

## PART IV

### MAJOR LEGISLATIVE ENACTMENTS OF 1992 RELATING TO THE FUNCTIONS AND OPERATIONS OF THE CENTRAL BANK AND BANKING INSTITUTIONS IN SRI LANKA

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**NATIONAL DEVELOPMENT BANK OF SRI LANKA (AMENDMENT)  
ACT, NO. 10 OF 1992**

[Certified on 6th March, 1992]

**AN ACT TO AMEND THE NATIONAL DEVELOPMENT BANK OF SRI LANKA  
ACT, NO. 2 OF 1979**

1. This Act may be cited as the National Development Bank of Sri Lanka (Amendment) Act, No. 10 of 1992.

2. Section 5 of the National Development Bank of Sri Lanka Act, No. 2 of 1979 (hereinafter referred to as the "principal enactment") is hereby amended in subsection (1) of that section by the substitution in paragraph (a) for the words "providing medium-term and long term credit", of the words "providing credit".

3. Section 6 of the principal enactment is hereby amended as follows :-

(1) in paragraph (a) of that section, by the substitution for the words "grant loans and advances to any enterprises", of the words "grant loans and advances with or without security to any enterprises"; and

(2) by the insertion immediately after paragraph (k) of that section of the following new paragraph:-

(kk) to undertake and execute any trusts the undertaking whereof may seem desirable;".

4. Section 7 of the principal enactment is hereby amended in paragraph (c) of that section by the substitution for the words "establish a provident fund, and", of the words "establish a provident fund and a pensions fund or scheme for the benefit of its officers and servants, and to make contributions to such fund or scheme, and".

5. Section 8 of the principal enactment is hereby repealed and the following section substituted therefor:-

"Board of Directors. 8 (1) The Bank shall have a Board of Directors of not less than five and not more than ten members consisting of both nominated and elected directors nominated or elected, as the case may be, under section 8A or 8B.

(2) The General Manager shall be an *ex-officio* member of the Board of Directors without the right to vote at any meeting of such Board of Directors."

6. The following new sections are hereby inserted immediately after section 8, and shall have effect as sections 8A, 8B and 8C of the principal enactment:-

"Nominated Directors. 8A. (1) The Minister shall nominate as members of the Board of Directors-

(a) three persons, one of whom shall be a senior officer of the Central Bank where the Government of Sri Lanka or the Central Bank or both parties together holds or hold twenty five *per centum* or more of the issued share capital of the Bank; or

(b) two persons, one of whom shall be a senior officer of the Central Bank where the Government of Sri Lanka or the Central Bank or

both parties together holds or hold less than twenty-five *per centum* of the issued share capital of the Bank.

A person nominated as a director under this subsection is hereinafter referred to as a "nominated director".

(2) A nominated director shall hold office for a term of four years:

Provided however, where the percentage of shares held by the Government of Sri Lanka or the Central Bank or both parties together, is reduced after the nomination of such directors under subsection (1), to such an extent as would require an increase in the number of elected directors, the Minister shall request one or two, as the case may be, of nominated directors to resign from office and where such director or directors, as the case may be, fails or fail to resign from office, remove such director or directors from office.

(3) The Minister may without assigning any reason therefor remove a nominated director from office.

(4) A nominated director may resign his office by a letter in that behalf addressed to the Minister.

(5) Where a nominated director is temporarily unable to perform the duties of his office by reason of ill-health or other infirmity or absence from Sri Lanka, the Minister may nominate another person to act as his alternate at Board meetings and the person so nominated shall have a right to vote at such meetings.

(6) In the event of the vacation of office by death, resignation or removal of a nominated director, otherwise than by resignation or removal under the proviso to subsection (2) the Minister shall nominate another person to fill such vacancy. The person so nominated shall hold office for the unexpired period of office of the member whom he succeeds.

8B. (1) The elected Directors of the Board shall be elected by the shareholders of the Bank (other than the Government of Sri Lanka and the Central Bank) at every Annual General Meeting of the shareholders of the Bank, on the basis of one member for every such ten *per centum* of the total issued share capital of the Bank as is owned by persons other than the Government of Sri Lanka and the Central Bank so however, that the number of the directors so elected shall not exceed the difference between the maximum number of directors of the Board of Directors specified under section 8 and the number of directors that may be nominated by the Minister under section 8A.

*Example*

*If the percentage of the total issued share capital of the Bank owned by shareholders (other than Government and the Central Bank) is forty per centum, such shareholders shall be entitled to elect four members.*

(2) The shareholders of the Bank (other than the Government of Sri Lanka and the Central Bank) may, at a meeting of such shareholders convened by the Chairman at the request of five or more of such shareholders remove an elected director from office and elect another director in his place.

(3) An elected director may resign his office by letter addressed to the Chairman in that behalf.

