate of a deceased person is artificial or fictitious or that any disposition is not in fact given effect to, he may disregard any such transaction or disposition and shall assess such person accordingly.

(2) In this section "disposition" includes any trust, grant, covenant, agreement, or arrangement.

60. A person nominated or appointed as executor in the last will of a deceased person may, if he is unwilling to accept office as executor, apply in writing to the Commissioner-General to be exempted from the obligations and liabilities of an executor under this Act; and the Commissioner-General, if he is satisfied that the applicant has not taken possession, or of intermeddled with, any property of the deceased, may issue a certificate of exemption accordingly:

Provided that any such certificate may be revoked by the Commissioner-General at any time if he is of opinion that the certificate was obtained by fraud or misrepresentation, or on an incorrect statement of facts, or if the holder of the certificate has at any time after the issue thereof taken possession of, or intermeddled with, the property of the deceased.

CHAPTER XV

Repayment

61. (1) If at any time within three years of the date of issue of notice of assessment a claim in writing containing the grounds of such claim is made to the Commissioner-General for the return of any moneys paid as estate duty and it is proved to the satisfaction of the Commissioner-General that such estate duty has been overpaid, it shall be lawful for the Commissioner-General and he is hereby required to return the amount of duty which has been overpaid:

Provided that—

- (i) where by reason of any proceeding at law, any debt due from the deceased which might be allowed as a deduction has not been ascertained, and in consequence thereof the executor was prevented from claiming refund of estate duty as aforesaid within the aforesaid term of three years, it shall be lawful for the Commissioner-General to allow such further time as is reasonable for making such claim;
- (ii) nothing in this section shall confer or be deemed to confer on any person—
 - (a) any right to prefer a claim for the return, or any right to a return, of any moneys paid as estate duty on any ground which has been or could have been raised by such person by way of appeal under this Act;
 - (b) any right of action against the State for the recovery or return of any moneys overpaid as estate duty.

(2) Where any person is entitled to a refund of the amount of any estate duty paid by him and if such amount has not been refunded to him by the Commissioner-General—

- (a) if such refund arises in consequence of the reduction of the amount of an assessment on an agreement with an Assessor under subsection (6) of section 29 or on the final determination of an appeal in respect of an assessment, within a period of six months from the date of such agreement or from the date on which such determination was communicated to such person; or
- (b) in any other case, within a period of six months from the date on which the claim in writing was made by such person to the Commissioner-General for such refund,

then, such person shall be entitled to interest on the amount of the refund which remains unpaid, calculated at the rate of one *per centum* for each complete period of one month for which such amount remains unpaid after the period of six months referred to in paragraph (a) or (b).

CHAPTER XVI

Offences and Penalties

62. Every person who fails to deliver a declaration of property or any other statement whatsoever required to be delivered or furnished by him under this Act shall be guilty of an offence and shall for each such offence be liable, on conviction after summary trial before a Magistrate, to a fine not exceeding five hundred rupees.

63. Every person who fails to comply with a notice issued under section 26, section 49 or section 52 or section 77 shall be guilty of an offence and shall for each such offence be liable, on conviction after summary trial before a Magistrate, to a fine not exceeding five hundred rupees.

64. Every person who without reasonable excuse—

- (a) omits or understates the value of any property which is or should be included in a declaration of property or in any other statement whatsoever required to be delivered or furnished under this Act; or
- (b) makes any incorrect statement in connection with a claim to an allowance under section 17; or
- (c) gives any incorrect information in relation to any matter or thing affecting the liability of himself or any other person to pay estate duty,

shall be guilty of an offence and shall for each such offence be liable, on conviction after summary trial before a Magistrate, to a fine not exceeding the total of two thousand rupees and the amount of estate duty, if any, which has been undercharged in consequence of such offence or which would have been so undercharged if such offence had not been detected.

65. Any person who with intent to evade or to assist any other person to evade payment of estate duty—

- (a) omits from any declaration delivered under this Act, any property which should have been included in that declaration; or
- (b) makes any incorrect statement in connection with a claim to an allowance under section 17; or
- (c) signs any declaration statement or return delivered or furnished under this Act without reasonable grounds for believing the same to be true ; or
- (d) gives or furnishes any false answer, whether verbally or in writing, to any question or request for information asked or made in accordance with the provisions of this Act ; or
- (e) prepares or maintains or authorizes the preparation or maintenance of any false book of account or other document; or
- (f) makes use of, or authorizes the use of, any fraudulent device, art, or contrivance,

shall be guilty of an offence under this Act and shall be liable on conviction after summary trial before a Magistrate to a fine consisting of—

- (i) a sum equal to twice the amount of estate duty so evaded or attempted to be evaded for which he, or as the case may be, the other person so assisted is liable under this Act; and
- (ii) a sum not exceeding ten thousand rupees,

or to imprisonment of either description for any term not exceeding six months or to both such fine and imprisonment.

66. Every person who—

- (i) being a person required to take an oath of secrecy under section 73 (2), acts under this Act without taking such oath ; or
- (ii) acts in contravention of the provisions of section 73 (1) or to an oath taken under section 73 (2) ; or
- (iii) aids, abets, or incites any other person to act contrary to the provisions of this Act,

shall be guilty of an offence and shall for each such offence be liable, on conviction after summary trial before a Magistrate, to a fine not exceeding one thousand rupees, or to imprisonment of either description for a term not exceeding six months, or to both such fine and imprisonment.

67. Every person who contravenes the provisions of section 43 shall be guilty of an offence under this Act and shall, on conviction after summary trial before a Magistrate, be liable to a fine equal to the amount of the money paid out in contravention of the provisions of that section.

68. The Commissioner-General may, having regard to the circumstances in which the offence was committed and at any time before judgement in a prosecution instituted in respect of that offence, compound any offence under this Act.

69. The prosecution of any person for an offence under this Act, the conviction of any person of any such offence or the imposition on any person of any penalty, fine, or imprisonment under this Act, shall not affect the liability of any person to be assessed for estate duty or to pay such duty.

70. No prosecution in respect of any offence under this Act shall be instituted except at the instance of, or with the written sanction of, the Commissioner-General.

71. Where any statement is made, or document is produced, in relation to any matter arising under this Act, by any person who is liable to estate duty under this Act or by his authorized representative, to the Commissioner-General or a Commissioner or a Deputy Commissioner or Assessor, then notwithstanding anything in any written law, such statement or document shall be admissible in evidence in any proceedings against such person in respect of any offence referred to in sections 63, 64 or 65 of this Act.

CHAPTER XVII

Administration

72. (1) The Commissioner-General shall be in charge of the administration of this Act.

(2) The Commissioner-General may authorize, either generally or specially, any Commissioner or Deputy Commissioner or Assessor, to exercise, perform or discharge any power, duty or function conferred or imposed on, or assigned to the Commissioner-General by any provisions of this Act.

(3) A Commissioner, Deputy Commissioner or Assessor exercising, performing or discharging any power, duty or function conferred or imposed on, or assigned to the Commissioner-General by this Act shall until the contrary is proved, be deemed for all purposes to be authorized to exercise, perform or discharge that power, duty or function.

XXVIII

(4) A Commissioner or Deputy Commissioner may exercise, perform or discharge any power, duty or function conferred or imposed on, or assigned to, an Assessor by this Act.

73. (1) Except in the performance of his duties under this Act, every person who has been appointed under or who is or has been employed in carrying out or in assisting any person to carry out the provisions of this Act, shall preserve and aid in preserving secrecy with regard to all matters relating to the estate of any deceased person that may come to his knowledge in the performance of his duties under this Act, and shall not communicate any such matter to any person other than the executor of such deceased person or the authorized representative of such executor or to the Minister or the Secretary to the Ministry of the Minister nor suffer or permit any person to have access to any records in the possession, custody or control of the Commissioner-General.

(2) Every person appointed under or employed in carrying out the provisions of this Act shall before acting under this Act, and the Minister and the Secretary to the Ministry of the Minister may, before acting under this Act, take and subscribe before a Justice of the Peace an oath of secrecy in the prescribed form.

(3) No person appointed under or employed in carrying out the provisions of this Act shall be required to produce in any court any declaration, document or assessment delivered or furnished under this Act or to divulge or communicate to any court any matter or thing coming to his notice in the performance of his duties under this Act, except as may be necessary for the purpose of carrying into effect the provisions of this Act or of any other written law administered by the Commissioner-General.

(4) Notwithstanding anything contained in this section, any officer of the Department of Inland Revenue may communicate any matter which comes to his knowledge in the performance of his duties under this Act or under any other written law administered by the Commissioner-General—

- (a) to any other officer of that Department if the communication is necessary for the performance of any duty under this Act or any such other written law, and
- (b) to the Estate Duty Authority of any country to such extent as is necessary to enable such Authority to grant relief from estate duty payable in that country in respect of the estate of a deceased person.

and the Commissioner-General may, produce or cause to be produced in any court in any proceedings under this Act a copy of any particulars contained in any declaration or document delivered or furnished to him under this Act or under any written law administered by him, certified by him or on his behalf to be a correct copy of such particulars and such copy shall, notwithstanding anything in the Evidence Ordinance relating to the proof of documents, be received in evidence:

Provided that the Commissioner-General may produce or cause to be produced the original of any such declaration or document in any case where it is necessary to prove the handwriting or the signature of the person who wrote, made, signed or furnished such declaration or document, but only for the purpose of such proof:

Provided further, that the Commissioner-General shall not in any case be compelled to produce in any court either the original of such declaration or document or a copy of any particulars contained in such declaration or document.

(5) Notwithstanding anything in the preceding provisions of this section the Commissioner-General shall—

- (a) produce in any court in which testamentary proceedings relating to the estate of a deceased person have been instituted, any declaration, return or assessment relating to such estate which has been delivered or furnished to him under this Act, if required to do so by such court ; and
- (b) furnish all information available to him under this Act relating to the affairs of any person, if required to do so by any such Commission or officer as is referred to in subsection (5) or subsection (6) or subsection (7) or subsection (8) or subsection (9) or subsection (10) or subsection (11) of section 158 of the Inland Revenue Act, No. 28 of 1979.

CHAPTER XVIII

General

74. (1) The Minister may make regulations for the purpose of carrying out or giving effect to the principles and provisions of this Act, and in respect of any matter which is required or authorized by this Act to be prescribed.

(2) A contravention of, or failure to comply with, a regulation made under subsection (1) shall be an offence under this Act triable summarily by a Magistrate and punishable with a fine not exceeding five hundred rupees.

(3) No regulation made under this section shall have effect until it has been approved by Parliament. Notification of such approval shall be published in the Gazette.

75. The Commissioner-General may from time to time prescribe forms to be used for all or any of the purposes of this Act.

76. (1) Where the Commissioner-General is of opinion that any public officer is in a position to furnish any information which the Commissioner-General may require for the purposes of this Act, he may by written application request such public officer to furnish such information; and every such public officer shall furnish the information so required to the best of his knowledge and belief.

(2) Every public officer having in his custody any registers, books, records, papers, documents or proceedings the inspection of which may tend to secure any duty under this Act or to prove or lead to the discovery of any fraud or omission in relation to any such duty, shall at all reasonable times permit any person authorized in writing by the Commissioner-General to inspect for such purpose, any such register, book, record, paper, document and proceeding, and to take such notes and extracts therefrom as he may deem necessary, without the payment of any fee or charge.

(3) In this section, "public officer" includes any officer in the employ of a local authority or a public corporation.

77. The Commissioner-General may, by notice in writing, require any person having the care, control, custody, management or possession of any property whether movable or immovable forming part of the estate of a deceased person to permit

any public officer named in such notice to inspect such property; and the person to whom any such notice is addressed shall, upon the receipt thereof, give the public officer named in such notice all facilities for inspecting the property to which that notice relates.

