

PART IV

MAJOR LEGISLATIVE ENACTMENTS OF 1989 RELATING TO THE FUNCTIONS AND OPERATIONS OF THE CENTRAL BANK AND BANKING INSTITUTIONS IN SRI LANKA

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APPROPRIATION ACT, NO. 2 OF 1989.

[Certified on 10th May, 1989]

AN ACT TO PROVIDE FOR THE SERVICE OF THE FINANCIAL YEAR, 1989, 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. 2 of 1989.**
- 2. (1) Without prejudice to any other law authorizing any expenditure, the expenditure of the Government, which it is estimated will be rupees eighty-three thousand five hundred and forty-three million three hundred and ninety-four thousand for the service of the period beginning on January 1, 1989, and ending on December 31, 1989, in this Act referred to as the "financial year 1989", 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 forty-eight thousand nine hundred and ninety-three million.**

The sum of rupees eighty-three thousand five hundred and forty-three million three hundred and ninety-four thousand 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, 1989, from each activity specified in column I of the Second Schedule to this Act shall be credited to the account of such activity, and the aggregate of receipts so credited shall be not less than the minimum limit specified in the corresponding entry in column III of that Schedule. The net surplus, if any, of such activity, shall be paid to the Consolidated Fund before the expiry of six months after the close of the financial year, 1989.**
- (2) For the purpose of determining the net surplus under subsection (1), the following charges shall be set off against the revenue of each activity: -**

- (a) the working, establishment and other expenses of the activity whether paid or accrued properly chargeable to the revenue of the activity ; and
 - (b) provision to cover the depreciation of the movable and immovable property of the activity.
- (3) The expenditure incurred by the Government, during the financial year, 1989, 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.
- (4) The debit balance, outstanding at the end of the financial year, 1989, 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, 1989, 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, 1990, by Order, vary or alter-

(a) any of the maximum limits specified in column II, column IV and column V of the Second Schedule to this Act ;

(b) the minimum limits specified in column III of the Second Schedule to this Act.

No Order made under this section shall have effect unless it has been approved by Parliament, by resolution.

Any such Order shall, if so expressed therein, be deemed to have had effect from such date prior to the date of making 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-

(a) all or any of the maximum limits relating to such activity ;

(b) the minimum limit relating to such activity.

9. Notwithstanding anything in the resolution passed by Parliament on the twenty-eighth day of October, 1988, making financial provision for the service of the period commencing on January 1, 1989, and ending on the day immediately prior to the date of commencement of this Act-

(a) any sums which have been expended during that period from moneys allocated by that resolution to any Programme appearing under any Head specified in the First Schedule to that resolution shall be deemed, for all purposes, not to have been expended under the authority of that resolution but to have been expended under the authority of this Act ;

(b) any sums which have been expended during that period from moneys allocated by that resolution to any Programme appearing under any Head specified in the First Schedule to that resolution, for which there is no corresponding Head in the First Schedule to this Act, shall be deemed, for all purposes, to have been expended under Programme 1 appearing under Head 489, Miscellaneous Services, in the First Schedule to this Act ;

(c) any moneys so allocated which have not been expended on the day immediately prior to the date of commencement of this Act shall be deemed, for all purposes, to be included in the moneys allocated to the corresponding Programme appearing under the corresponding Head under this Act ; and

(d) any sums paid, by way of advances, out of the Consolidated Fund, during the period commencing on January 1, 1989, and ending on the day immediately prior to the date of commencement of this Act, in respect of the activities specified in the Second Schedule to that resolution shall be deemed, for all purposes, not to have been so advanced under the authority of that resolution but to have been so advanced under the authority of this Act.

10. In the event of any inconsistency between the Sinhala and Tamil texts of this Act, the Sinhala text shall prevail.

JANASAVIYA ACT, NO. 4 OF 1989.

[Certified on 10th May, 1989]

AN ACT TO MAKE PROVISION FOR THE ADMINISTRATION OF RELIEF UNDER THE JANASAVIYA PROGRAMME WITH A VIEW TO MAXIMIZING THE UTILIZATION OF HUMAN RESOURCES, PROMOTING SOCIAL STABILITY AND ALLEVIATING POVERTY; AND FOR MATTERS CONNECTED THEREWITH OR INCIDENTAL THERETO

1. This Act may be cited as the Janasaviya Act, No. 4 of 1989.
2. For the avoidance of doubts, it is hereby declared that a donation, in money or otherwise, to the Fund established at the General Treasury, under section 25 of the Finance Act, No. 38 of 1971, in respect of the Janasaviya Programme, is, for the purposes of the application of the Inland Revenue Act, No. 28 of 1979, a donation made in money or otherwise to a Fund established by the Government.
3.
 - (1) There may be appointed by name or by office, for the purposes of this Act, a Commissioner.
 - (2) There shall be appointed, by name or by office, such number of Deputy Commissioners and Assistant Commissioners as may be necessary for the purposes of this Act.
 - (3) Every Government Agent may in relation to the administrative district to which his appointment relates, exercise, perform and discharge, the powers, duties and functions, conferred or imposed on, or assigned to, a Deputy Commissioner by this Act. Every Assistant Government Agent may, in relation to the administrative division to which his appointment relates, exercise, perform and discharge the powers, duties and functions conferred or imposed on, or assigned to, an Assistant Commissioner by this Act.
 - (4) Subject to subsection (3), any Deputy Commissioner or Assistant Commissioner may be appointed for the whole of Sri Lanka or any part thereof.
 - (5) There may also be appointed such clerical and minor staff as may be necessary to assist the aforesaid officers in the administration of this Act.
4.
 - (1) Every Deputy Commissioner and Assistant Commissioner shall, in the exercise of his powers, the performance of his duties or the discharge of his functions, be subject to the general direction and control of the Commissioner.
 - (2) Every Deputy Commissioner or Assistant Commissioner may, subject to the general direction and control of the Commissioner, within the area of his appointment, exercise, perform or discharge all or any of the powers, duties or functions conferred or, imposed upon or assigned to the Commissioner by, or under, this Act.
5. Any relief received by any person in accordance with regulations made under this Act, in cash or otherwise, shall be exempt from income tax or any other tax imposed under the Inland Revenue Act, No. 28 of 1979.

6. Every person who has applied for, or is in receipt of relief in accordance with the regulations made under this Act, is hereinafter in this Act referred to as a "person to whom this Act applies".
7. It shall be lawful for the Commissioner to require every person to whom this Act applies to make declaration in such form and in such manner may be prescribed, of the assets and liabilities of such person, his spouse, children and other dependants and such other information as may be required for the purpose of ascertaining whether he is eligible for the grant of relief under regulations made under this Act.
8. The Commissioner may, by notice in writing, require any person to furnish him, within such time as may be specified in the notice such information as may be necessary to ascertain the accuracy of any statement contained in any declaration made to him under section 7, and it shall be the duty of such person to comply with such requirement.
9. Where the Commissioner is satisfied that any statement contained in any declaration made to him under section 7 by any person to whom this Act applies, is wholly or partly false or incorrect and that such person is not entitled to the grant of relief under regulations made under this Act, the Commissioner shall, without prejudice to the provisions of section 15(1), forthwith discontinue the grant of relief to such person and by a notice in writing, require him to pay the value of any relief granted to him in accordance with the regulations made under this Act, within such period as is specified in such notice.
10. It shall be the duty of every person who has made a declaration under section 7 and in receipt of relief under regulations made under this Act to notify the Commissioner, of any material change in the particulars furnished by him in such declaration with respect to his assets and liabilities or those of his spouse, children or other dependants, within a period of two months from the date of such change.
11. (1) Where the Commissioner decides to discontinue the relief granted to a person to whom this Act applies, he shall communicate his decision in writing, to such person.
(2) Every decision made by the Commissioner under section 9 shall, subject to the provisions of section 13 be final.
12. (1) There shall be established for every Assistant Government Agents' Division, an Appeals Board for the purposes of this Act, consisting of not less than ten persons, one of whom shall be appointed, as Chairman of such Appeals Board.
(2) There shall be appointed a Secretary to every Appeals Board established under subsection (1).
(3) The Secretary to every Appeals Board established under subsection (1) shall convene meetings of such Appeals Board. The quorum for any meeting thereof shall be three.
(4) The Chairman of every Appeals Board established under subsection (1) shall preside at every meeting of such Appeals Board. In the absence of the Chairman from any meeting, the members present at such meeting shall choose from among themselves, a Chairman for the meeting.