(4) Where an elected director is temporarily unable to perform the duties of his office by reason of ill-health or other infirmity or absence from Sri Lanka, such director with the concurrence of the Board of Directors may appoint another person to act as his alternate at Board meetings and the person so appointed shall have a right to vote at such meetings.

(5) In the event of the vacation of office by death or resignation of an elected director or in the event of the number of elected directors being increased as a result of an increase in the shareholdings of the shareholders (other than the Government of Sri Lanka and the Central Bank), the Board of Directors may appoint another person to fill such vacancy and the person so appointed shall hold office until the first Annual General Meeting of the Bank to be held after the occurrence of such vacancy at which meeting he shall be eligible for election as a director.

(6) At every Annual General Meeting of the shareholders of the Bank one-third of the elected directors or where the number of elected directors is not three or a multiple of three, then the number nearest to one-third of that number, shall retire from office and new members elected to fill such vacancy or vacancies, as the case may be, unless the shareholders (other than the Government of Sri Lanka and the Central Bank) expressly resolve not to fill such vacancy or vacancies or a resolution for the re-election of such retiring elected director or directors, as the case may be, shall have been put to such shareholders at such meeting and been lost or the shareholdings of the shareholders (other than the Government of Sri Lanka or the Central Bank) on the day preceding the date of such meeting does not justify the filling of such vacancy.

(7) The elected director or directors who shall retire under subsection (6) shall be the director or directors who have served longest in office as at the date of the Annual General Meeting referred to in that subsection but as between elected directors who have served for periods of equal length at that date, the director who shall retire shall be determined by lot drawn by the Chairman of the meeting.

(8) A retiring elected director shall be eligible for re-election.

8C. (1) At the first Annual General Meeting of shareholders of the Bank to be held after the date on which this section comes into force a Board of Directors (in this section referred to as the "First Board") shall be constituted in the manner specified in subsection (1) of section 8A and subsection (1) of section 8B.

(2) The elected members of first Board shall hold office until the date of the next Annual General Meeting of the shareholders of the Bank immediately following the Annual General Meeting referred to in subsection (1).

(3) Subject to the provisions of subsection (2), the provisions of sections 8A and 8B relating to vacation office by death, resignation or removal and

the temporary absence of a member of the Board, shall apply to and in respect of the members of the first Board.’

7. Section 10 of the principal enactment is hereby amended by the substitution for the words “as may be determination by the Minister.”, of the words “as may from time to time be determined by the shareholders of the Bank at an Annual General Meeting of such shareholders.”.

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

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

“(1) The Board of Directors shall elect from among themselves a Chairman.”;

(2) in subsection (2) of that section, by the substitution for the words “date of appointment.”, of the words “date of election.”;

(3) in subsection (3) of that section by the substitution for the words “shall be appointed in his place”, of the words “shall be elected in his place”;

(4) in subsection (4) of that section, by the substitution for the words “eligible for reappointment.”, of the words “eligible for re-election.”; and

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

9. Section 16 of the principal enactment is hereby amended in subsection (3) of that section by the substitution for the words “presence of the General Manager or the acting General Manager and two Directors all of whom”, of the words “presence of the General Manager or the acting General Manager and one director both of whom”.

10. Section 21 of the principal enactment is hereby repealed and the following section substituted therefor:-

“Capital of the Bank.

21. (1) The authorized capital of the Bank shall be two thousand million rupees divided into two hundred million shares of ten rupees each.

(2) The Bank may offer such of the shares referred to in subsection (1) as have not been allotted under section 22, to the public for subscription at such time or times in such amount or amounts and in such manner as may be determined by the Board of Directors and upon payment being made for such shares shall, subject to the provisions of subsection (2B) of section 22, allot such shares to the respective purchasers.”.

11. Section 22 of the principal enactment is hereby amended as follows:-

(1) by the repeal of subsection (2) of that section and the substitution therefor of the following subsection:-

“(2) The shareholders referred to in subsection (1) shall have power to-

(a) sell all or any of their shares in the Bank;

(b) convert, with the approval of the Minister all or any of their shares in the Bank into bonds, debentures or preference shares issued by the Bank subject to such terms and conditions as may be approved by the Minister.”;

- (2) by the insertion immediately after subsection (2) of that section of the following new subsections:—

“(2A) The Board of Directors may, with the concurrence of the Minister cancel any promissory notes issued to the Bank by any of the shareholders referred to in paragraphs (b), (c) and (d) of subsection (1), and upon such cancellation, the issued share capital of the Bank shall be deemed to be reduced to the extent of the value of the promissory notes cancelled.