78. (1) In this Act, unless the context otherwise requires—

“agent”, when used with reference to a non-resident person, includes—

- (a) an attorney, factor or receiver or manager in Sri Lanka; and
- (b) any person in Sri Lanka who has the care, custody, possession, management or control of any property on behalf of such non-resident person;

“appropriate District Court” means the District Court of Colombo and includes any other District Court having jurisdiction to administer the estate of the deceased or any other District Court by which probate or letters of administration granted outside Sri Lanka have been resealed under the Civil Procedure Code;

“Assessor” means an Assessor of Inland Revenue appointed for the purpose of the Inland Revenue Act, No. 28 of 1979 and includes a Senior Assessor of Inland Revenue;

“authorized representative”, when used with reference to a person who is liable to pay estate duty, means an attorney-at-law, a member of the Institute of Chartered Accountants of Sri Lanka, an accountant approved by the Commissioner-General or an individual registered as an Auditor under the Companies’ (Auditors) regulations made under the Companies Ordinance (Chapter 145) and is approved by the Commissioner-General;

“body of persons” includes any local or public authority, any body corporate or collegiate, and any fraternity, fellowship, association, or society of persons, whether corporate or unincorporate ;

“Commissioner-General” means the Commissioner-General of Inland Revenue appointed for the purposes of the Inland Revenue Act, No. 28 of 1979;

“Commissioner” means a Commissioner of Inland Revenue appointed for the purposes of the Inland Revenue Act, No. 28 of 1979;

“company” means any company incorporated or registered under any law in force in Sri Lanka or elsewhere;

“deceased” or “deceased person” means any person dying on or after November 15, 1978;

“declaration of property” means a declaration delivered under this Act by an executor or other person liable to pay estate duty, for the purposes of the assessment of such duty;

“Deputy Commissioner” means Deputy Commissioner of Inland Revenue appointed for the purposes of the Inland Revenue Act, No. 28 of 1979;

“encumbrance” includes mortgages, hypothecations, and terminable charges;

"estate" means—

- (a) in the case of a deceased person who at the time of his death was domiciled in Sri Lanka, all property which passes on his death wherever situate except immovable property not situate in Sri Lanka ; and
- (b) in the case of a deceased person who at the time of his death was not domiciled in Sri Lanka, all property in Sri Lanka, which passes on his death;

"estate duty" or "duty" means the duty imposed under this Act;

"executor" means the executor or administrator of the estate of the deceased person, and includes, as regards any obligation under this Act, any person who takes possession of, or intermeddles with, the property of a deceased person, and any person who has applied or is entitled to apply to a District Court for the grant or resealing of probate or letters of administration in respect of the estate of a deceased person;

"incapacitated person" means any minor or person of unsound mind;

"local authority" means any Municipal Council, Urban Council, Town Council or Village Council, and includes any Authority created and established by or under any law to exercise, perform and discharge powers, duties and functions corresponding or similar to, the powers, duties and functions exercised, performed and discharged by any such Council;

"non-resident" means not resident in Sri Lanka;

"person", except when used with reference to a deceased person includes a company or body of persons;

"property" includes movable or immovable property of every kind, and the proceeds of sale thereof, and any money or investment or other asset for the time being representing the proceeds of sale;

"property passing on the death" includes property deemed to pass on the death and property passing either immediately on the death or after any interval either certainly or contingently, and either originally or by way of substitutive limitation, but does not include property which is exempt from the payment of duty; and the expression "on the death" includes "at a time ascertainable only by reference to the death";

"public corporation" means any corporation, board or body which was or is established by or under any written law other than the Companies Ordinance, with funds or capital wholly or partly provided by the Government by way of grant, loan or otherwise;

"trustee", when used with reference to an incapacitated person, includes any guardian, curator, manager or other person having the direction, control, or management of any property on behalf of such incapacitated person.

(2) For the purposes of this Act—

- (a) a person shall be deemed competent to dispose of property if he has such an estate or interest therein or such general power as would, if he were *sui juris*,

enable him to dispose of the property; and the expression "general power" includes every power or authority enabling the donee or other holder thereof to appoint or dispose of property as he thinks fit, whether exercisable by instrument *intervivos* or by will, or both, but exclusive of any power exercisable in a fiduciary capacity under a disposition not made by himself;

- (b) a disposition taking effect out of the interest of a deceased person shall be deemed to have been made by him, whether the concurrence of any other person is or was not required;
- (c) money which a person has a general power to charge on property shall be deemed to be property of which he has power to dispose.

79. Nothing in the Estate Duty Ordinance shall apply to, or in relation to, the levy and payment of estate duty upon the value of the estate of any person dying on or after November 15, 1978.

80. (1) Notwithstanding anything in the Estate Duty Ordinance,—

- (a) the Commissioner-General may reduce or waive any interest incurred on the amount of any estate duty payable under the Estate Duty Ordinance, if he considers that such reduction or waiver is just and equitable in all the circumstances of the case; and
- (b) the value, for the purpose of computing the estate duty payable under that Ordinance upon the value of the estate of any person dying on or after April 1, 1977 but prior to November 15, 1978, of any immovable property forming part of any such estate, shall—
 - (i) if that property had been acquired by the deceased prior to March 31, 1977 be deemed to be the price, which in the opinion of an Assessor, that property would have fetched if sold in the open market on March 31, 1977 increased by an amount equal to the value of any improvements, alterations and additions, if any, made to that property after March 31, 1977 and prior to the date of death of the deceased; and
 - (ii) if the property had been acquired by the deceased on or after March 31, 1977 but prior to November 15, 1978 be deemed to be the price which in the opinion of an Assessor that property would have fetched if sold in the open market on the date on which it was acquired by the deceased increased by an amount equal to the value of any improvements, additions and alterations, if any, made to that property after the date on which it was acquired by the deceased and prior to the date of death of the deceased.

(2) Notwithstanding anything in section 49 of the Estate Duty Ordinance, where any estate duty payable under the Estate Duty Ordinance upon the value of the estate of a person dying prior to November 15, 1978 is in default on November 15, 1979, simple interest at the rate of eight *per centum* per annum shall be paid upon the amount of duty in default from November 15, 1979 to November 15, 1981 or the date of payment, whichever date is earlier, and where any such duty is in default on November 15, 1981, simple interest at the rate of twelve *per centum* per annum shall be paid upon the amount of duty in default from November 15, 1981 to the date of payment.

(3) Where any estate duty payable under the Estate Duty Ordinance upon the value of the estate of a person dying prior to November 15, 1978 is in default on the date of commencement of this Act, the amount of such duty may, notwithstanding anything in the Estate Duty Ordinance, be collected and recovered under this Act as if such amount were estate duty in default under this Act.

(4) In subsections (2) and (3) "estate duty" includes interest whether incurred under the Estate Duty Ordinance or by virtue of this section.

SCHEDULE

(Section 3)

<i>Column I</i> (Value of the Estate)	<i>Column II</i> (Rate of Duty)
On the first Rs. 100,000 of the value of the estate	nil
On the next Rs. 100,000 of the value of the estate	5 per centum
On the next Rs. 100,000 of the value of the estate	10 per centum
On the next Rs. 100,000 of the value of the estate	15 per centum
On the next Rs. 100,000 of the value of the estate	20 per centum
On the next Rs. 100,000 of the value of the estate	25 per centum
On the next Rs. 200,000 of the value of the estate	30 per centum
On the next Rs. 200,000 of the value of the estate	35 per centum
On the next Rs. 200,000 of the value of the estate	40 per centum
On the next Rs. 200,000 of the value of the estate	45 per centum
On the next Rs. 200,000 of the value of the estate	50 per centum
On the next Rs. 300,000 of the value of the estate	55 per centum
On the next Rs. 500,000 of the value of the estate	60 per centum
On the next Rs. 500,000 of the value of the estate	65 per centum
On the balance of the value of the estate	70 per centum

FOREIGN LOANS AMENDMENT ACT, NO. 23 OF 1980

(Certified on 6th June, 1980)

AN ACT TO AMEND THE FOREIGN LOANS ACT, NO. 29 OF 1957.

1. This Act may be cited as the Foreign Loans (Amendment) Act, No. 23 of 1980.
2. The long title to the Foreign Loans Act, No. 29 of 1957, (hereinafter referred to as the "principal enactment") is hereby repealed and the following long title substituted therefor:—

"An Act to make provision regarding Foreign Loans to the Government of Sri Lanka and for the guarantee by the Government of Sri Lanka of Foreign Loans to Public Corporations and Public Enterprises."

3. Sections 2, 3 and 4 of the principal enactment are hereby repealed and the following sections substituted therefor:—

"Person
empowered
to sign
agreement

2. The President or any person specially authorized by him in that behalf may, in the name and on behalf of the Government of Sri Lanka, sign—

& c. relating to foreign loans to the Government of Sri Lanka and guarantees given by the Government of Sri Lanka

- (a) an agreement relating to a foreign loan to the Government of Sri Lanka;
- (b) a guarantee by the Government of Sri Lanka relating to a foreign loan to a public corporation or public enterprise; and
- (c) any contract, bond, promissory note or other document required by such agreement or guarantee to be executed by the Government of Sri Lanka.

Sums payable by the Government of Sri Lanka under agreements and guarantees to be a charge on the Consolidated Fund of Sri Lanka.

- 3. All sums payable by the Government of Sri Lanka—
 - (a) under an agreement relating to a foreign loan to the Government of Sri Lanka;
 - (b) in terms of a guarantee relating to a foreign loan to a public corporation or public enterprise; and
 - (c) under any contract, bond or promissory note executed pursuant to such agreement or guarantee,

are hereby charged on the Consolidated Fund of Sri Lanka.

Power of Minister of Finance to make provision to give effect to an agreement or guarantee relating to a foreign loan.

4. (1) The Minister in charge of the subject of Finance may, by Order published in the *Gazette*, make such provision as may be necessary to give effect to an agreement relating to a foreign loan to the Government of Sri Lanka or to a guarantee given by the Government of Sri Lanka relating to a foreign loan to a public corporation or public enterprise.

(2) Every Order made and published under subsection (1) shall have the force of law.

(3) Every Order made and published under subsection (1) shall be presented in Parliament within one month of the making of such Order.”.

4. Section 5 of the principal enactment is hereby repealed and the following section substituted therefor:—

‘Interpretation

5. In this Act—

“foreign loan” means a loan in any currency granted to the Government of Sri Lanka or to a public corporation or public enterprise—

- (a) by a foreign Government or the agency of a foreign Government, or
- (b) by any international organization, or
- (c) by a person or body of persons outside Sri Lanka, whether corporate or unincorporate, as may be approved by the Government of Sri Lanka generally or in respect of a particular transaction,

and includes any sum of money which the Government of Sri Lanka or the public corporation or public enterprise, as the case may be, undertakes to pay any such foreign Government, agency, organization, person or body of persons that discharges any liability of the Government of Sri Lanka or the public corporation or public enterprise, as the case may be, in respect of any transaction between the Government of Sri Lanka, public corporation or public enterprise, as the case may be, and any person outside Sri Lanka;

“public corporation” means any corporation, board or other body which was or is established by or under any written law other than the Companies Ordinance, with funds or capital wholly or partly provided by the Government of Sri Lanka by way of grant, loan or otherwise;

“public enterprise” means any company which is registered under the Companies Ordinance and in which the Government of Sri Lanka holds not less than fifty *per centum* of the paid-up capital.

INLAND REVENUE (AMENDMENT) ACT, NO. 24 OF 1980

(Certified on 24th June, 1980)

AN ACT TO AMEND THE INLAND REVENUE ACT, NO. 28 OF 1979.