- (5) The decision made at a meeting of an Appeals Board established under subsection (1) on an appeal heard at that meeting shall be deemed to be the decision of such Appeals Board on such Appeal.
 - (6) Subject to the preceding provisions of this section, an Appeals Board established under subsection (1) shall determine the procedure to be followed at its meetings.
13. (1) Any person who is aggrieved by the decision of the Commissioner made under section 9, may, within twenty-eight days of the communication of such decision to him, prefer an appeal against such decision to the Appeals Board established for the Assistant Government Agent's division in which such person resides.
- (2) Every appeal shall be preferred by a petition in writing addressed to such Appeals Board and shall set out the grounds of such appeal.
 - (3) An Appeals Board may in dealing with any appeal preferred to it under subsection (1), affirm, vary, or set aside the decision of the Commissioner against which the appeal has been preferred.
 - (4) The decision of an Appeals Board on an appeal made to it under subsection (1) shall be communicated to the Commissioner and to the appellant within twenty-eight days of such decision.
14. (1) Where any person required by a notice under section 9 to pay the amount of the value of any relief granted to him under this Act fails to pay such amount within the period specified in such notice, or where an appeal has been preferred against the decision requiring him to pay such amount, fails to pay such amount within thirty days of the dismissal of such appeal, the amount specified in the notice shall be deemed to be in default and the person by whom such amount is payable shall be deemed to be a defaulter for the purposes of this Act.
- (2) (a) Where any amount is in default, the Commissioner may issue a certificate to a Magistrate's Court having jurisdiction in any division where the defaulter resides or in which any movable property owned by the defaulter is situated, containing particulars of the amount in default and the name of the defaulter by whom the amount is payable.
 - (b) The correctness of any statement in a certificate issued by the Commissioner under paragraph (a) as to the value of any relief granted to the defaulter under this Act, shall not be called in question in any court.
 - (c) Upon receipt of a certificate under paragraph (a) of this subsection, the Magistrate shall summon the defaulter before him to show cause why further proceedings for the recovery of the amount specified in the certificate should not be taken against him and in default of sufficient cause being shown, that amount shall be deemed to be a fine imposed by a sentence of the Magistrate on such defaulter for an offence punishable with fine only and not punishable with imprisonment and the provisions of subsection (1) of section 291 of the Code of Criminal Procedure Act, No. 15 of 1979, (except paragraphs (a), (b) and (i) of subsection (1) of that section) relating to the 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.

- (3) Whenever the Commissioner issues a certificate under this section, he shall forthwith issue to the defaulter a notification thereof by personal service or registered letter sent through the post or telegraph, but non-receipt of such notification by the defaulter shall not invalidate proceedings taken under this section.

15. (1) Any person who makes any statement relating to his assets and liabilities or those of his spouse, children or dependants, which to his knowledge is false or incorrect in any declaration made by him under section 7 shall be guilty of an offence under this Act and shall on conviction after summary trial before a Magistrate, be liable to a fine not exceeding two thousand rupees or to imprisonment for a term not exceeding one year or to both such fine and imprisonment.

- (2) Any person who, being a person who has made a declaration under section 7 and is in receipt of relief under this Act omits, without reasonable cause, to notify the Commissioner, any material change in the particulars furnished by him in such declaration with respect to-

(a) his assets and liabilities ; or

(b) the assets and liabilities of his spouse, children or other dependants,

within a period of two months from the date of such change, shall be guilty of an offence under this Act and shall on conviction after summary trial before a Magistrate be liable to a fine not exceeding two thousand rupees or to imprisonment for a term not exceeding one year or to both such fine and imprisonment.

- (3) Any person who-

(a) fails to comply with the requirement of a notice sent to him under section 8 ;

(b) knowingly furnishes any false or incorrect information in compliance with the requirements of any such notice,

shall be guilty of an offence under this Act and shall on conviction after summary trial before a Magistrate, be liable to a fine not exceeding two thousand rupees.

- (4) Any person who-

(a) resists or obstructs, interferes with, or attempts to interfere with, or influence, any officer in the discharge of his functions under this Act, or

(b) instigates, or attempts to instigate, any person to make a false declaration under this Act,

shall be guilty of an offence under this Act and shall on conviction after summary trial before a Magistrate be liable to a fine not exceeding ten thousand rupees or to imprisonment for a term not exceeding two years or to both such fine and imprisonment.

- (5) Any person who contravenes any regulation made under this Act shall be guilty of an offence under this Act and shall, on conviction after summary trial before a Magistrate, be liable to a fine not exceeding one thousand rupees.
16. (1) The Minister may make regulations in respect of all or any of the following matters :-
- (a) all matters required or authorized in this Act to be prescribed ;
 - (b) conditions of eligibility for the grant of relief under the Janasaviya programme to any individual or family ;
 - (c) the manner in which applications for such relief shall be made to the Commissioner, and the Officers to whom such applications shall be made ;
 - (d) the conditions to be complied with by persons who apply for the grant of such relief and the purposes for which such relief may be applied ;
 - (e) the form and manner in which relief is to be granted to persons eligible for relief under the Janasaviya programme ;
 - (f) conditions subject to which such relief shall be granted (including conditions as to the deposit of the whole or part of such relief in a prescribed banking institution, the period within, and the purposes for, which such deposits may be withdrawn) ;
 - (g) the form of all notices and declarations required to be issued or made for the purposes of this Act ;
 - (h) the publication, from time to time, of lists of persons who are provisionally identified for the grant of such relief ;
 - (i) provisions for the making of objections to the inclusion of the name of any person in any such list.
- (2) Every regulation made under subsection (1) shall be published in the *Gazette* and shall come into operation on the date of such publication or on such later date as may be specified in the regulation.
- (3) Every regulation made under subsection (1) shall, soon as convenient after its publication in the *Gazette*, be brought before Parliament for approval. Any such regulation which is not so approved shall be deemed to be rescinded from the date of disapproval but without prejudice to anything previously done thereunder. Notification of the date on which a regulation is deemed to be rescinded shall be published in the *Gazette*.
17. In the event of any inconsistency between the Sinhala and Tamil texts of this Act, the Sinhala text shall prevail.

TAX AMNESTY ACT, NO. 5 OF 1989.

[Certified on 11th May, 1989]

AN ACT TO ENABLE THE DEPOSIT IN SPECIAL ACCOUNTS IN THE NATIONAL SAVINGS BANK OF MONEYS REPRESENTING ACCUMULATED PROFITS AND INCOME IN RESPECT OF WHICH A PERSON HAS NOT FURNISHED A RETURN OF INCOME OF WHICH HAVE NOT BEEN DISCLOSED IN A RETURN FURNISHED BY SUCH PERSON UNDER THE LAW RELATING TO THE IMPOSITION OF INCOME TAX; TO IMPOSE AND LEVY A TAX ON THE MONEYS DEPOSITED IN SUCH SPECIAL ACCOUNTS, TO ENABLE THE WITHDRAWAL OF THE MONEYS DEPOSITED IN SUCH SPECIAL ACCOUNTS FOR SPECIFIED PURPOSES, TO INDEMNIFY PERSONS WHO DEPOSIT MONEYS IN SUCH SPECIAL ACCOUNTS AGAINST LIABILITY TO PAY CERTAIN TAXES IN RESPECT OF THE PROFITS AND INCOME REPRESENTED BY SUCH MONEYS AND AGAINST PROSECUTIONS FOR OFFENCES IN RELATING TO SUCH PROFITS AND INCOME ; AND FOR MATTERS CONNECTED THEREWITH OR INCIDENTAL THERETO.