1. This Act may be cited as the Inland Revenue (Amendment) Act, No. 24 of 1980.

2. Section 7 of the Inland Revenue Act, No. 28 of 1979, (hereinafter referred to as the “principal enactment”) is hereby amended as follows:—

(1) in subsection (3) of that section —

(a) by the substitution, in paragraph (b) of that subsection for the words “and paragraph (h)”, of the words “paragraph (h) and paragraph (l)”;;

(b) by the substitution in sub-paragraph (ii) of paragraph (j) of that subsection for the words “was received; and”, of the words “was received;” ;

(c) by the substitution in paragraph (k) of that subsection for the words “at that time.”, of the words “at that time; and”; and

(d) by the insertion, immediately after paragraph (k) of that subsection, of the following paragraph:—

“(l) where the property is immovable property and that property was acquired by way of gift or inheritance, on or after April 1, 1977, by the person to whom the capital gain arises from any person who had acquired such property prior to April 1, 1977, the value of such property at the time it was acquired by the first-mentioned

person shall be an amount equal to the market value of such property on April 1, 1977, increased by the cost of any improvements, additions or alterations to that property made by the second-mentioned person after April 1, 1977." ; and

- (2) by the substitution, in paragraph (b) of subsection (4) of that section, for the words "under section 23 of this Act," of the words "under section 23 or paragraph (l) of subsection (2) of section 31 of this Act,".

3. Section 8 of the principal enactment is hereby amended as follows:—

- (1) in paragraph (a) of that section—

- (a) by the substitution, in sub-paragraph (xviii) of that paragraph for the words "Sri Lanka Broadcasting Corporation Act, No. 37 of 1966," of the words "Sri Lanka Broadcasting Corporation Act, No. 37 of 1966 for the year of assessment commencing on April 1, 1979;" ;
- (b) by the substitution, in sub-paragraph (xxv) of that paragraph for the words "any national lottery," of the words "any national lottery for the year of assessment commencing on April 1, 1979;" ;
- (c) by the substitution, in sub-paragraph (xxvi) of that paragraph for the words "the first-mentioned society," of the words "the first-mentioned society;" ; and
- (d) by the insertion, immediately after sub-paragraph (xxvi) of that paragraph, of the following sub-paragraphs:—
 - " (xxvii) the Sri Lanka Foundation established by the Sri Lanka Foundation Law, No. 31 of 1973;
 - (xxviii) the Tower Hall Theatre Foundation established by the Tower Hall Theatre Foundation Act, No. 1 of 1978;
 - (xxix) the Sri Lanka Inventors Commission established by the Sri Lanka Inventors Incentives Act, No. 53 of 1979;
 - (xxx) the Ceylon Medical Council established by the Medical Ordinance;
 - (xxxi) the Ayurvedic Medical Council established by the Ayurveda Act, No. 31 of 1961; and
 - (xxxii) the Homoeopathic Council established by the Homoeopathy Act, No. 7 of 1970;" ;

- (2) in paragraph (c) of that section—

- (a) by the substitution, in sub-paragraph (iii) of that paragraph for the words "of that Corporation;" of the words "of that Corporation for the year of assessment commencing on April 1, 1979;" ; and

- (b) by the insertion, immediately after sub-paragraph (iii) of that paragraph, of the following sub-paragraph:—

“(iv) a foreign currency banking unit arising from all off-shore transactions of the unit and from such on-shore foreign currency transactions of the unit as may be approved by the Minister, having regard to the foreign exchange benefits that are likely to accrue to the country from such transactions;”; and

- (3) by the substitution, in sub-paragraph (i) of paragraph (d) of that section, for the words “the work in connection”, of the words “either the business is carried on in the course of the actual carrying out of a primary purpose of that institution or the work in connection”.

4. Section 9 of the principal enactment is hereby amended as follows:—

- (a) by the renumbering of that section as subsection (1) of that section;

- (b) in paragraph (f) of subsection (1) of that section:—

- (i) by the substitution, in sub-paragraph (iii) of that paragraph, for the words “(including its Technical Assistance Bureau)”, of the words “(including its Technical Assistance Bureau) or through the Asia Foundation”;

- (ii) by the substitution, in sub-paragraph (vi) of that paragraph for the words “Government of Sri Lanka; and”, of the words “Government of Sri Lanka;”;

- (iii) by the substitution, in sub-paragraph (vii) of that paragraph of the expression “sub-paragraph (vi) :”, of the expression “sub-paragraph (vi); and”; and

- (iv) by the insertion, immediately after sub-paragraph (vii) of that paragraph, of the following sub-paragraph:—

“(viii) any person who is not a citizen of Sri Lanka and who is employed in Sri Lanka by the Asia Foundation:”;

- (c) by the substitution, in paragraph (k) of subsection (1) of that section, for the words “to Sri Lanka; and”, of the words “to Sri Lanka”;

- (d) by the substitution, in paragraph (l) of subsection (1) of that section, for the words “income other than employment.”, of the words “income other than employment;”;

- (e) by the insertion, immediately after paragraph (l) of subsection (1) of that section, of the following paragraph:—

“(m) the value of any free transport by motor coach provided by an employer to an employee for travel by such employee, from his residence to his place of work or from his place of work to his residence.”; and

- (f) by the insertion, immediately after subsection (1) of that section, of the following subsection:—

“(2) Nothing in paragraph (b) or paragraph (c) or paragraph (d) or paragraph (e) of subsection (1) shall apply to, or in relation to, any individual who is not a citizen of Sri Lanka and who—

- (a) has entered into a contract of employment; or
- (b) is brought to, and employed in, Sri Lanka,

on or after November 15, 1979, with or by any undertaking other than an undertaking, being an enterprise with which an agreement has been entered into by the Greater Colombo Economic Commission under section 17 of the Greater Colombo Economic Commission Law, No. 4 of 1978.”

5. Section 10 of the principal enactment is hereby amended as follows:—

- (a) by the substitution, in paragraph (f) of that section, for the words “any Tax Reserve Certificate”, of the words “any Tax Reserve Certificate;”; and
- (b) by the insertion, immediately after paragraph (f) of that section, of the following paragraph:—

“(g) interest accruing to any person on moneys lying to his credit in foreign currency with any foreign currency banking unit”.

6. Section 11 of the principal enactment is hereby amended as follows:—

- (a) in paragraph (b) of that section—

- (i) by the substitution, for the words and figures “under sections 16, 17, 18, 19, 20 or 21 of this Act”, of the words and figures “under sections 15, 16, 16A, 16B, 17, 18, 19, 20, 21, 22A, 22B and 22C of this Act”; and

- (ii) by the substitution, for the words “within one year thereafter.”, of the words “within one year thereafter;”; and

- (b) by the insertion, immediately after paragraph (b) of that section, of the following paragraph:—

“(c) any dividend paid on or after November 15, 1979, to a shareholder of a company, out of any such dividend received by that company as is referred to in paragraph (b), if the first-mentioned dividend is paid during any year of assessment in which the second-mentioned dividend was received by that company or within one year thereafter.”

7. Section 14 of the principal enactment is hereby amended in paragraph (a) of that section as follows:—

- (a) in sub-paragraph (xi) of that paragraph, by the substitution, for the words “of that right; and”, of the words “of that right;”; and
- (b) in sub-paragraph (xii) of that paragraph, by the substitution, for the words “of a life interest.”, of the words “of a life interest;”; and
- (c) by the insertion, immediately after sub-paragraph (xii) of that paragraph, of the following sub-paragraphs:—

“(xiii) the passing of any property, being shares in a quoted public company, on or after November 15, 1979; and

(xiv) the transfer—

(a) on or after November 15, 1979; and

(b) upon the conversion of a business carried on by an individual, either solely or in partnership with others, into a quoted public company,

of any part of the capital assets of such business to such company, if, but only if, such part of those assets as were acquired for that business prior to March 31, 1977, are transferred to that company at a price not exceeding the market value of those assets on March 31, 1977;”.

8. Section 15 of the principal enactment is hereby amended as follows:—

(1) by the substitution, in paragraph (J) of that section for the words “the terms of that agreement.”, of the words “the terms of that agreement;” and

(2) by the insertion, immediately after paragraph (J) of that section, of the following paragraphs:—

“(k) any management fees calculated as a percentage of the gross profits and paid to a non-resident person by a company referred to in section 16A in respect of any period during which the profits and income of that company are exempt, if such payment to such non-resident person is approved by the Minister on the recommendation of the Ceylon Tourist Board;

(l) the profits and income arising to any person from the sale of gems, on or after November 15, 1979, at any gem auction conducted by the Ceylon Chamber of Commerce;

(m) the profits and income arising to any person from the export of gems on or after November 15, 1979;

(n) any commission received, on or after November 15, 1979, by a broker from the sale of gems at any gem auction conducted by the Ceylon Chamber of Commerce, if such broker has obtained a licence from the Chamber;

(o) such part of the profits and income arising to any person authorized by the Central Bank of Ceylon to accept in foreign currency, from the sale, on or after November 15, 1979, of gems and jewellery as are received by such person in foreign currency;

(p) the profits and income arising in Sri Lanka, to the consigner or consignee, from the export, on or after November 15, 1979, of—

(i) any precious stones or metals not mined in Sri Lanka,

(ii) any petroleum products, or

- (iii) such other products as may be approved by the Minister for the purposes of this paragraph having regard to the foreign exchange benefits that are likely to accrue to the country from the export of such products,

being stones, metals or products, as the case may be, brought to Sri Lanka on a consignment basis, and re-exported, without subjecting such stones, metals or products, as the case may be, to any process or manufacture;

- (g) any prize received by a person as an award made by the President of the Republic of Sri Lanka;
- (r) any prize received by a person as an award made by the Government in recognition of an invention created, or any research undertaken, by such person."

9. Section 16 of the principal enactment is hereby amended by the substitution, in paragraph (b) of that section, for the words "approved by the Minister", of the words "approved by the Minister before April 1, 1980,".

10. The following new sections are hereby inserted immediately after section 16, and shall have effect as section 16A and 16B, of the principal enactment:—

"Exemption from income tax of profits and income of certain undertakings related to tourist hotels incorporated after November 15, 1979.

16A. (1) The profits and income within the meaning of paragraph (a) of section 3 (other than any profits and income from the sale of capital assets) of any undertaking referred to in subsection (2) shall be exempt from income tax for a period of ten years, such period of ten years, being calculated from the date on which such undertaking commenced to carry on business.

(2) The provisions of subsection (1) shall apply to any undertaking of operating hotels for tourists—

- (a) which is on the recommendation of the Ceylon Tourist Board approved by the Minister by Order published in the *Gazette*;
- (b) which is carried on by a quoted public company incorporated on or after November 15, 1979; and
- (c) the subscribed equity capital of which is not less than one hundred million rupees.

Exemption from income tax of profits and income of certain undertakings related to tourist hotels which construct additional rooms after November 15, 1979.

16B. The relevant profits and income of an undertaking, of operating hotels for tourists, which has been approved by the Minister under section 6 (1) (v) of the Inland Revenue Act, No. 4 of 1963, or under section 16 (a) of this Act and which after November 15, 1979, constructs additional bedrooms for its use, shall be exempt from income tax for a period of five years calculated from the date on which such additional bedrooms are constructed if the construction of such additional bedrooms has been approved by the Minister, on the recommendation of the Ceylon Tourist Board, by Order published in the *Gazette* as being essential to the development of the tourist industry.

In this subsection "relevant profits and income" means the sum which bears to the profits and income within the meaning of paragraph (a) of section 3 (other than profits and income from the sale of capital assets) of that undertaking the same proportion as the number of additional bedrooms constructed after November 15, 1979 bears to the total number of bedrooms of that undertaking."

11. The following new sections are hereby inserted immediately after section 22, and shall have effect as sections 22A, 22B and 22C, of the principal enactment:—

"Exemption from income tax of profits and income arising from the performance of certain contracts.

22A. The profits and income within the meaning of paragraph (a) of section 3 (other than any profits and income from the sale of capital assets) of any quoted public company—

- (a) incorporated on or after November 15, 1979; and
- (b) which is engaged solely in the performance of any contract entered into with the Mahaveli Authority of Sri Lanka established by the Mahaveli Authority of Sri Lanka Act, No. 23 of 1979, being a contract which is approved by the Minister on the recommendation of that Authority as being essential for the implementation of any irrigation scheme undertaken by that Authority,

shall be exempt from income tax for a period of five years calculated from the date on which the first of any such contracts was entered into by such company with such Authority.

22B. (1) The profits and income within the meaning of paragraph (a) of section 3 (other than any profits and income from the sale of capital assets) of any company referred to in subsection (2) shall be exempt from income tax for a period of ten years calculated from the date on which such company commences to carry on business.

(2) The provisions of subsection (1) shall apply to any company which—

- (a) is incorporated on or after November 15, 1979; and
- (b) is either a quoted public company on the date on which it commences to carry on business, or becomes a quoted public company within two years from the date on which it commences to carry on business; and
- (c) is engaged solely in property development projects which are approved by the Minister on the recommendation of the Urban Development Authority established by the Urban Development Authority Law, No. 41 of 1978) as being essential to the implementation of the urban development policy of the Government.

Exemption from income tax of profits and income arising from the performance of certain contracts.

22C. The profits and income within the meaning of paragraph (a) of section 3 (other than any profits and income from the sale of capital assets) of any undertaking—

and income of
undertakings
carried on by
quoted public
companies.

(a) carried on by a quoted public company and

(b) approved by the Minister,

shall be exempt from income tax for a period of five years calculated from the date on which such undertaking commences to carry on business, if such undertaking was not formed by the splitting up, reconstruction or acquisition of any business which was previously in existence."

12. Section 23 of the principal enactment is hereby amended in subsection (1) of that section as follows:

(a) in paragraph (a) of that subsection, by the substitution, for the words and figures "on or after April 1, 1980;", of the words and figures "on or after April 1, 1981;";

(b) in paragraph (b) of that subsection, by the substitution, for the words and figures "on or after April 1, 1980", of the words and figures "on or after April 1, 1981;";

(c) in paragraph (c) of that subsection, by the substitution, for the words and figures "prior to April 1, 1980", of the words and figures "prior to April 1, 1981;"; and

(d) in paragraph (e) of that subsection—

(i) by the substitution, for the words and figures "on or after April 1, 1980;", of the words and figures "on or after April 1, 1981"; and

(ii) by the substitution, for the words and figures "prior to April 1, 1980", wherever those words and figures occur in that paragraph, of the words and figures "prior to April 1, 1981".

13. Section 24 of the principal enactment is hereby amended in subsection (2) of that section by the substitution, for the words "in the employment of such person.", of the words "in the employment of such person and in respect of a motor-coach used for transporting employees of such person to, and from, their place of work."

14. Section 29 of the principal enactment is hereby amended in paragraph (a) of subsection (2) of that section as follows:—

(a) by the substitution, in paragraph (iii) of the proviso thereto for the words "that sum; and", of the words "that sum;";

(b) by the substitution, in paragraph (iv) of the proviso thereto, for the words and figures "of section 149;" of the words and figures "of section 149; and"; and

(c) by the addition, at the end of the proviso thereto, of the following:—

"(v) where an annuity is payable by him for a period not exceeding six years, no deduction shall be allowed in respect of any such sum payable by him during that year by way of such annuity unless such annuity was for valuable and sufficient consideration or is for the life of the annuitant;".

15. Section 30 of the principal enactment is hereby amended in subsection (2) of that section, by the substitution, for the proviso thereto, of the following proviso:—

“Provided that the taxable income of a charitable institution for any year of assessment shall be the assessable income of that institution for that year of assessment after deducting therefrom, the aggregate of—

- (a) any allowance to which such institution is entitled to under section 31; and
- (b) an allowance of twelve thousand rupees.”

16. Section 31 of the principal enactment is hereby amended as follows:—

(1) in subsection (2) of that section by the insertion, immediately after paragraph (j) of that subsection, of the following paragraphs:—

c/(k) a donation made by any person in money to—

- (i) the Ceylon Institute of Scientific and Industrial Research established by the Ceylon Institute of Scientific and Industrial Research Act;
- (ii) the Sri Lanka Foundation established by the Sri Lanka Foundation Law, No. 31 of 1973;
- (iii) the Tower Hall Theatre Foundation established by the Tower Hall Theatre Foundation Act, No. 1 of 1978;
- (iv) the Sri Lanka Inventors Commission established by the Sri Lanka Inventors Incentives Act, No. 53 of 1979;
- (l) any amount spent by a person in constructing any house or flat for occupation as a dwelling house by any member of the staff employed by such person if—
 - (i) the floor area of such house or flat does not exceed one thousand five hundred square feet; and
 - (ii) no allowance is deductible under sub-paragraph (i) of paragraph (b) of sub-section (1) of section 23 or paragraph (f) of subsection (1) of section 23 in respect of such house or flat;
- (m) any sum invested by any person in the purchase of ordinary shares, other than existing shares in a company engaged in a project approved under section 16A or section 22B, and the capital of which exceeds five hundred million rupees;

For the purposes of this paragraph “capital” shall have the same meaning as in subsection (5) of section 18;

(2) by the substitution in subsection (5) of that section, for the words “in paragraphs (b) and (c) of subsection (2)”, of the words “in paragraphs (b), (c) and (m) of subsection (2)”; and

- (3) by the substitution in subsection (6) of that section, for the words "in paragraphs (b) and (c) of subsection (2)", of the words "in paragraphs (b), (c) and (m) of subsection (2)".

17. Section 32 of the principal enactment is hereby amended as follows:—

- (a) by the repeal of subsection (1) of that section and the substitution therefor of the following new subsection:—

"(1) Subject as hereinafter provided, income tax shall be charged for each year of assessment on the taxable income for that year of assessment of any person—

- (a) if he is an individual other than a receiver, trustee, executor or liquidator acting in such capacity—

(i) in respect of the year of assessment commencing on April 1, 1979, at the appropriate rates specified in Part I of the First Schedule to this Act;

(ii) in respect of any year of assessment commencing on or after April 1, 1980, at the appropriate rates specified in Part II of the First Schedule to this Act;

- (b) if he is an individual who is not a citizen of Sri Lanka and is deemed by subsection (7) of section 67, to be non-resident, at the rate specified in Part III of the First Schedule to this Act; or

- (c) if such person is a person other than a company or an individual to whom paragraph (a) applies, in respect of any year of assessment commencing on or after April 1, 1979, at the appropriate rates specified in the Third Schedule to this Act.";

- (b) in subsection (2) of that section, by the substitution, for all the words from "shall be chargeable with tax" to the end of that subsection, of the following:

"shall be chargeable with tax at the appropriate rates specified in Part IV of the First Schedule to this Act, if such aforementioned sum has been paid by the employer of such individual, in accordance with a scheme which, in the opinion of the Commissioner-General, is uniformly applicable to all individuals employed by such employer. If any such aforementioned sum has been paid to such individual in accordance with a scheme which, in the opinion of the Commissioner-General, is not uniformly applicable to all individuals employed by such employer, his taxable income (inclusive of such excess) shall be chargeable with tax at the appropriate rates specified in—

- (i) Part I of the First Schedule to this Act in respect of the year of assessment commencing on April 1, 1979; or

- (ii) Part II of the First Schedule to this Act in respect of any year of assessment commencing on or after April 1, 1980."; and

- (c) by the repeal of subsection (5) of that section.

18. Section 33 of the principal enactment is hereby amended as follows:—

- (1) by the substitution, in subsection (1) of that section for the words "company resident in Sri Lanka in any year of assessment", of the words "company resident in Sri Lanka in the year of assessment commencing on April 1, 1979,";
- (2) by the insertion, immediately after subsection (1) of that section, of the following subsection:—

“(1A) The income tax to which any company resident in Sri Lanka in any year of assessment commencing on or after April 1, 1980, shall be liable for that year of assessment shall consist of —

- (a) (i) in the case of a company which was both a quoted public company and a small company, either throughout that year of assessment or, where the company was incorporated in that year of assessment, from the date of its incorporation to the end of that year, an amount calculated on the taxable income of such company for that year of assessment at the appropriate rate of tax specified in Part IV of the Second Schedule to this Act; or
- (ii) in the case of a company which was a quoted public company either throughout that year of assessment or, where the company was incorporated in that year of assessment, from the date of its incorporation to the end of that year, an amount calculated on the taxable income of such company for that year of assessment at the appropriate rate of tax specified in Part IV of the Second Schedule to this Act; or
- (iii) in the case of a company which was both a quoted public company and a people's company either throughout that year of assessment, or where the company was incorporated in that year of assessment, from the date of its incorporation to the end of that year, an amount calculated on the taxable income of such company for that year of assessment at the appropriate rate of tax specified in Part IV of the Second Schedule to this Act; or
- (b) (i) an amount calculated on the taxable income of such company for that year of assessment at the appropriate rate or rates of tax specified—
 - (a) in Part I of the Second Schedule to this Act, in the case of a company other than a company referred to in sub-paragraph (b) or sub-paragraph (c), or
 - (b) in Part II of the Second Schedule to this Act, in the case of a company which was a small company either throughout that year of assessment or, where the company was incorporated in that year of assessment, from the date of its incorporation to the end of that year, or
 - (c) in Part III of the Second Schedule to this Act in the case of a company which was a people's company either throughout that year of assessment or, where the company was incorporated in that year of assessment, from the date of its incorporation to the end of that year, and

- (ii) a sum equal to twenty *per centum* of the aggregate amount of the gross dividends distributed by the company in that year of assessment out of profits on which the taxable income of such company is computed for any year of assessment,"; and
 - (3) by the substitution in sub section (2) of that section, for the words "For the purposes of subsection (1)", of the words "For the purposes of sub-sections (1) and (1A)".
19. Section 34 of the principal enactment is hereby amended as follows:—
- (a) in paragraph (a) of subsection (1) of that section by the substitution, for the words and figures, "specified in Part IV of the Second Schedule", of the words and figures "specified in Part V of the Second Schedule"; and
 - (b) by the substitution, for paragraph (a) of subsection (2) of that section, of the following paragraph:—
 - "(a) sums remitted or retained abroad out of the profits of the company, such sums not including any dividends paid by a resident company to such non-resident company;"
20. Section 35 of the principal enactment is hereby amended as follows:—
- (a) by the substitution, in paragraph (c) of that section, for the words "another resident company," of the words "another resident company; or"; and
 - (b) by the insertion, immediately after paragraph (c) of that section, of the following paragraph:—
 - "(d) the first-mentioned resident company is a quoted public company,"
21. Section 37 of the principal enactment is hereby amended as follows:—
- (a) by the substitution in paragraph (a) of that section for the words "of the amount of the relevant dividend increased by fifty *per centum*," of the words "of the amount of the relevant dividend increased by fifty *per centum* where the dividend is payable on or before March 31, 1980, and increased by twenty-five *per centum* where the dividend is payable on or after April 1, 1980,";
 - (b) by the substitution, in paragraph (b) of that section, for the words "relevant dividend; and", of the words "relevant dividend,"; and
 - (c) by the insertion immediately after paragraph (c) of that section of the following new paragraph:—
 - "(d) if the relevant dividend is paid out of the amount of a dividend received by such resident company from a quoted public company, income tax equivalent to five *per centum* of the amount of such relevant dividend."
22. Section 38 of the principal enactment is hereby amended as follows:—
- (1) by the substitution in subsection (1) of that section:—
 - (a) for the words "Every resident company shall", of the words "Every resident company other than a quoted public company shall";

- (b) for the words "income tax equal to thirty-three and one-third *per centum* of such amount.", of the words "income tax equal to thirty-three and one-third *per centum* where the dividend is payable on or before March 31, 1980, and income tax equal to twenty *per centum* where the dividend is payable on or after April 1, 1980.";
- (2) by the substitution in paragraph (d) of subsection (2) of that section for the words, "is exempt from income tax under this Act," of the words, "is exempt from income tax under this Act or is received from a quoted public company.";
- (3) in subsection (3) of that section—
 - (a) by the substitution for all the words from "shareholder, be increased by fifty *per centum*" to "to the said fifty *per centum*;", of the following:—

"shareholder,—

 - (a) for the year of assessment commencing on April 1, 1979 be increased by fifty *per centum* and he shall be entitled to deduct from the tax payable by him an amount equal to the said fifty *per centum*; and
 - (b) for the year of assessment commencing on or after April 1, 1980, be increased by twenty-five *per centum* and he shall be entitled to deduct from the tax payable by him an amount equal to the said twenty-five *per centum*:";
 - (b) in paragraph (b) of the proviso to that sub-section, by the substitution for the words "under this Act.", of the words "under this Act; or";
 - (c) by the insertion immediately after paragraph (b) of the proviso to that subsection, of the following paragraph:—

"(c) the amount of any dividend received from a quoted public company."; and
- (4) in the marginal note to that section, by the omission of the words and figures "of 33 $\frac{1}{3}$ *per centum*".