1. This Act may be cited as the Tax Amnesty Act, No. 5 of 1989, and shall come into operation on April 1, 1989.
2. (1) This Act shall, subject to the provisions of subsection (2), apply to any person who under the law for the time being applicable to the imposition of income tax or surcharge on income tax was liable to pay such tax for any year of assessment ending on or before March 31, 1988 in respect of any profits or income which arose or accrued on or before March 31, 1988, and who has not furnished a return of income under the provisions of such law for any such year of assessment or who has not disclosed such profits or income in any return furnished by him under the provisions of such law for any such year of assessment.
(2) The provisions of this Act shall not apply to any person in relation to whom investigations have been commenced by the Commissioner-General or by any other officer of the Department of Inland Revenue for any alleged or suspected evasion of any tax payable under the provisions of the law for the time being applicable to the imposition of income tax or surcharge on income tax, or business turnover tax under the Finance Act, No. 11 of 1963 or turnover tax under the Turnover Tax Act, No. 69 of 1981, in respect of profits or income or turnover which arose or accrued on or before March 31, 1988.
(3) Every person referred to in subsection (1), not being a person to whom the provisions of subsection (2) applies, shall hereafter in this Act be referred to as a "person to whom this Act applies".
3. Where any person to whom this Act applies has moneys which represent accumulated profits or income in respect of which such person has not made a return of income or which such person has not disclosed in the returns of income made by him under the law for the time being applicable to the imposition of income tax or surcharge on income tax, then such person may, on or before June 30, 1989 deposit such moneys to his credit in any such special account as may be opened by him for that purpose in the Bank.

4. (1) Every person who deposits moneys in a special account in the Bank under provisions of section 3 shall-
 - (a) make a declaration to the Bank in the Form set out in the Schedule to this Act ; and
 - (b) be liable to pay to the Commissioner-General a tax of an amount equal to 20 *per centum* of the moneys so deposited.
- (2) The tax payable by any person under subsection (1) shall, notwithstanding anything in any written law, be paid to the Commissioner-General by the Bank on or before July 31, 1989, out of moneys lying to the credit of such person in any such special account as is referred to in section 3.
- (3) The payment by the Bank of the tax to the Commissioner-General under subsection (2) from the moneys lying to the credit of any person in any such special account as is referred to in section 3 shall be deemed to be authorized by such person, and such tax shall be deemed to have been paid by such person to the Commissioner-General.
5. Notwithstanding anything in any other law the Bank shall not permit any person who has deposited any moneys in any such special account as is referred to in section 3 to withdraw, prior to July 1, 1991, the whole or any part of the balance amount lying to the credit of such person in such special account after payment of the tax referred to in section 4 (other than the interest accruing on such balance amount), except for the purposes specified in section 6.
6. (1) Any person who has deposited any moneys in any such special account as is referred to in section 3, may withdraw the balance amount lying to his credit in such special account after payment of the tax referred to in section 4, after June 30, 1991 :

Provided, however, that such person may withdraw, after July 31, 1989, the whole or a part of such balance amount for-

(a) investment in an agricultural or industrial undertaking providing employment to not less than ten persons and approved by the Minister in charge of the implementation of the Janasaviya Programme ;

or

(b) for the purpose of making a donation to the Janasaviya Fund, established by the Janasaviya Fund Act, 1989.

- (2) Where any person who withdraws after July 31, 1989, any moneys lying to his credit in any such special account as is referred to in section 3 for any of the purposes specified in the proviso to section 6, fails to apply such moneys for the purpose for which such moneys were withdrawn, such person shall be guilty of an offence under this Act and shall on conviction after summary trial before a Magistrate, be liable to a fine of an amount equal to the moneys withdrawn and an amount not exceeding fifty thousand rupees.
- (3) Notwithstanding anything in any other law, in computing the taxable income for any year of assessment commencing on or after April 1, 1989, of any person who withdraws after July 31, 1989, moneys lying to his credit in any such special account as is referred to in section 3 and applies such moneys to

any of the purposes specified in the proviso to section 6, no deduction shall be allowed from the assessable income of that person for that year of assessment, in respect of the moneys so applied.

7. The Bank shall pay interest on the balance amount lying to the credit of any person in any such special account as is referred to in section 3, after payment of the tax referred to in section 4, at the current rate of interest payable by the Bank on moneys lying to the credit of savings accounts. The interest so accruing may be withdrawn by such person after July 31, 1989.
8. Any person to whom this Act applies, who has deposited moneys in any such special account as is referred to in section 3 and who is deemed under section 4, to have paid the tax referred to in that section, shall not be liable –

(a) to pay –

- (i) any income tax or surcharge on income tax under the law for the time being applicable to the imposition of income tax or surcharge on income tax, in respect of his profits or income for any year of assessment ending on or before March 31, 1988, and represented by the amount of the accumulated profits or income referred to in section 3 ;
- (ii) any wealth tax or surcharge on wealth tax under the law for the time being applicable to the imposition of wealth tax or surcharge on wealth tax, in respect of his net wealth for any year of assessment ending on or before March 31, 1988, in the acquisition of which the accumulated profits or income referred to in section 3 have been utilized ;

or

- (iii) any business turnover tax under the Finance Act, No. 11 of 1963 or any turnover tax under the Turnover Tax Act, No. 69 of 1981, in respect of the turnover from which the amount of the accumulated profits or income referred to in section 3 rose, or was derived ;

or

(b) to a prosecution or to a penalty for any offence under–

- (i) the law for the time being relating to the imposition of income tax or surcharge on income tax or wealth tax or surcharge on wealth tax in relation to any year of assessment ending on or before March 31, 1988, in respect of, or in connection with, the whole or any part of the amount of the accumulated profits or income, referred to in section 3 ; or the wealth in the acquisition of which the whole or any part of the amount of the accumulated profits or income, referred to in section 3, has been utilized ; or
- (ii) the Finance Act, No. 11 of 1963 or the Turnover Tax Act, No. 69 of 1981, in relation to any period prior to April 1, 1988, in respect of the turnover from which the amount of the accumulated profits or income, referred to in section 3 arose or was derived.

9. Nothing in the preceding provisions of this Act, shall be read or construed as authorising the revision of any assessment made under the provisions of the law for the time being relating to the imposition of income tax or surcharge on income tax or wealth tax or surcharge on wealth tax or any other matter which has become final and conclusive under the aforesaid provisions.

10. (1) Every officer or employee of the Bank and every officer or employee of the Department of Inland Revenue shall preserve and aid in preserving secrecy with regard to all matters that may come to his knowledge in the operation of this Act :

Provided, however, that an officer or employee of the Bank may communicate to the Commissioner-General or to any officer of the Department of Inland Revenue or to a court of law for the purpose of complying with the provisions of this Act, the following particulars relating to any such special account as is referred to in section 3 :-

(a) name of the holder of the account and income tax file number ;

(b) name of business, if any, and income tax file number ;

(c) date of deposit or withdrawals ;

(d) amount deposited or withdrawn ;

(e) such other particulars as are referred to in any declaration made under section 4 (1) (a) in relation to such special account.

(2) Any officer or employee of the Bank or of the Department of Inland Revenue who acts in contravention of the provisions of subsection (1) shall be guilty of an offence under this Act, and shall, on conviction after summary trial before a Magistrate, be liable to a fine not exceeding five thousand rupees.

11. In the event of any inconsistency between the Sinhala and the Tamil texts of this Act, the Sinhala text shall prevail.