23. Section 49 of the principal enactment is hereby amended by the repeal of subsection (1) of that section and the substitution therefor of the following subsection:—

- (1) The value of any immovable property for any year of assessment shall be its market value on the first day of that year of assessment:

Provided, however, that if such property formed, on April 1, 1977, part of the wealth of the person whose wealth is being assessed (in this subsection referred to as the "assessee") or was acquired by way of gift or inherited by the assessee from another person who had owned or held an interest in such property on April 1, 1977, the market value of such property on the first day of any year of assessment commencing on or after April 1, 1979, shall be deemed to be its market value on April 1, 1977, increased by an amount equal to the cost of any improvements, additions or alterations made to that property on or after April 1, 1977 or its market value on April 1, of that year whichever is less'.

24. Section 54 of the principal enactment is hereby amended in paragraph (d) of subsection (1) of that section by the substitution, for the words "each such gift being over one thousand rupees in value, subject to a maximum of three hundred", of the words "or to any Institute, Foundation or Commission referred to in paragraph (k) of subsection (2) of section 31 subject to a maximum of five hundred".

25. Section 56 of the principal enactment is hereby amended by the insertion, immediately after subsection (1) of that section, of the following subsection:—

"(IA) Where the property constituting the gift is immovable property which had been acquired by the donor prior to April 1, 1977, the market value of that property on the date of the gift shall be deemed to be the market value of that property on April 1, 1977, increased by an amount equal to the cost of any improvements, additions or alterations made to that property on or after April 1, 1977, or its market value on April 1, of that year whichever is less."

26. Section 67 of the principal enactment is hereby amended, by the addition at the end of that section, of the following subsection:—

"(7) An individual who is not a citizen of Sri Lanka and who is employed in Sri Lanka shall, notwithstanding the provisions of the preceding subsections be deemed to be non-resident for a period of three years calculated from the date on which he commences employment in Sri Lanka."

27. Section 81 of the principal enactment is hereby amended in subsection (1) of that section in paragraph (b) of the proviso thereto by the substitution for the words "or to interest on any loan or advance made by a banker.", of the words "or to interest on any loan or advance made by a banker or to any interest paid to any person on moneys lying to his credit in foreign currency with any foreign currency banking unit."

28. Section 89 of the principal enactment is hereby repealed and the following section substituted therefor:—

How certain receipts of insurance are to be treated.

89. Where any sum paid as insurance premium is allowable as an expense incurred in the production of profits or income from any trade, business, profession or vocation, any sum realized under such contract of insurance shall be deemed to be—

- (a) receipts from such trade, business, profession or vocation, if the sum so realized is in respect of stock in trade or loss of profits or any other sum not referred to in sub-paragraph (b) or (c) of this section;
- (b) an amount realized from the disposal of property, if the sum so realized is in respect of a capital asset on which an allowance for depreciation, within the meaning of subsection (7) of section 23, has been granted, and accordingly, the provisions of sub-section (3) of that section shall apply to, and in relation to, that amount;

- (c) an amount realized from the change of ownership of property, if the sum so realized is in respect of a capital asset on which an allowance for depreciation within the meaning of subsection (7) of section 23 has not been granted, and accordingly, the provision of section 7 shall, apply to, and in relation to, that amount."

29. Section 115 of the principal enactment is hereby amended in subsection (5) of that section by the substitution, for the proviso to that subsection, of the following:—

"Provided, that nothing in this subsection shall apply to the assessment of income tax payable by any person in respect of any year of assessment, consequent to the receipt by such person, of any arrears relating to the profits from employment of that person for that year of assessment:

Provided further that where the non-assessment or under-assessment is due to fraud or wilful evasion, an assessment or additional assessment may be made on such person at any time after the end of that year of assessment".

30. Section 125 of the principal enactment is hereby amended in subsection (2) of that section as follows:—

- (a) by the substitution, in paragraph (i) of the proviso to that subsection, for the words "shall in no case exceed twenty-five *per centum*", of the words "shall in no case exceed fifty *per centum*"; and
- (b) by the substitution, in paragraph (ii) of the proviso to that subsection, for the words "preceding provisions of this section;", of the words "preceding provisions of this section until the thirtieth day of November immediately succeeding the end of the year of assessment in respect of which such quarterly instalments of tax became due;"

31. The following new section is hereby inserted immediately after the section 131, and shall have effect as section 131A, of the principal enactment:—

"Transfer of immovable property to Government in lieu of payment of tax in cash.

131A. (1) Any person liable to pay any tax under the provisions of this Act or the Inland Revenue Act, No. 4 of 1963, may apply to the Commissioner-General to transfer any immovable property owned by such person to the Government in lieu of payment of such tax in cash at such value as is placed on such property by agreement between such person and the Commissioner-General and the Commissioner-General may allow such application having regard to the feasibility of managing such property after it is transferred to the Government.

(2) Where the Commissioner-General allows an application made under subsection (1) and the amount agreed to in accordance with the provisions of that subsection, as the value of the property in respect of which the application is made exceeds the amount of

the tax payable by the applicant, the excess shall be deemed to be a donation, within the meaning of paragraph (b) of subsection (2) of section 31, made to the Government of Sri Lanka by the applicant."

32. Section 162 of the principal enactment is hereby amended by the substitution, in paragraph (i) of the proviso to subsection (3) of that section for the words, "twenty-five *per centum*", of the words "fifty *per centum*".

33. Section 163 of the principal enactment is hereby amended as follows:—

- (a) by the insertion, immediately after the definition of "Ceylon Tourist Board", of the following new definition:—

"Ceylon Chamber of Commerce", means the Ceylon Chamber of Commerce incorporated by the Chamber of Commerce Ordinance;

- (b) by the insertion, immediately after the definition of "child", of the following new definition:—

"commercial bank" has the same meaning as in the Monetary Law Act; ;

- (c) in the definition of "executive officer" by the substitution, for the words "one thousand rupees;"; of the words "one thousand and five hundred rupees;";

- (d) by the insertion, immediately after the definition of "foreign currency" of the following new definition:—

"foreign currency banking unit" means a unit or department of a commercial bank authorized by the Central Bank of Ceylon to operate as a foreign currency banking unit; ; and

- (e) by the insertion, immediately after the definition of "property", of the following new definition:—

"quoted public company" means a company which is resident in Sri Lanka and in respect of which the Assessor is satisfied that it is a company, the shares of which are quoted in any official list published by —

- (i) the Colombo Brokers' Association, in accordance with the rules of that Association; or
- (ii) such other body as may be approved by the Minister, having regard to the fact that such body performs functions similar to the functions performed by the Colombo Brokers Association'.

34. The First Schedule to the principal enactment is hereby repealed and the following new Schedule substituted therefor:—

"FIRST SCHEDULE"

(Section 32)

Rates of income Tax-Individuals other than any Receivers, Trustees executors or Liquidators—

PART I

The rates of income tax for the year of assessment commencing on April 1, 1979, shall be as follows:—

Rates of Tax

On the first Rs. 4,800 of the taxable income	... 7½ per centum
On the next Rs. 4,800 of the taxable income	... 10 per centum
On the next Rs. 4,800 of the taxable income	... 15 per centum
On the next Rs. 4,800 of the taxable income	... 20 per centum
On the next Rs. 4,800 of the taxable income	... 25 per centum
On the next Rs. 4,800 of the taxable income	... 30 per centum
On the next Rs. 4,800 of the taxable income	... 35 per centum
On the next Rs. 4,800 of the taxable income	... 40 per centum
On the next Rs. 7,200 of the taxable income	... 45 per centum
On the next Rs. 7,200 of the taxable income	... 50 per centum
On the next Rs. 7,200 of the taxable income	... 55 per centum
On the next Rs. 7,200 of the taxable income	... 60 per centum
On the next Rs. 7,200 of the taxable income	... 65 per centum
On the balance of the taxable income	... 70 per centum

PART II

The rates of income tax for any year of assessment commencing on or after April 1, 1980, shall be as follows:—

Rates of Tax

On the first Rs. 4,800 of the taxable income	... 7½ per centum
On the next Rs. 4,800 of the taxable income	... 10 per centum
On the next Rs. 4,800 of the taxable income	... 15 per centum
On the next Rs. 4,800 of the taxable income	... 20 per centum
On the next Rs. 4,800 of the taxable income	... 25 per centum
On the next Rs. 4,800 of the taxable income	... 30 per centum
On the next Rs. 4,800 of the taxable income	... 35 per centum
On the next Rs. 4,800 of the taxable income	... 40 per centum
On the next Rs. 7,200 of the taxable income	... 45 per centum
On the next Rs. 7,200 of the taxable income	... 50 per centum
On the balance of the taxable income	... 55 per centum

PART III

The rates of incomes tax applicable for any year of assessment commencing on or after April 1, 1979, to an individual who is not a citizen of Sri Lanka and who is deemed, under subsection (7) of section 67, to be a non-resident.....
.....25 per centum.

PART IV

The rates of income tax applicable to certain profits from employment specified on subsection (2) of section 32.

On the first Rs. 50,000	Nil
On the next Rs. 25,000	5 per centum
On the next Rs. 25,000	10 per centum
On the balance	15 per centum

35. The Second Schedule to the principal enactment is hereby amended as follows:—

- (a) by the renumbering of Part IV of that Schedule as Part V of that Schedule; and
- (b) by the insertion, immediately after Part III of that Schedule, of the following:—

“PART IV

Quoted Public Company—

On the taxable income of a quoted public company ... 40 per centum

36. The Third Schedule to the principal enactment is hereby amended by the substitution, in paragraph (b) of item 4 of that Schedule, for the figures and words “70 per centum”, of the figures and words “55 per centum”.

FINANCE (AMENDMENT) ACT, NO. 29 OF 1980

[Certified on 7th August, 1980]

AN ACT TO AMEND THE FINANCE ACT, NO. 11 OF 1963.

1. This Act may be cited as the Finance (Amendment) Act, No. 29 of 1980.

2. Section 120 of the Finance Act, No. 11 of 1963, as last amended by Law No. 26 of 1978, is hereby further amended in paragraph (c) of subsection (3) of that section, by the substitution, for sub-paragraph (iv) of that paragraph, of the following new sub-paragraph:—

- “(iv) any undertaking for the export of any manufactured or processed article other than jewellery, or gems within the meaning of the State Gem Corporation Act, No. 13 of 1971;”.

**GREATER COLOMBO ECONOMIC COMMISSION
(AMENDMENT) ACT, NO. 43 OF 1980**

[Certified on 24th October, 1980]

**AN ACT TO AMEND THE GREATER COLOMBO ECONOMIC
COMMISSION LAW, NO. 4 OF 1978.**

1. This Act may be cited as the Greater Colombo Economic Commission (Amendment) Act, No. 43 of 1980.

2. Section 5 of the Greater Colombo Economic Commission Law, No. 4 of 1978, (hereinafter referred to as the "principal enactment") is hereby repealed and the following new section substituted therefor:—

"Jurisdiction of Commission.	5. The Commission shall have jurisdiction in and over:—
	(1) the Area of Authority;
	(2) any licensed zone; and
	(3) any licensed enterprise."