12. In this Act, unless the context otherwise requires-

the expressions "Commissioner-General", "profits", "income", "wealth", and "year of assessment" shall have the same meanings respectively as in the Inland Revenue Act, No. 28 of 1979 ;

"Bank" means the National Savings Bank established by the National Savings Bank Act, No. 30 of 1971 ;

"person" includes a company, a body of persons and a partnership ;

"the law for the time being applicable to the imposition of income tax and the surcharge on income tax" means the Inland Revenue Act, No. 28 of 1979 and the surcharge on Income Tax Act, No. 26 of 1982 and the Surcharge on Income Tax Act, No. 12 of 1984;

"the law for the time being applicable to the imposition of wealth tax or surcharge on wealth tax" means the Inland Revenue Act, No. 28 of 1979 and the Surcharge on Wealth Tax Act, No. 25 of 1982.

(section 4(I) (a).

SCHEDULE

TAX AMNESTY ACT NO. 5 OF 1989
Declaration under Section 4(1) (a)

Income Tax File No.

if any

Special Amnesty Savings Deposit

Account No

Name of business

if any

Date

I, Mr./Mrs./Miss/We
(full name)

of do hereby :-
(Address)

(1) request you-

(a) to accept in terms of the Tax Amnesty Act, No. 5 of 1989, a sum of Rupees..... (Rs.) to be placed in a special Amnesty Savings Deposit Account in the name of of

(b) to remit direct to the Commissioner-General of Inland Revenue the tax due, on this amount, amounting to Rupees(Rs.)

(c) to hold the balance in that account, to wit-

Amount tendered Rs.

Less 20 per cent tax deductible Rs.

Balance to be held in Special
Amnesty Savings Deposit
Account by the National Savings Bank

(2) undertake not to withdraw any part of this balance amount before July 1, 1991 except for the purpose specified in section 6 of the aforementioned Act ;

(3) agree to my/our Special Amnesty Savings Deposit Pass Book being kept in the safe custody of your Bank ;

(4) further agree to be bound by the rules pertaining to Savings Deposits in your Bank for the time being, and which may come into effect from time to time.

.....
Signature of Depositor.

Signed in my presence.

.....
Signature of Branch Manager.

TURNOVER TAX (AMENDMENT) ACT, NO. 6 OF 1989

[Certified on 11th May, 1989]

AN ACT TO AMEND THE TURNOVER TAX ACT, NO. 69 OF 1981

1. This Act may be cited as the Turnover Tax (Amendment) Act, No. 6 of 1989.
2. Section 46 of the Turnover Tax Act, No. 69 of 1981 (hereinafter referred to as the "principal enactment") is hereby amended in subsection (2) thereof, by the repeal of paragraph (f) of that subsection, and the substitution of the following paragraph therefor :-

“ (f) the turnover tax attributable to such transaction and the withholding turnover tax deducted under section 50A ; and”.
3. The following new Chapter is hereby inserted immediately after Chapter XV, and shall have effect as Chapter XVA of the principal enactment :-

‘ CHAPTER XVA

DEDUCTION OF WITHHOLDING TURNOVER TAX ON SALES BY IMPORTERS AND MANUFACTURERS

50A. (1) Notwithstanding anything in this Act, where any-

- (a) such importer as is referred to in section 12 ; or
- (b) manufacturer,

sells, in the course of carrying on business as such importer or manufacturer, on or after April 1, 1989, any article (other than an excepted article) to any person (hereinafter called the "buyer") he shall deduct a tax (hereinafter called the "withholding turnover tax") calculated at one *per centum* of the amount received or receivable on such sale where such amount forms part of the turnover, within the meaning of section 5, of such importer or manufacturer.

(2) Every importer or manufacturer who deducts withholding turnover tax in accordance with the provisions of subsection (1) of this section shall-

- (a) issue to the buyer of such article, a voucher setting out-
 - (i) his name and postal address ;
 - (ii) the name and postal address of the buyer ;
 - (iii) the amount of money received or receivable in respect of the transaction of sale ;
 - (iv) the date on which the transaction was entered into ;
 - (v) the withholding turnover tax attributable to such transaction of sale ; and

(vi) any other particulars he is required to set out under section 46(2) ; and

(b) remit to the Commissioner-General, the sum deducted as withholding turnover tax together with the turnover tax payable by him for the quarter during which the transaction, in respect of which withholding turnover tax was deducted, took place.

- (3) Where the turnover of any person liable to turnover tax includes a sum received or receivable on the sale of an article in respect of which withholding turnover tax has been deducted, as hereinbefore provided, he shall be entitled on production of the voucher relating to such withholding turnover tax issued to him under subsection (2), to set-off the withholding turnover tax set out in such voucher against the turnover tax payable by him ;

Provided that no such set-off shall be allowed in the case of withholding turnover tax deducted in respect of-

(a) any plant, machinery, fixtures, buildings, vehicles or other capital assets purchased for use in any business ; or

(b) any articles purchased-

(i) for use in any business which is exempt from turnover tax under section 4; or

(ii) for use in the manufacture of any excepted articles.

- (4) Any excess of the withholding turnover tax deducted under this section over the turnover tax payable by any person against which such withholding turnover tax may be set-off under subsection (3), shall not be refunded to that person but may be deducted from the turnover tax payable by that person for the subsequent year and so on.

50B. The provisions of this Act relating to the furnishing of returns, levy, recovery, imposition of penalties for default and to the refund of the turnover tax, shall, *mutatis mutandis*, apply to the furnishing of returns, levy, recovery, imposition of penalties for default, and refund, relating to, or of, the withholding turnover tax payable under this Chapter.'.

4. Section 53 of the principal enactment is hereby amended in paragraph (a) of that section, by the substitution for the words and figures "subsection (1) of section 50 ; or", of the words and figures "subsection (1) of section 50 or subsection (1) or subsection (2) of section 50A ; or".
5. In the event of any inconsistency between the Sinhala and Tamil texts of this Act, the Sinhala text shall prevail.

SURCHARGE ON INCOME TAX ACT, NO. 7 OF 1989.

[Certified on 11th May, 1989.]

AN ACT TO IMPOSE A SURCHARGE ON EVERY PERSON CHARGEABLE WITH INCOME TAX FOR THE YEARS OF ASSESSMENT COMMENCING RESPECTIVELY ON APRIL 1, 1989, AND ON APRIL 1, 1990, BY REFERENCE TO THE INCOME TAX PAYABLE BY SUCH PERSON FOR EACH SUCH YEAR OF ASSESSMENT ; AND TO PROVIDE FOR MATTERS CONNECTED THEREWITH OR INCIDENTAL THERETO.

1. This Act may be cited as the Surcharge on Income Tax Act, No. 7 of 1989.
2. Every person who, under the Inland Revenue Act, is chargeable with income tax for any year of assessment commencing on or after April 1, 1989, but ending not later than March 31, 1991, (hereinafter in this Act referred to as "a relevant year") shall, notwithstanding anything contained in any other written law, be liable to pay a surcharge on the income tax payable by him for a relevant year (hereinafter in this Act referred to as "the surcharge"), calculated at the rate of fifteen *per centum* of the income tax payable by such person for that relevant year.
3. Every person who is liable to pay a surcharge under this Act, shall notwithstanding that no assessment has been made on him, pay to the Commissioner-General-
 - (i) (a) not less than fifty *per centum*, on or before August 15, 1989, and
(b) the balance on or before November 15, 1989, of the amount of the surcharge payable by him for the relevant year commencing on April 1, 1989, and
 - (ii) (a) not less than fifty *per centum*, on or before August 15, 1990, and
(b) the balance on or before November 15, 1990, of the amount of the surcharge payable by him for the relevant year commencing on April 1, 1990.
4. Every employer who employs any employee from whose remuneration income tax for any relevant year is deductible, in accordance with the provisions of Chapter XV of the Inland Revenue Act (not being an employee who is deemed by subsection (7) of section 67 of that Act, to be a non-resident) shall also deduct-
 - (a) for the relevant year commencing on April 1, 1989,-
 - (i) from the remuneration payable to such employee for the month of July 1989, $7\frac{1}{2}$ *per centum*, and
 - (ii) from the remuneration payable to such employee for the month of October 1989, $7\frac{1}{2}$ *per centum*,of the total income tax deductible from the remuneration of that employee for that year; and
 - (b) for the relevant year commencing on April 1, 1990,-
 - (i) from the remuneration payable to such employee for the month of July 1990, $7\frac{1}{2}$ *per centum*, and

- (ii) from the remuneration payable to such employee for the month of October 1990, $7\frac{1}{2}$ per centum,

of the total income tax deductible for that year from the remuneration of that employee, as the surcharge payable under this Act.

Where however, the aggregate of the deduction made under this section by any employer, from the remuneration payable to any employee in his employment, for the months of July and October in any relevant year, is less than fifteen *per centum* of the income tax deducted from the remuneration of such employee for that relevant year, the employer shall deduct a further amount equal to the amount of the deficit, from the remuneration payable to that employee for the month of March in that relevant year.

5. (1) Where an instalment of the surcharge payable for a relevant year or a part of such instalment is not paid on or before the dates specified in section 3 for the payment of that instalment, such instalment of the surcharge or part thereof, shall be deemed to be in default and-

- (a) where the surcharge is payable by one person, such person ; and
(b) where the surcharge is payable by more than one person or by a partnership, each of such persons or each partner in such partnership,

shall be deemed to be a defaulter for the purposes of this Act.

- (2) Where any surcharge payable by any person for a relevant year is in default, the defaulter shall, in addition to the surcharge in default, pay as a penalty-

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

Provided that-

- (i) the total amount payable as a penalty under the preceding provisions of this section shall in no case exceed fifty *per centum* of the surcharge in default ;
(ii) where any person who is liable to pay the surcharge under this Act for a relevant year pays as such surcharge-

- (a) for the relevant year commencing on April 1, 1989,-

- (i) not less than $7\frac{1}{2}$ per centum on or before August 15, 1989, and
(ii) not less than $7\frac{1}{2}$ per centum on or before November 15, 1989,

of the income tax payable by him under the Inland Revenue Act, for the year of assessment commencing on April 1, 1988 ; and

- (b) for the relevant year commencing on April 1, 1990,-

- (i) not less than $7\frac{1}{2}$ per centum on or before August 15, 1990, and
(ii) not less than $7\frac{1}{2}$ per centum on or before November 15, 1990,

of the income tax payable by him under the Inland Revenue Act, for the year of assessment commencing on April 1, 1989,

such person shall not be liable to any penalty under this section, in respect of the payments he is required to make under section 3 if he pays the excess of the surcharge payable by him for that relevant year over the amount paid by him, on or before-

November 30, 1990, in the case of the relevant year commencing on April 1, 1989, and November 30, 1991, in case of the relevant year commencing on April 1, 1990,

(iii) the Commissioner-General may reduce or waive any penalty payable under this section if it appears to him that such reduction or waiver is just and equitable in all the circumstances of the case.

6. The provisions of Chapter XIII and Chapter XV to Chapter XIX and Chapters XXI to XXVI of the Inland Revenue Act, relating to the furnishing of returns relating to income tax payable under that Act, the deduction of income tax, assessment, appeals against assessment, payment, recovery and refund of such tax shall, *mutatis mutandis*, apply to the furnishing of returns relating to a surcharge payable under this Act, and the deduction, assessment, appeals against assessment, payment, recovery and refunds, of such surcharge subject to the following modifications :-

- (a) the requirement imposed by this Act, on any person to furnish a return of the surcharge payable by him under this Act, for any relevant year shall be deemed to have been sufficiently complied with if such person furnishes a return of his income for that year under section 92(1) or section 92(2) of the Inland Revenue Act ;
- (b) where an Assessor makes an assessment or an additional assessment on any person, of the income tax payable by such person under the Inland Revenue Act for any relevant year, the Assessor may, at the same time and in the same form, make an assessment or additional assessment, as the case may be, of the surcharge payable by such person for that year under this Act. The assessments or additional assessments, as the case may be, shall be deemed to be separate assessments issued under the respective Acts ;
- (c) where notice of assessment is given to any person under section 116 of the Inland Revenue Act stating the amount of income tax charged on such person under the Inland Revenue Act, for any relevant year, such notice may also include the amount of the surcharge charged on such person under this Act, for that year. The notices shall be deemed to be separate notices issued under the respective Acts ;
- (d) where an appeal is made against an assessment of income tax payable under the Inland Revenue Act for any relevant year, such appeal shall be deemed to include an appeal against the surcharge payable under this Act, for that year and shall be determined accordingly ; and
- (e) where under Chapter XXI of the Inland Revenue Act, a certificate is issued to a Magistrate or a notice, statement or certificate is issued to any person, such notice, statement or certificate, as the case may be, may also include the particulars of any surcharge in default under this Act. The notices,

statements of certificates, as the case may be, shall be deemed to be separate notices, statements or certificates issued under the respective Acts.

7. In the event of any inconsistency between Sinhala and Tamil texts of this Act, the Sinhala text shall prevail.

8. In this Act, unless the context otherwise requires-

“assessable income”, “Assessor”, “Commissioner-General”, “non-resident company”, “person”, “profits and income”, “resident company” and “year of assessment” have the respective meanings assigned to them in the Inland Revenue Act ;

“employer”, “employee” and “remuneration” have the respective meanings assigned to them in Chapter XV of the Inland Revenue Act ;

“income tax” in section 2 and with reference to any person and any relevant year-

(i) in relation to a resident company, means the income tax payable, under section 33(1) (a) of the Inland Revenue Act, by that company for that relevant year ;

(ii) in relation to a non- resident company means the income tax payable, under the Inland Revenue Act, by that company for that relevant year less any income tax payable by that company for that year, under sub-paragraph (i) or sub-paragraph (ii) of paragraph (b) of subsection (1) of section 34 of that Act ;

(iii) in relation to a resident individual whose profits and income for that relevant year include any profits from employment referred to in paragraph (c) of section 4 of the Inland Revenue Act, means such income tax as would have been payable, under the Inland Revenue Act, by such individual had such profits from employment not formed part of his profits and income for that relevant year ;

(iv) in relation to an individual who is deemed by subsection (7) of section 67 of the Inland Revenue Act to be a non-resident, means such income tax as would have been payable, under the Inland Revenue Act, by such individual had his profits from employment in Sri Lanka for that relevant year not formed part of his profits and income for that year ;

and

(v) in relation to any other person, means the income tax payable, under the Inland Revenue Act, by that person for that relevant year ;

and

“Inland Revenue Act” means the Inland Revenue Act, No, 28 of 1979.

SURCHARGE ON WEALTH TAX ACT, NO. 8 OF 1989

[Certified on 11th May, 1989]

AN ACT TO IMPOSE A SURCHARGE ON EVERY PERSON LIABLE TO PAY WEALTH TAX FOR THE YEARS OF ASSESSMENT COMMENCING RESPECTIVELY ON APRIL 1, 1989, AND ON APRIL 1, 1990, BY REFERENCE TO THE WEALTH TAX PAYABLE BY SUCH PERSON FOR EACH OF SUCH YEARS OF ASSESSMENT ; AND TO PROVIDE FOR MATTERS CONNECTED THEREWITH OR INCIDENTAL THERETO.