3. Section 20 of the principal enactment is hereby repealed and the following new section substituted therefor:—

"Special powers in Area of Authority and licensed zones.	20. (1) The written laws for the time being specified in Schedule C hereto shall have effect in the Area of Authority and in every licensed zone subject to the modification that it shall be lawful for the Commission—
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(a) to make or issue for the whole or any specified part of the Area of Authority or any licensed zone, any by-law, regulation order or notification under any such written law; and

(b) to exercise and discharge in the Area of Authority, any licensed zone or any part thereof, all or any of the powers or functions vested in or assigned to by any such written law in any officer or person,

in like manner as though the references in any such written law to the authority, officer or person empowered to make or issue such by-laws, regulations, orders or notifications or to exercise or discharge such powers or functions were a reference to the Commission.

(2) The Commission may by rule designate any officer or person to exercise or discharge on behalf of the Commission any power or function referred to in this section".

4. The following new section is hereby inserted immediately after section 22, and shall have effect as section 22A, of the principal enactment:—

"Establishment of licensed zones.	22A. (1) Where the President is of the opinion that in any area, not included in the Area of Authority, it would be necessary to provide facilities or improvements for the establishment of undertakings by licensed enterprises and for such purpose to enable the Commission to exercise certain powers under this Law, he may, by Order published in the <i>Gazette</i> , declare such area to be a licensed zone, and specify the boundaries of such zone.
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(2) Where a licensed zone is declared under sub-section (1), no person, body or authority other than the Commission shall exercise, perform and discharge any powers, duties and functions relating to the approval of building plans or the planning, development or improvement under any written law, within such zone."

5. Section 35 of the principal enactment is hereby amended as follows:—

(a) by the substitution, in the definition of "licensed enterprise", for the words "outside the Area of Authority; and", of the words "outside the Area of Authority,"; and

(b) by the insertion, immediately after the definition of "licensed enterprise", of the following new definition:—

"'licensed zone' means a zone declared under section 22A; and."

6. (1) Schedule B to the principal enactment is hereby amended as follows:—

(a) by the insertion, immediately after the item "The Inland Revenue Act, No. 4 of 1963", of the following new item:—

"The Inland Revenue Act, No. 28 of 1979"; and

(b) by the insertion, immediately after the item "The Finance Act, No. 65 of 1961", of the following new item:—

"Part XII of the Finance Act, No. 11 of 1963".

(2) (a) The amendment made in Schedule B to the principal enactment by paragraph (a) of subsection (1) of this section shall be deemed to have come into force on the date of commencement of the Inland Revenue Act, No. 28 of 1979.

(b) The amendment made in Schedule B to the principal enactment by paragraph (b) of subsection (1) of this section shall be deemed to have come into force on the date of coming into operation of the principal enactment.

NATIONAL ENVIRONMENTAL ACT, NO. 47 OF 1980

(Certified on 29th October, 1980)

AN ACT TO ESTABLISH A CENTRAL ENVIRONMENTAL AUTHORITY TO MAKE PROVISION WITH RESPECT TO THE POWERS, FUNCTIONS AND DUTIES OF THAT AUTHORITY; AND TO MAKE PROVISION FOR THE PROTECTION AND MANAGEMENT OF THE ENVIRONMENT AND FOR MATTERS CONNECTED THEREWITH OR INCIDENTAL THERETO.

1. This Act may be cited as the National Environmental Act, No. 47 of 1980 and shall come into operation on such date as the Minister may appoint by Order published in the *Gazette*.

PART I

ESTABLISHMENT OF THE CENTRAL ENVIRONMENTAL AUTHORITY AND AN ENVIRONMENTAL COUNCIL

2. (1) For the purposes of this Act there shall be established an Authority called the Central Environmental Authority.

(2) The Central Environmental Authority established under subsection (1) (hereinafter referred to as "the Authority") shall consist of the persons who are for the time being members of the Authority under subsection (1) of section 3.

(3) The Authority shall, by the name assigned to it by subsection (1), be a body corporate and shall have perpetual succession and a common seal and may sue or be sued in such name.

3. (1) The Authority shall consist of three members appointed by the President in consultation with the Minister:—

- (a) two of whom shall have adequate expertise and qualifications in the subject of the environment; and
- (b) one of whom shall have suitable administrative skill and experience in environmental management.

(2) The President shall appoint one of such members to be the Chairman of the Authority.

4. (1) The seal of the Authority shall be in the custody of the Authority

(2) The seal of the Authority may be altered in such manner as may be determined by the Authority.

(3) The seal of the Authority shall not be affixed to any instrument or document except in the presence of two members of the Authority both of whom shall sign the instrument or document in token of their presence.

5. (1) The Authority shall have its own Fund. There shall be credited to the Fund of the Authority —

- (a) all such sums of money as may be voted from time to time by Parliament for the use of the Authority;
- (b) all such sums of money as may be received by the Authority in the exercise, discharge and performance of its powers, functions and duties; and
- (c) all such sums of money as may be received by the Authority by way of loans, donations, gifts, or grants from any sources whatsoever, whether in or outside Sri Lanka.

(2) There shall be paid out of the Fund of the Authority all such sums of money required to defray any expenditure incurred by the Authority in the exercise, discharge and performance of its powers, functions and duties.

(3) The initial capital of the Authority shall be twenty million rupees. The amount of the initial capital shall be paid out of the Consolidated Fund in such instalments as the Minister in charge of the subject of Finance may in consultation with the Minister determine and such sums shall be credited to the Fund established under subsection (1).

6. (1) The financial year of the Authority shall be the calendar year.

(2) The Authority shall cause proper books of accounts to be kept of the income and expenditure, assets and liabilities and all other transactions of the Authority.

(3) The Auditor-General shall audit the accounts of the Authority every year in accordance with Article 154 of the Constitution.

(4) The Authority shall annually prepare a report of the work of the Authority and forward such report to the Auditor-General who shall, together with his report table such reports in Parliament and such reports shall be published in the *gazette* for general information before the lapse of the year succeeding the year to which such report of the finances relate.

7. (1) There shall be established the environmental Council (hereinafter referred to as "the Council") which shall consist of the following members appointed by the Minister;

- (a) a senior officer of the Ministry of the Minister in charge of the subject of Local Government nominated by such Minister;
- (b) a senior officer of the Ministry of the Minister in charge of the subject of Finance nominated by such Minister;
- (c) a senior officer of the Ministry of the Minister in charge of the subject of Plan Implementation nominated by such Minister;
- (d) a senior officer of the Ministry of the Minister in charge of the subject of Lands nominated by such Minister;
- (e) a senior officer of the Ministry of the Minister in charge of the subject of Health nominated by such Minister;
- (f) a senior officer of the Ministry of the Minister in charge of the subject of Industries nominated by such Minister;
- (g) a senior officer of the Ministry of the Minister in charge of the subject of Transport nominated by such Minister;
- (h) a senior officer of the Ministry of the Minister in charge of the subject of Power and Energy nominated by such Minister;
- (i) a senior officer of the Ministry of the Minister in charge of the subject of Highways nominated by such Minister;
- (j) a senior officer of the Ministry of the Minister in charge of the subject of Agriculture nominated by such Minister;
- (k) a senior officer of the Ministry of the Minister in charge of the subject of Fisheries nominated by such Minister;
- (l) a senior officer of the Ministry of the Minister in charge of the subject of Tourism nominated by such Minister;
- (m) a senior officer of the Ministry of the Minister in charge of the subject of Labour nominated by such Minister;
- (n) a senior officer of the Ministry of the Minister in charge of the subject of Textile Industry nominated by such Minister;
- (o) a senior officer of the Ministry of the Minister in charge of the subject of Plantation Industry nominated by such Minister;

- (p) a senior officer of the Ministry of the Minister in charge of the subject of Foreign Affairs nominated by such Minister;
 - (q) a senior officer of the Ministry of the Minister in charge of the subject of Education nominated by such Minister;
 - (r) a senior officer nominated by the Minister in charge of the Greater Colombo Economic Commission established under the Greater Colombo Economic Commission Law, No. 4 of 1978.
 - (s) the person holding office for the time being as the General Manager of the Authority; and
 - (t) three members nominated by the Minister to represent the interests of voluntary agencies in the field of environment.
- (2) The Minister shall appoint one of the members appointed under subsection (1) to be the Chairman of the Council.
- (3) The functions of the Council shall be—
- (a) generally to advise the Authority on matters pertaining to its responsibilities, powers, duties and functions; and
 - (b) to advise the Authority on any matters referred to the Council by the Authority.
8. (1) A person shall be disqualified from being appointed or from continuing as a member of the Authority or Council—
- (a) if he is, or becomes, a member of Parliament; or
 - (b) if he is not, or ceases to be, a citizen of Sri Lanka.
- (2) The persons appointed under sections 3 (1) and 7 (1) shall, subject to the provisions of subsections (4) and (5) of this section, as the case may be, hold office for a term of three years and shall be eligible for reappointment.
- (3) (a) no member of the Authority shall be a member of the Council; and
- (b) no member of the Council shall be a member of the Authority.
- (4) The President in consultation with the Minister shall remove from office any member of the Authority—
- (a) if he becomes subject to any of the disqualifications set out in subsection (1) ; or
 - (b) if he becomes permanently incapable of performing his duties owing to any physical disability or unsoundness of mind; or
 - (c) if he does any act which, in the opinion of the President, is likely to bring the Authority into disrepute.
- (5) The Minister shall remove from office any member of the Council—

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- (a) if he becomes subject to any of the disqualifications set out in subsection (1) ; or
- (b) if he becomes permanently incapable of performing his duties owing to any physical disability or unsoundness of mind; or
- (c) if he does any act which in the opinion of the Minister is likely to bring the Council into disrepute.

Provided, however, that no member of the Council shall be removed from office without the concurrence of the Minister who nominated such member.

(6) In the event of the vacation of office of the Chairman or any other member of the Authority from office under the provisions of this section the President in consultation with the Minister may appoint another person to hold such office during the unexpired part of the term of office of the member whom he succeeds.

(7) In the event of the vacation of office of the Chairman or any other member of the Council from office under the provisions of this section the Minister may appoint another person to hold such office during the unexpired part of the term of office of the member whom he succeeds.

Provided, however, that no appointment shall be made under this subsection, without the concurrence of the Minister who nominated such member.

(8) If the Chairman or any member of the Authority is temporarily unable to discharge the duties of his office due to ill health or absence from Sri Lanka or for any other cause, the President in consultation with the Minister may appoint some other person to act in his place as Chairman or as member.

(9) If the Chairman or any member of the Council is temporarily unable to discharge the duties of his office due to ill health or absence from Sri Lanka or for any other cause the Minister may appoint some other person to act in his place as Chairman or as member:

Provided, however, that no such appointment shall be made without the concurrence of the Minister who nominated such member.

(10) The Chairman or any member of the Authority may at any time resign his office by letter in that behalf addressed to the President.

(11) The Chairman or any member of the Council may at any time resign his office by letter in that behalf addressed to the Minister.

(12) The Chairman or any member of the Authority, or the Chairman or any member of the Council may be paid such remuneration out of the Fund of the Authority as may be determined by the Minister.

(13) The Chairman of the Authority or Council shall, if present, preside at all meetings of the Authority or Council, as the case may be. In the absence of the Chairman of the Authority or Council at any such meeting the members present shall elect one of the members to preside at the meeting.

(14) (a) The quorum for any meeting of the Authority shall be two members.

(b) The quorum for any meeting of the Council shall be seven members.