1. This Act may be cited as the Surcharge on Wealth Tax Act, No. 8 of 1989.
2. Every person who, under the Inland Revenue Act, is chargeable with wealth tax for any year of assessment commencing on or after April 1, 1989, but ending not later than March 31, 1991, (hereafter in this Act referred to as "a relevant year") shall, notwithstanding anything contained in any written law, be liable to pay a surcharge on the wealth tax payable by him for a relevant year (hereafter in this Act referred to as "the surcharge") at the rate of fifteen *per centum* of the wealth tax payable by such person for that relevant year.
3. Every person who is liable to pay the surcharge under this Act shall, notwithstanding that no assessment has been made on him, pay to the Commissioner-General-

(i) (a) not less than fifty *per centum* on or before August 15, 1989 ; and

(b) the balance on or before November 15, 1989,

of the amount of the surcharge payable by him for the relevant year commencing on April 1, 1989 ; and

(ii) (a) not less than fifty *per centum*, on or before August 15, 1990 ; and

(b) the balance on or before November 15, 1990.

of the amount of the surcharge payable by him for the relevant year commencing on April 1, 1990.

4. (1) Where an instalment of the surcharge or a part of such instalment is not paid on or before the dates specified in section 3 for the payment of that instalment, such instalment of the surcharge or part thereof, shall be deemed to be in default and the person by whom the surcharge is payable shall be deemed to be a defaulter for the purposes of this Act.

(2) Where any surcharge payable by any person is in default, the defaulter shall, in addition to the surcharge in default, pay as a penalty-

(a) a sum equal to five *per centum* of the amount in default ; and

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

Provided that-

(i) the total amount payable as a penalty under the preceding provisions of this section shall in no case exceed fifty *per centum* of the surcharge in default ;

(ii) where any person who is liable to pay the surcharge under this Act pays as such surcharge-

(aa) for the relevant year commencing on April 1, 1989-

(i) not less than $7\frac{1}{2}$ per cent on or before August 15, 1990 ; and

(ii) not less than $7\frac{1}{2}$ per cent on or before November 15, 1989,

of the wealth tax payable by him under the Inland Revenue Act, for the year as assessment commencing on April 1, 1988 ; and

(bb) for the relevant year commencing on April 1, 1990-

(i) not less than $7\frac{1}{2}$ per cent on or before August 15, 1990 ; and

(ii) not less than $7\frac{1}{2}$ per cent on or before November 15, 1990.

of the wealth tax payable by him under the Inland Revenue Act for the year of assessment commencing on April 1, 1989.

such person shall not be liable to any penalty under this section, in respect of the payments he is required to make under section 3 if he pays the excess of the surcharge payable by him for that relevant year over the amount paid by him, on or before-

(i) November 30, 1990, in the case of the relevant year commencing on April 1, 1989, and

(ii) November 30, 1991, in the case of the relevant year commencing on April 1, 1990.

(3) The Commissioner-General may reduce or waive any penalty payable under this section if it appears to him that such reduction or waiver is just and equitable in all the circumstances of the case.

5. The provisions of Chapter XIII and Chapters XVII to XIX and Chapters XXI to XXVI of the Inland Revenue Act, relating to the furnishing of returns relating to wealth tax payable under that Act, assessment, appeals against assessment, payment, recovery and refund of such tax shall, *mutatis mutandis*, apply to the furnishing of returns relating to the surcharge payable under this Act, and the assessment, appeals against assessment, payment, recovery, and refunds, of such surcharge subject to the following modifications :-

(a) the requirement imposed by this Act on any person to furnish a return of the surcharge payable by him under this Act, for any relevant year shall be deemed to have been sufficiently complied with if such person furnishes a return of his wealth for that year under section 92(1) or section 92(2) of the Inland Revenue Act ;

- (b) where an Assessor makes an assessment or an additional assessment on any person, of the wealth tax payable by such person under the Inland Revenue Act for any relevant year, the Assessor may, at the same time and in the same form, make an assessment or additional assessment, as the case may be, of the surcharge payable by such person for that year under this Act. The assessments or additional assessments, as the case may be, shall be deemed to be separate assessments issued under the respective Acts ;
 - (c) Where a notice of assessment is given to any person under section 116 of the Inland Revenue Act stating the amount of wealth tax charged on such person under the Inland Revenue Act, for any relevant year, such notice may also include the amount of the surcharge charged on such person under this Act, for that year. The notices shall be deemed to be separate notices issued under the respective Acts ;
 - (d) where an appeal is made against an assessment of wealth tax payable under the Inland Revenue Act for any relevant year, such appeal shall be deemed to include an appeal against the surcharge payable under this Act, for that year and shall be determined accordingly ; and
 - (e) where under Chapter XXI of the Inland Revenue Act, a certificate is issued to a Magistrate or a notice, statement or certificate is issued to any person, such notice, statement or certificate as the case may be, may also include the particulars of any surcharge in default under this Act. The notices, statements or certificates, as the case may be, shall be deemed to be separate notices, statements or certificates issued under the respective Acts.
6. In the event of any inconsistency between the Sinhala and Tamil texts of this Act, the Sinhala text shall prevail.
7. In this Act, unless the context otherwise requires-
- “Assessor”, “Commissioner-General”, “person” and “year of assessment” have the respective meanings assigned to them in the Inland Revenue Act ;
- “Inland Revenue Act” means the Inland Revenue Act, No. 28 of 1979 ; and
- “wealth tax” means the wealth tax charged and levied under the Inland Revenue Act.

TREASURY CERTIFICATES OF DEPOSIT ACT, NO. 9 OF 1989

[Certificated on 11th May, 1989]

AN ACT TO PROVIDE FOR THE BORROWING OF MONEY, BY THE GOVERNMENT, BY THE ISSUE OF TREASURY CERTIFICATES OF DEPOSITS.

1. This Act may be cited as the Treasury Certificates of Deposit Act, No. 9 of 1989.
2. (1) The Minister, whenever authorized thereto by a resolution of Parliament, may direct the Deputy Secretary to the Treasury to borrow, by the issue in Sri Lanka of Treasury Certificates of Deposit, sums not exceeding the amount specified in such resolution ; and the Deputy Secretary to the Treasury may also, with the approval of the Minister, borrow, from time to time, by the issue of such Treasury Certificates of Deposit such sums as may be required to pay off at maturity, Treasury Certificates of Deposits, lawfully issued by him under this Act and outstanding.

(2) All acts or things necessary for the purpose of, and in connection with, the issue and payment of Treasury Certificates of Deposit under this Act shall be done on behalf of the Deputy Secretary to the Treasury by an officer of the Central Bank authorized in that behalf by the Monetary Board of that bank.

(3) Every Treasury Certificate of Deposit issued under this Act shall bear the signature in facsimile of the Deputy Secretary to the Treasury.

(4) The Monetary Board may delegate the functions relating to the issue and payment of Treasury Certificates of Deposit to a person authorized in writing in that behalf.
3. The principal moneys represented by Treasury Certificates of Deposit issued under this Act are hereby charged on, and shall be payable out of, the Consolidated Fund of Sri Lanka.
4. The proceeds of the issue of the Treasury Certificates of Deposit shall be paid into the Consolidated Fund of Sri Lanka.
5. (1) Every Treasury Certificate of Deposit issued under this Act shall be for the sum of one thousand rupees or a multiple of one thousand rupees and shall be payable at par ; on production of such Treasury Certificate of Deposit by the bearer, at such time or times as the Minister shall, before the issue of such Treasury Certificate of Deposit, fix, but not later than two years from the date of issue.

(2) The liability of the Government to pay on a Treasury Certificate of Deposit issued under this Act shall cease after expiration of six years from the date of issue of such Treasury Certificates of Deposit and the bearer of any such Treasury Certificate of Deposit shall not be entitled, after the expiration of that period, to payment of the principal represented by such Treasury Certificate of Deposit or to any compensation in respect of non-payment of such principal.

6. There shall be appropriated out of the Consolidated Fund of Sri Lanka the sums necessary to pay the principal represented by the Treasury Certificates of Deposit and the Deputy Secretary to the Treasury shall pay such principal at the Treasury in Colombo or at any other place determined by the Monetary Board, when such Treasury Certificates of Deposit fall due for payment.
7. Upon repayment of the principal moneys represented by Treasury Certificates of Deposit, the certificates shall be delivered to the Central Bank which shall cause them to be cancelled and retained on behalf of the Government of Sri Lanka.

INLAND REVENUE (AMENDMENT) ACT, NO. 11 OF 1989

[Certified on 15th May, 1989]

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. 11 of 1989.**
- 2. Section 8 of the Inland Revenue Act, No. 28 of 1979, (hereinafter referred to as the "principal enactment") is hereby amended in paragraph (a) of that section as follows:-**
 - (1) by the substitution, in sub-paragraph (xxiii) of that paragraph, for the words "being profits and income from the investment of any moneys of such Fund ;", of the words and figures "being profits and income for any year of assessment ending on or before March 31, 1989, from the investment of any moneys of such Fund ;";**
 - (2) by the substitution, in sub-paragraph (xxiv) of that paragraph, for the words "Central Bank of Sri Lanka," of the words and figures "Central Bank of Sri Lanka, for any year of assessment ending on or before March 31, 1989 ;";**
 - (3) by the insertion, immediately after sub-paragraph (xxiv) of that paragraph, of the following new sub-paragraph :-**

"(xxivA) the Monetary Board, being the profits and income of the Central Bank of Sri Lanka, other than such part of such profits and income for any year of assessment commencing on or after April 1, 1989, as consists of the interest or discount accruing or arising to it from any treasury bill of the Government of Sri Lanka, held by it;";
 - (4) by the substitution, in sub-paragraph (xLii) of that paragraph, for the words and figures "Employees Trust Fund Act, No. 46 of 1980 ;", of the words and figures "Employees Trust Fund Act, No. 46 of 1980, for any year of assessment ending on or before March 31, 1989 ;";**
 - (5) by the substitution, in sub-paragraph (Liii) of that paragraph, for the words and figures "Institute of Chemistry (Ceylon) Act, No. 15 of 1972 ; and" ; of the words and figures, "Institute of Chemistry (Ceylon) Act, No. 15 of 1972;";**
 - (6) by the substitution, in sub-paragraph (Liv) of that paragraph, for the words and figures "Sri Lanka Institute of Development Administration Act, No. 9 of 1982." of the words and figures "Sri Lanka Institute of Development Administration Act, No. 9 of 1982 ; and" ; and**
 - (7) by the addition, immediately after sub-paragraph (Liv) of that paragraph, of the following sub-paragraph :-**

"(LV) the Trust Fund set up with European Economic Community funds for the benefit of the settlers in-

 - (i) Zones 2 and 3 of System B of the Mahaweli Authority of Sri Lanka, for any period commencing on or after July 19, 1985 ;**

(ii) Zone 2 of System G of the Mahaweli Authority of Sri Lanka, for any period commencing on or after February 20, 1985 ; and

(iii) System G of the Mahaweli Authority of Sri Lanka, for any period commencing on or after May 26, 1986."

3. Section II of the principal enactment is hereby amended in paragraph (d) thereof, by the substitution, for the words and figures "commencing on or after April 1, 1985," of the words and figures "commencing on or after April 1, 1985, but prior to April 1, 1989,".
4. Section 20 of the principal enactment is hereby amended, in sub-paragraph (iii) of paragraph (b) of sub-section (1) of that section, by the substitution, for the words and figures "on or after April 1, 1984, but prior to March 31, 1989, and", of the words and figures "on or after April 1, 1984, and".
5. Section 20A of the principal enactment is hereby amended in subsection (1) of that section, by the substitution, for the words and figures "period commencing on April 1, 1984 and ending on March 31, 1989.", of the words and figures "period commencing on April 1, 1984 and ending on March 31, 1990."
6. Section 23 of the principal enactment is hereby amended in subsection (1) of that section by the insertion, immediately after paragraph (j) of that subsection of the following new paragraph :-

"(jj) twice the contribution by an employer to the Employees' Provident Fund and to the Employees Trust Fund established by the Employees Trust Fund Act, No. 46 of 1980, in respect of any of his employees employed in an agricultural or an industrial undertaking which-

(i) commences operations on or after April 1, 1989, in an area which is specified as an area of high unemployment by the Minister by Notification published in the Gazette ;

(ii) employs not less than ten individuals ; and

(iii) is approved by the Minister in charge of the implementation of the Janasaviya programme of the Government of Sri Lanka ;".

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

(1) by the substitution, in the second proviso to that subsection, for the words "Provided further that", of the words "Provided that": and

(2) by the addition immediately after the second proviso to that subsection of the following:-

"Provided that the taxable income of the Employees' Trust Fund established by the Employees Trust Fund Act, No. 46 of 1980, and any provident or pension fund shall, for any year of assessment commencing on or after April 1, 1989, be the investment income of such fund for that year of assessment derived from investments made by it, after deducting therefrom any allowance to which it is entitled under section 31 :

Provided further that the taxable income of the Central Bank of Sri Lanka shall for any year of assessment commencing on or after April 1, 1989, consist of the interest or discount accruing or arising to it from any treasury bill of the Government of Sri Lanka, held by it."

8. Section 31 of the principal enactment is hereby amended, in paragraph (k) of subsection (2) of that section, by the addition immediately after sub-paragraph (viii) of that paragraph, of the following :-

" (ix) the Arthur C. Clarke Centre for Modern Technologies established by the Arthur C. Clarke Centre for Modern Technologies Act, No. 30 of 1984 ;".

9. Section 32 of the principal enactment is hereby amended by the substitution, in subsection (5) of that section for the words and figures "on or after April 1, 1987," of the words and figures "on or after April 1, 1987, but ending on or before March 31, 1989 ;"

10. The following new section is hereby inserted immediately after section 32c, and shall have effect as section 32D of the principal enactment:-

"Provisions relating to taxation of treasury bills held by the Central Bank

32D. (1) The provisions of this section shall apply to any interest or discount on any treasury bill of the Government of Sri Lanka held by the Central Bank of Sri Lanka (in this section referred to as the "relevant interest or discount").

(2) Notwithstanding anything to the contrary in any other law-

(a) the relevant interest or discount shall be deemed to be the income of the Central Bank of Sri Lanka arising to it in the year of assessment in which any such bill as is referred to in subsection (1)-

(i) matures, where such bill was purchased by it on or before March 31, 1989; and

(ii) is purchased, where such bill is purchased by it on or after April 1, 1989,

and such interest or discount shall be chargeable with income tax for the year of assessment in which such bill matures or is purchased, as the case may be, at the rates set out hereunder;

(b) the Government of Sri Lanka or any institution or authority for or on behalf of the Government, shall on or after April 1, 1989, and at the time when such bill matures or is purchased as the case may be, deduct from the interest, or discount on such treasury bill, income tax at the rates set out hereunder and shall remit the tax so deducted to the Commissioner-General with a statement in writing showing the particulars of the gross amount of the relevant interest or discount payable, the tax deducted, and the net amount paid, and the amount so remitted shall be set off against the tax payable by the Central Bank of Sri Lanka, under paragraph (a).

COLUMN I <i>Treasury bill</i>	COLUMN II <i>Rate of Tax</i>
Any treasury bill which matures in twelve months after the date of its issue	60 <i>per centum</i> of the interest or discount on that treasury bill or 9 <i>per centum</i> of the face value of that treasury bill, whichever is the lesser amount.
Any treasury bill which matures in six months after the date of its issue.	60 <i>per centum</i> of the interest or discount on that treasury bill or 4.5 <i>per centum</i> of the face value of that treasury bill, whichever is the lesser amount.
Any treasury bill which matures in three months after the date of its issue.	60 <i>per centum</i> of the interest or discount on that treasury bill or 2.25 <i>per centum</i> of the face value of that treasury bill, whichever the lesser amount

11. Section 113A of the principal enactment is hereby amended as follows:-

- (1) in subsection (1) of that section by the substitution, in paragraph (b) of that subsection, for the words "financial institution not being a government security," of the words "financial institution not being a government security held by the Central Bank of Sri Lanka."; and
- (2) by the addition, at the end of subsection (1) of that section, of the following proviso:-

" Provided that the deduction under this subsection shall, in respect of any treasury bill (other than any treasury bill held by the Central bank of Sri Lanka) specified in column I of the Schedule hereto, be at the rate specified in the corresponding entry in Column II, of that Schedule.