(15) (a) The Authority or Council, as the case may be, may regulate the procedure in regard to the meetings of such Authority or Council and the transaction of business at such meetings.

(b) Meetings of the Authority shall be held at such times and places as the Authority determines.

(c) The Council shall meet at least four times each year at such times and places as are fixed by the Authority.

(16) The Authority shall, in the exercise, discharge and performance of its powers, functions and duties under this Act, be subject to such general or special directions as may, from time to time, be issued by the Minister.

(17) A member of the Authority shall not, except in special circumstances and with the consent in writing of the President in consultation with the Minister during his continuance in office, directly or indirectly engage in any paid employment outside the duties of his office.

(18) No act or proceeding of the Authority or Council shall be invalid by reason of the existence of a vacancy among their respective members or any defect in the appointment of a member.

9. (1) The Authority shall appoint a District Environmental Agency for each administrative district consisting of such members as the Authority may determine.

(2) The Government Agent of each administrative district shall be the Chairman of each District Environmental Agency.

(3) A District Environmental Agency shall exercise, discharge or perform any such powers, functions or duties of the Authority as may be delegated to such agency by the Authority.

(4) The members of a District Environmental Agency may be paid such remuneration as the Minister may in consultation with the Minister in charge of the subject of Finance, determine.

PART II

POWERS, FUNCTIONS AND DUTIES OF THE AUTHORITY

10. (1) The powers, functions and duties of the Authority, shall be—

(a) to administer the provisions of this Act and the regulations made thereunder;

(b) to recommend to the Minister, national environmental policy and criteria for the protection of any portion of the environment with respect to the uses and values, whether tangible or intangible, to be protected, the quality to be maintained, the extent to which the discharge of wastes may be permitted without detriment to the quality of the environment and long range development uses and planning and any other factors relating to the protection and management of the environment;

(c) to undertake surveys and investigations as to the causes, nature, extent and prevention of pollution and to assist and co-operate with other persons or bodies carrying out similar surveys or investigations;

- (d) to conduct, promote and co-ordinate research in relation to any aspect of the environmental degradation or the prevention thereof, and to develop criteria for the protection and improvement of the environment;
- (e) to specify standards, norms and criteria for the protection of beneficial uses and for maintaining the quality of the environment;
- (f) to publish reports and information with respect to any aspects of environmental protection and management;
- (g) to undertake investigations and inspections to ensure compliance with this Act and to investigate complaints relating to non-compliance with any of its provisions;
- (h) to specify methods to be adopted in taking samples and making tests for the purposes of this Act;
- (i) to provide information and education to the public regarding the protection and improvement of the environment;
- (j) to establish and maintain liaison with other countries and international organizations with respect to environmental protection and management;
- (k) to report to the Minister upon matters concerning the protection and management of the environment and upon any amendments it thinks desirable in existing legislation concerning any portion of the environment, and upon any matters referred to it by the Minister;
- (l) to promote, encourage, co-ordinate and carry out long range planning in environmental protection and management;
- (m) to encourage, promote and give effect to methods of converting and utilizing residues.

(2) Before the end of the month of December of each year, the Authority shall submit to the Minister, a report of the work of the Authority and the Council during the previous financial year, and the Minister shall cause such report to be tabled before Parliament within fourteen days after its receipt or, if Parliament is not in session within fourteen days after the next meeting of Parliament.

11. The Authority may, with the consent of the Minister, or in accordance with the terms of any general authority given by him, borrow temporarily, by way of overdraft or otherwise, such sum as the Authority may require for meeting the obligations of the Authority in discharging its duties under this Act:

Provided that the aggregate of the amounts outstanding in respect of any temporary loans raised by the Authority under this subsection shall not at any time exceed such sum as may be determined by the Minister in consultation with the Minister in charge of the subject of Finance.

12. (1) The Authority may with the concurrence of the Minister from time to time, give to any local authority in writing such directions whether special or general to do or cause to be done any act or thing which the Authority deems necessary for safeguarding and protecting the environment within the local limits of such local authority.

(2) Every local authority to which a direction has been given under subsection (1) shall comply with such direction.

PART III

STAFF OF THE AUTHORITY

13. (1) There shall be a General Manager of the Authority appointed by the Minister, who shall be the chief executive officer of the Authority.

(2) The General Manager shall, subject to the general direction and control of the Chairman, be charged with the direction of the business of the Authority, the organization and execution of the powers, functions and duties of the Authority and the administration and control of the employees of the Authority.

(3) The General Manager shall also function as Secretary to the Authority.

(4) The Secretary shall be entitled to be present and to speak at meetings, but shall not be entitled to vote at such meetings.

14. (1) The Authority may appoint such officers and servants as it considers necessary for the efficient exercise, discharge and performance of its powers, functions and duties.

(2) The officers and servants of the Authority shall be remunerated in such manner and at such rates, and shall be subject to such conditions of service, as may be determined by such regulations as may be prescribed.

(3) At the request of the Authority any officer in the public service may, with the consent of that officer and the Secretary to the Ministry of the Minister in charge of the subject of Public Administration, be temporarily appointed to the staff of the Authority for such period as may be determined by the Authority with like consent, or be permanently appointed to such staff.

(4) Where any officer in the public service is temporarily appointed to the staff of the Authority, the provisions of subsection (2) of section 13 of the Transport Board Law, No. 19 of 1978, shall *mutatis mutandis*, apply to and in relation to him.

(5) Where any officer in the public service is permanently appointed to the staff of the Authority, the provisions of subsection (3) of section 13 of the Transport Board Law, No. 19 of 1978, shall *mutatis mutandis*, apply to and in relation to him.

(6) Where the Authority employs any person who has entered into a contract with the Government by which he has agreed to serve the Government for a specified period, any period of service with the Authority by that person shall be regarded as service to the Government for the purpose of discharging the obligations of such contract.

(7) At the request of the Authority any member of the Local Government Service or any other officer or servant of any local authority may with the consent of such member, officer or servant and the Local Government Service Advisory Board or that local authority, as the case may be, be temporarily appointed to the staff of the Authority for such period as may be determined by the Authority with like consent or be permanently appointed to such staff on such terms and conditions including those relating to pension or provident fund rights as may be agreed upon by the Authority and the Local Government Service Advisory Board or that local authority.

(8) Where any person is temporarily appointed to the staff of the Authority in pursuance of the provisions of subsection (7), such person shall be subject to the same disciplinary control as any other member of such staff.

PART IV

ENVIRONMENTAL MANAGEMENT

15. The Authority in consultation with the Council shall, with the assistance of the Ministry of the Minister in charge of the subject of Lands, formulate and recommend to the Minister a land use scheme consistent with the following objects:—

- (a) to provide a rational, orderly and efficient system of the acquisition, utilization and disposition of land and its resources in order to derive therefrom maximum benefits; and
- (b) to encourage the prudent use and conservation of land resources in order to prevent an imbalance between the needs of the nation and such resources.

16. The Land Use Scheme formulated under section 15 may include—

- (a) a scientifically adequate land inventory and classification system;
- (b) a determination of present land uses, the extent to which such land is utilized, under utilized or rendered idle or abandoned;
- (c) a comprehensive and accurate determination of the adaptability of land for community development, agriculture, industry or commerce;
- (d) identification of areas having important historic, cultural, or aesthetic value where uncontrolled development could result in irreparable damage;
- (e) a method for exercising control by the Government over the use of land in areas where environment control is deemed necessary; and
- (f) a policy for influencing the location of new areas for the resettlement of persons and the methods for assuring appropriate controls over the use of land in and around such areas.

Natural Resources

17. The Authority in consultation with the Council shall recommend to the Minister the basic policy on the management and conservation of the country's natural resources in order to obtain the optimum benefits therefrom and to preserve the same for future generations and the general measures through which such policy may be carried out effectively.

Fisheries

18. The Authority in consultation with the Council shall, with the assistance of the Ministry of the Minister in charge of the subject of Fisheries, recommend to the Minister a system of rational exploitation of fisheries and aquatic resources within the territorial waters of Sri Lanka, or within its exclusive economic zone, or within its inland waters and shall encourage citizen participation therein to maintain and enhance the optimum and continuous productivity of such waters.

19. Measures for the rational exploitation of fisheries and other aquatic resources may include the regulation of the marketing of threatened species of fish or other aquatic life.

Wildlife

20. The Authority in consultation with the Council shall, with the assistance of the Ministry of the Minister in charge of the subject of Wildlife conservation, recommend to the Minister a system of rational exploitation and conservation of wildlife resources and shall encourage citizen participation in such activities.

Forestry

21. The Authority in consultation with the Council shall, with the assistance of the Ministry of the Minister in charge of the subject of Forestry, recommend to the Minister a system of —

- (a) (i) rational exploitation of forest resources,
- (ii) regulation of the marketing of threatened forest resources,
- (iii) conservation of threatened species of flora, and shall encourage citizen participation therewith to keep the country's forest resources at maximum productivity at all times;
- (b) promoting a continuing effort on reforestation, timber stand improvement, forest protection, land classification, forest occupancy management, industrial tree plantation, parks and wildlife management, multiple use forest, timber management and forest research,

Soil Conservation

22. The Authority in consultation with the Council shall, with the assistance of the Ministry of the Minister in charge of the subject of Soil Conservation, recommend soil conservation programmes including therein the identification and protection of critical watershed areas, encouragement of scientific farming technique, physical and biological means of soil conservation, and short term, and long term research and technology for effective soil conservation.

23. The Authority may undertake and promote continuing studies and research programmes on environmental management and shall from time to time, determine priority areas of environmental research.

PART V

GENERAL

24. (1) For the purpose of giving effect to the principles and objects of this Act, the Authority may, by notice in writing served on the occupier of any premises, require that occupier to furnish to the Authority within fourteen days or such longer period as is specified in the notice such information as to any manufacturing, industrial, or trade process carried on in such premises or as to any wastes discharged or likely to be discharged from the said premises as is specified in the notice.

(2) The Authority shall treat all information furnished to it pursuant to any requirement made under subsection (1) with the strictest secrecy and shall not divulge such information to any person other than to a court, subject to subsection (3) for the purpose of any prosecution for an offence under this Act.

(3) Any information furnished or statement made to the Authority pursuant to any requirement made under sub-section (1) shall not if the person furnishing the information or statement, to doing so on the ground that it might tend to incriminate him, be admissible in evidence upon any proceedings against that person for an offence under this Act.

25. The Authority may appoint—

- (a) analysts for making analysis of samples taken for the purposes of that Act; and
- (b) pollution control officers for inspection and evaluating the records of monitoring prescribed equipment and installations for detecting the presence, quantity and nature of waste and their effects on the receiving portions of the environment.

26. (1) Subject to subsection (5) the Authority may by order delegate any of its powers, duties and functions under this Act to any Government department or any local authority.

(2) Where the Authority has delegated any power to any Government department or to any local authority any officer of such Government department or local authority may exercise any of the powers which the General Manager would be able to exercise had he been exercising the power himself.

(3) Nothing in this section shall preclude the Authority from any responsibility to protect the environment and from administering the provisions of this Act.

(4) An order made under subsection (1) may be revoked or varied at any time by the Authority.

(5) An order under subsection (1) shall not be made by the Authority—

- (a) in respect of any local authority except with the concurrence of the Minister; and
- (b) in respect of any Government department except with the concurrence of the Minister in charge of such Government department.

27. All members, officers and servants of the Authority shall be deemed to be public servants within the meaning of and for the purposes of the Penal Code.

28. The Authority shall be deemed to be a scheduled institution within the meaning of the Bribery Act and the provisions of that Act shall be construed accordingly.

29. The provisions of this Act shall have effect notwithstanding anything to the contrary in the provisions of any other written law, and accordingly in the event of any conflict or inconsistency between the provisions of this Act and the provisions of such other written law, the provisions of this Act shall prevail over the provisions of such other written law.

30. (1) No suit or prosecution shall lie—

- (a) against the Authority, for any act which in good faith is done or purported to be done by the Authority under this Act;

(b) against the members of the Authority, Council or District Environmental Agency or any officer or servant of the Authority for any act which in good faith is done or purported to be done under this Act, or on the direction of the Authority.

(2) Any expense incurred by the Authority in any suit or prosecution brought by or against the Authority before any court shall be paid out of the Fund of the Authority and any costs paid to, or recovered by, the Authority in any such suit or prosecution shall be credited to the Fund of the Authority.

(3) Any expense incurred by any such person as is referred to or in paragraph (b) of subsection (1) in any suit or prosecution brought against him before any court in respect of any act which is done or is purported to be done by him under this Act or on the direction of the Authority shall, if the court holds that such act was done in good faith, be paid out of the Fund of the Authority, unless such expense is recovered by him in such suit or prosecution.

31. Every person who contravenes or fails to comply with any provision of this Act or of any regulation made thereunder shall be guilty of an offence and shall on conviction before a Magistrate be liable to imprisonment of either description for a term not exceeding two years or to a fine not exceeding one thousand five hundred rupees or to both such imprisonment and fine.

32. (1) The Minister may make regulations in respect of all matters which are stated or required by this Act to be prescribed or for which regulations are required by this Act to be made.

(2) Every regulation made by the Minister shall be published in the *Gazette* and shall come into operation on the date of such publication or upon such later date as may be specified in the regulation.

(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 as from the date of such disapproval but without prejudice to anything previously done thereunder. Notification of the date on which any regulation is deemed to be rescinded shall be published in the *Gazette*.

33. In this Act unless the context otherwise requires—

“beneficial use” means a use of the environment or any portion of the environment that is conducive to public benefit, welfare, safety, or health and which requires protection from the effects of waste, discharges, emissions and deposits;

“environment” means the physical factors of the surroundings of human beings including the land, soil, water, atmosphere, climate, sound, odours, tastes and the biological factors of animals and plants of every description;

“exclusive economic zone” means the zone declared to be the exclusive economic zone, by proclamation made under section 5 of the Maritime Zones Law, No. 22 of 1976;

“land” includes messuages, buildings and any easements relating thereto;

"local authority" means any Municipal Council, Urban Council, Town Council or Village Council and includes any Authority created and established by or under any law to exercise, perform and discharge powers, duties, and functions corresponding or similar to the powers, duties and functions exercised, performed and discharged by any such Council;

"pollution" means any direct or indirect alternation of the physical, thermal, chemical, biological, or radioactive properties of any part of the environment by the discharge, emission, or the deposit of wastes so as to effect any beneficial use adversely or to cause a condition which is hazardous or potentially hazardous to public health, safety, or welfare, or to animals, birds, wildlife, aquatic life, or to plants of every description;

"prescribed" means prescribed by regulations;

"territorial waters" includes the territorial sea and the historic waters of Sri Lanka; and

"waste" includes any matter prescribed to be waste and any matter, whether liquid solid, gaseous, or radioactive, which is discharged, emitted, or deposited in the environment in such volume, constituency or manner as to cause an alternation of the environment.

APPROPRIATION ACT, NO. 58 OF 1980

(Certified on 22nd December, 1980)

AN ACT TO PROVIDE FOR THE SERVICE OF THE FINANCIAL YEAR, 1981, TO AUTHORIZE THE RAISING OF LOANS IN OR OUTSIDE SRI LANKA FOR THE PURPOSE OF SUCH SERVICE, TO MAKE FINANCIAL PROVISION IN RESPECT OF CERTAIN ACTIVITIES OF THE GOVERNMENT DURING THAT FINANCIAL YEAR, TO ENABLE THE PAYMENT, BY WAY OF ADVANCES OUT OF THE CONSOLIDATED FUND OR ANY OTHER FUND OR MONEYS OF, OR AT THE DISPOSAL OF, THE GOVERNMENT, OF MONEYS REQUIRED DURING THAT FINANCIAL YEAR FOR EXPENDITURE ON SUCH ACTIVITIES, TO PROVIDE FOR THE REFUND OF SUCH MONEYS TO THE CONSOLIDATED FUND, AND TO MAKE PROVISION FOR MATTERS CONNECTED WITH, OR INCIDENTAL TO, THE AFORESAID MATTERS.

1. This Act may be cited as the Appropriation Act, No. 58 of 1980.

2. (1) Without prejudice to any other law authorising any expenditure, the expenditure of the Government, which it is estimated will be rupees twenty-three thousand eight hundred and twenty-five million eight hundred and thirty-seven thousand one hundred and eighty-one for the service of the period beginning on January 1, 1981, and ending on December 31, 1981, in this Act referred to as the "financial year 1981", shall be met—

- (a) from payments which are hereby authorized to be made out of the Consolidated Fund or any other fund or moneys of, or at the disposal of, the Government, and
- (b) from the proceeds of loans which are hereby authorized to be raised, whether in or outside Sri Lanka, for and on behalf of the Government, so however, that the aggregate of such proceeds does not exceed rupees twelve thousand nine hundred and seventy-one million.

The sum of rupees twenty-three thousand eight hundred and twenty-five million eight hundred and thirty-seven thousand one hundred and eighty-one herein before referred to may be expended as specified in the First Schedule to this Act.

(2) The provisions of subsection (1) of this section shall have effect without prejudice to the provisions of any other written law authorizing the raising of loans for and on behalf of the Government.

3. (1) The receipts of the Government, during the financial year referred to in section 2, from each activity specified in column I of the Second Schedule to this Act shall be credited to the account of such activity, but the aggregate of the receipts so credited shall not exceed the minimum limit specified in the corresponding entry in column III of that Schedule. Any receipts from such activity in excess of such minimum limit shall be credited to the Consolidated Fund.

(2) The expenditure incurred by the Government, during the financial year referred to in section 2, on each activity specified in column I of the Second Schedule to this Act shall be paid out of the receipts of the Government from such activity during that financial year, but such expenditure shall not exceed the maximum limit specified in the corresponding entry in column II of that Schedule.

(3) The debit balance, outstanding at the end of the financial year referred to in section 2, of any activity specified in column I of the Second Schedule to this Act shall not exceed the maximum limit specified in the corresponding entry in column IV of that Schedule, and the total liabilities of that activity at the end of that financial year shall not exceed the maximum limit specified in the corresponding entry in column V of that Schedule.

4. Whenever, at any time during the financial year referred to in section 2, the receipts of the Government from any activity specified in column I of the Second Schedule to this Act are insufficient to meet the expenditure incurred by the Government on such activity, the Minister may, from time to time, by Order direct that such sums as he may deem necessary to meet such expenditure shall be payable, by way of advances, out of the Consolidated Fund or any other fund or moneys of, or at the disposal of, the Government, so however, that the aggregate of the sums so advanced does not exceed the maximum limit of expenditure specified in the corresponding entry in column II of that Schedule. Any sums so advanced in respect of such activity shall be refunded to the Consolidated Fund in such manner as the Minister may by Order direct.

5. (1) Any moneys, which by virtue of the provisions of the First Schedule to this Act, have been allocated to Recurrent Expenditure under any Programme appearing under any Head specified in that Schedule, but have not been expended or are not likely to be expended, may be transferred to the allocation of Capital Expenditure within that Programme, or to the allocation of Recurrent Expenditure or Capital Expenditure under any other Programme within that Head by order of the Secretary to the Treasury or any other officer authorized by him.

(2) No moneys allocated to Capital Expenditure under any Programme appearing under any Head specified in the First Schedule to this Act shall be transferred out of that allocation.

6. Where the Minister is satisfied—

(1) that receipts from taxes and other sources will be less than the amounts anticipated to finance authorized expenditure, or

- (2) that amounts originally appropriated for a particular purpose or purposes are no longer required,

he may, with the approval of the Government, withdraw in whole or in part any amounts previously released, for expenditure under the authority of a warrant issued by him, from the Consolidated Fund or from any other fund or moneys of, or at the disposal of, the Government.

7. The Minister with the approval of the Government, may, on or before May 31, 1982 by Order vary or alter any of the maximum limits specified in column II, column IV and column V or the minimum limits specified in column III of the Second Schedule to this Act. Any such Order shall, if so expressed therein, be deemed to have had effect from such date prior to the date of making of such Order as may be specified therein.

8. Parliament may, by resolution, amend the Second Schedule to this Act, by adding to the appropriate columns of that Schedule, any activity and all or any of the maximum limits relating to such activity.

APPROPRIATION (AMENDMENT) ACT, NO. 59 OF 1980

(Certified on 29th December, 1980)

AN ACT TO AMEND THE APPROPRIATION ACT, NO. 71 OF 1979

1. This Act may be cited as the Appropriation (Amendment) Act, No. 59 of 1980.

2. Section 2 of the Appropriation Act, No. 71 of 1979, is hereby amended in paragraph (b) of subsection (1) of that section, by the substitution for the words "rupees eleven thousand two hundred and one million.", of the words "rupees fifteen thousand and nine million."

BANK OF CEYLON (AMENDMENT) ACT, NO. 60 OF 1980

(Certified on 29th December, 1980)

AN ACT TO AMEND THE BANK OF CEYLON ORDINANCE

1. This Act may be cited as the Bank of Ceylon (Amendment) Act, No. 60 of 1980.

2. Section 7 of the Bank of Ceylon Ordinance (hereinafter referred to as the "principal enactment") as amended by Law No. 10 of 1974, is hereby repealed and the following new section substituted therefor:—

"Capital. 7. (1) The authorized capital of the bank shall be one thousand million rupees divided into one million shares of one thousand rupees each.

(2) The paid-up capital of the bank shall be such amount as may be determined from time to time by the Minister by Order published in the *Gazette*.

(3) The liability of the Government at any time as sole shareholder shall be limited to the total amount of the capital represented by the shares held for the time being by the Government."

3. Section 33 of the principal enactment as amended by Law No. 10 of 1974, is hereby repealed and the following new section substituted therefor:—

"Minister to
give directions

33. The Minister may from time to time give general or special directions in writing to the Board as to the performance of the duties and the exercise of the powers of the bank and it shall be the duty of the Board to comply with such directions."

PEOPLE'S BANK (AMENDMENT) ACT, NO. 61 OF 1980

(Certified on 29th December, 1980)

AN ACT TO AMEND THE PEOPLE'S BANK ACT, NO. 29 OF 1961.

1. This Act may be cited as the People's Bank (Amendment) Act, No. 61 of 1980.

2. Section 8 of the People's Bank Act, No. 29 of 1961, (hereinafter referred to as the "principal enactment") as amended by the People's Bank (Special Provisions) Law, No. 25 of 1978, is hereby further amended by the repeal of subsection (1) of that section and the substitution therefor, of the following subsection:—

"(1) The Board shall consist of ten directors appointed by the Minister, two of whom shall be nominated by the Minister in charge of the subject of Co-operatives."

3. Section 12 of the principal enactment is hereby repealed and the following section substituted therefor:—

"Capital.

12. (1) The authorized capital of the bank shall be one thousand million rupees divided into twenty million shares of fifty rupees each.

(2) The paid-up capital of the bank shall be such amount as may be determined from time to time by the Minister by Order published in the *Gazette*."

4. The following new section is hereby inserted immediately after section 42, and shall have effect as section 42A, of the principal enactment:—

"Minister to
give directions

42A. The Minister may from time to time give general or special directions in writing to the Board as to the performance of the duties and the exercise of the powers of the bank and it shall be the duty of the Board to comply with such directions."

MONETARY LAW (AMENDMENT) ACT, NO. 62 OF 1980

(Certified on 29th December, 1980)

AN ACT TO AMEND THE MONETARY LAW ACT.

1. This Act may be cited as the Monetary Law (Amendment) Act, No. 62 of 1980.

2. Section 44 of the Monetary Law Act is hereby repealed.