SCHEDULE

COLUMN I <i>Treasury bill</i>	COLUMN II <i>Rate of tax</i>
Any treasury bill which matures in twelve months after the date of its issue.	20 <i>per centum</i> of the interest or discount on that treasury bill or 2.5 <i>per centum</i> of the face value of that treasury bill, whichever is the lesser amount.
Any treasury bill which matures in six months after the date of its issue.	20 <i>per centum</i> of the interest or discount on that treasury bill or 1.25 <i>per centum</i> of the face value of that treasury bill, whichever is the lesser amount.

Any treasury bill which matures in three months after the date of its issue. 20 *per centum* of the interest or discount on that treasury bill or 0.625 *per centum* of the face value of that treasury bill,

whichever is the lesser amount".

12. Section 113j of the principal enactment is hereby amended, by the substitution, for the words "by way of deposit and the payment of interest thereon.", of the words "by way of deposit and the payment of interest thereon whether such acceptance is on its own behalf or on behalf of any other person."

13. Section 117 of the principal enactment is hereby amended, in subsection (12) of that section as follows:-

(1) by the substitution, for the words "determined by the Commissioner-General within two years", of the words "determined by the Commissioner-General within three years"; and

(2) by the substitution, for the words, "determination of such appeal depends on the furnishing of any document or the taking of any action by any person other than the appellant or the Commissioner-General or an Assessor. Where such appeal", of the words,

"determination of such appeal depends on -

(i) the decision of a competent court on any matter relating to, or connected with or arising from, such appeal and referred to it by the Commissioner-General or the appellant; or

(ii) the furnishing of any document or the taking of any action-

(a) by the appellant upon being required to do so by an Assessor or the Commissioner-General by notice given in writing to such appellant (such notice being given not later than six months prior to the expiry of three years from the date on which the petition of appeal is received by the Commissioner-General), or

(b) by any other person, other than the Commissioner-General or an Assessor.

Where such appeal".

14. The following new section is hereby inserted immediately after section 158A, and shall have effect as section 158B of the principal enactment:-

158B. The Commissioner-General may pay, from sums appropriated for that purpose by Parliament, such sums of money as he considers reasonable in the circumstances of the case to any individual who provides information which results in the assessment of any income or wealth not disclosed by any other person and the collection of tax from such person."

15. The Second Schedule to the principal enactment is hereby amended as follows :-

(1) by the repeal of Part VIII of that Schedule, and the substitution therefor, of the following part-

**"PART VIII
Public Corporations**

For any year of assessment ending on or before March 31, 1989.

On the taxable income of the
Public Corporation 50 per centum".

(2) by the addition at the end of that Schedule, of the following Part:-

**"PART VIIIA
Public Corporations**

For any year of assessment commencing on or after April 1, 1989.

Public Corporations (other than
the Central Bank of Sri Lanka) 50 per centum."

16. The Third Schedule to the principal enactment is hereby amended as follows:-

(1) by the substitution, for item 2 of that Schedule, of the following item:-

"2. Charitable institutions :

On the taxable income of the charitable institutions-

(i) for any year of assessment
ending on or before March 31, 1989 20 per centum,

(ii) for any year of assessment
commencing on or after April 1, 1989 10 per centum".

(2) by the repeal of item 12 of that Schedule, and the substitution therefor, of the following items:-

"12 Employees Trust Fund and Provident or Pension Funds-

On the taxable income for

any year of assessment commencing on or
after April 1, 1989

..... 10 per centum

13. Persons (other than

those referred to above and in the

First and Second Schedules)

..... 20 per centum".

17. (1) Amendments to section 113A of the principal enactment, made by section 11 of this Act, shall be deemed for all purposes to have come into force on April 1, 1989.

(2) Amendments to section 117 of the principal enactment made by section 13 of this Act, shall be deemed for all purposes to have come into force on April 1, 1987, and accordingly any appeal pending on the day preceding March 16, 1989, shall not be deemed to have been allowed by reason only of the expiration, before the commencement of this Act, of two years from the date of the receipt of such appeal.

18. In the event of any inconsistency between the Sinhala and Tamil texts of this Act, the Sinhala text shall prevail.

AGE OF MAJORITY (AMENDMENT) ACT, NO. 17 OF 1989.

[Certified on 22nd November, 1989]

AN ACT TO AMEND THE AGE OF MAJORITY ORDINANCE

1. This Act may be cited as the Age of Majority (Amendment) Act, No. 17 of 1989.
2. The long title to the Age of Majority Ordinance(hereinafter referred to as the "principal enactment") is hereby amended, by the substitution, for the words "TWENTY-ONE YEARS", of the words "EIGHTEEN YEARS".
3. Section 2 of the principal enactment is hereby repealed and the following section substituted therefor:-

2. From and after the coming into force of this section, all persons when they shall attain, or who have already attained, the full age of eighteen years shall be deemed to have attained the legal age of majority, and except as is hereinafter excepted, no person shall be deemed to have attained his majority at an earlier period, any law or custom to the contrary notwithstanding:

Provided that, nothing in this Act shall be read and construed as affecting the right of any person under twenty-one years of age to receive any benefit he is entitled to under any other law."

4. Section 3 of the principal enactment is hereby amended by the substitution for the words "twenty-one years", of the words "eighteen years".
5. In the event of any inconsistency between the Sinhala and Tamil texts of this Act, the Sinhala text shall prevail.

APPROPRIATION ACT, NO.18 OF 1989

[Certified on 30th December, 1989]

AN ACT TO PROVIDE FOR THE SERVICE OF THE FINANCIAL YEAR, 1990, 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.18 of 1989.
2. (1) Without prejudice to any other law authorizing any expenditure, the expenditure of the Government, which it is estimated will be rupees seventy-three thousand two hundred and twenty-seven million five hundred and ninety-three thousand for the service of the period beginning on January 1, 1990, and ending on December 31, 1990, in this Act referred to as the "financial year 1990", 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 forty-two thousand one hundred and ninety-eight million.

The sum of rupees seventy-three thousand two hundred and twenty-seven million five hundred and ninety-three thousand 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, 1990, from each activity specified in column I of the Second Schedule to this Act shall be credited to the account of such activity, and the aggregate of receipts so credited shall be not less than the minimum limit specified in the corresponding entry in column III of that Schedule. The net surplus, if any, of such activity, shall be paid to the Consolidated Fund before the expiry of six months after the close of the financial year, 1990.
- (2) For the purpose of determining the net surplus under subsection (1), the following charges shall be set off against the revenue of each activity:-

- (a) the working, establishment and other expenses of the activity whether paid or accrued properly chargeable to the revenue of the activity; and
 - (b) provision to cover the depreciation of the movable and immovable property of the activity.
- (3) The expenditure incurred by the Government, during the financial year, 1990, 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.
- (4) The debit balance, outstanding at the end of the financial year, 1990, 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, 1990 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, 1991, by Order, vary or alter-

(a) any of the maximum limits specified in column II, column IV and column V of the Second Schedule to this Act;

(b) the minimum limits specified in column III of the Second Schedule to this Act.

No Order made under this section shall have effect unless it has been approved by Parliament, by resolution.

Any such Order shall, if so expressed therein, be deemed to have had effect from such date prior to the date of making 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-

(a) all or any of the maximum limits relating to such activity;

(b) the minimum limit relating to such activity.

9. In the event of any inconsistency between the Sinhala and Tamil texts of this Act, the Sinhala text shall prevail.