(2B) The Bank shall not allot any shares under subsection (2) of section 21 or register any shares—

- (a) in the name of any company, incorporated body or an individual, if such allotment or registration would result in such company, incorporated body or individual owning more than fifteen *per centum*, of the total issued share capital of the Bank;
- (b) in the name of a company and any one or more of the following:—
- (i) any of its subsidiaries;
  - (ii) its holding company;
  - (iii) a subsidiary of its holding company; or
  - (iv) a company in which such company or its subsidiary or its holding company or a subsidiary of its holding company has a substantial interest,

if such allotment or registration would result in such company and one or more of the person referred to in sub-paragraphs (i), (ii), (iii) and (iv) owning, in the aggregate, more than fifteen *per centum* of the total issued share capital of the Bank;

- (c) in the name of an individual and of any one or more of the following:—
- (i) his close relations;
  - (ii) a company in which he has a substantial interest or in which has close relation has a substantial interest;
  - (iii) the subsidiary of a company referred to in sub-paragraph (ii);
  - (iv) a holding company of a company referred to in sub-paragraph (ii);
  - (v) a subsidiary of a holding company of a company referred to in sub-paragraph (ii);
  - (vi) a company in which a company, referred to in sub-paragraph (ii) or its subsidiary or its holding company or a subsidiary of its holding company has a substantial interest; or
  - (vii) an incorporated body other than a company in which such individual or his close relation has substantial interest,

if such allotment or registration would result in such individual and one or more of the persons referred to in sub-paragraphs (i), (ii), (iii), (iv), (v), (vi) and (vii) owning, in the aggregate, more than fifteen *per centum* of the total issued share capital of the Bank.

A company or individual shall be deemed to have a substantial interest in a company or incorporated body other than a company within the meaning of this subsection where such company or individual owns more than fifty-one *per centum* of shares in such Company or incorporated body, as the case may be.”;

(3) in subsection (4) of that section, by the substitution for the words and figures “this section or section 57.”, of the words and figures “section 21 or this section.”; and

(4) by the addition immediately after subsection (4) of that section, of the following new subsection:—

‘(5) For the purpose of subsection (2B)—

“close relation” in relation to a person means a parent, spouse, or child of that person or the spouse of a child of that person;

“subsidiary” has the meaning assigned to it by subsection (1) of section 8 of the Banking Act, No. 30 of 1988.’

12. Section 26 of the principal enactment is hereby amended as follows:—

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

“(3) Notwithstanding the provisions of subsections (1) and (2), the Bank may from time to time borrow sums of money from any licensed commercial bank on such terms and conditions as may be mutually agreed to between them.”;

(2) by the addition, immediately after this section, of the following paragraph:—

“For the purpose of this section “licensed commercial bank” means a licensed commercial bank within the meaning of the Banking Act. No. 30 of 1988’; and

(3) by the substitution for the marginal note to that section of the following marginal note:—

“Temporary borrowings from the Central Bank and licensed commercial banks.”

13. Section 36 of the principal enactment is hereby repealed.

14. Part IV of the principal enactment is hereby repealed.

15. The following new sections are hereby inserted immediately after section 66 and shall have effect as sections 66A and 66B of the principal enactment:—

“Bank deemed to be a bank within the meaning of the Evidence Ordinance.

Annual General Meeting.

66A The Bank shall be deemed to be a bank within the meaning of Chapter VI of the Evidence Ordinance notwithstanding the fact that it does not accept demand deposits and accordingly, the provisions of that Chapter shall apply to and in relation to the Bank.

66B. An Annual General Meeting of the shareholders of the Bank shall be held within nine months after the close of each financial year of the Bank at which the Annual Report and Accounts presented by the Board of Directors shall be considered and decisions as to the declaration of dividends taken. The manner of summoning the Annual General Meeting and the procedure for transaction of business at such meeting shall be as prescribed. At every Annual General Meeting, elected directors shall be elected to the Board of Directors in accordance with the shareholdings in the Bank on the day preceding the date of such meeting.”.

16. Section 79 of the principal enactment is hereby repealed.

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

- (1) in ‘FORM A’ of that Schedule, by the omission of all the words from “Given under the Seal of the Bank”, to “General Manager of the Bank.”; and
- (2) in ‘FORM B’ of that Schedule, by the omission of all the words from “Given under the Seal of the Bank”, to “General Manager of the Bank.”.

18. The members of the Board Directors holding office on the day immediately prior to the date of commencement of this Act shall notwithstanding anything in the principal enactment cease to hold office with effect from the date the first Annual General Meeting of shareholders of the Bank to be held after the date of commencement of this Act.

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



## CO-OPERATIVE SOCIETIES (AMENDMENT) ACT, NO. 11 OF 1992

[Certified on 6th March, 1992]

AN ACT TO AMEND THE CO-OPERATIVE SOCIETIES LAW, NO. 5 OF 1972

1. This Act may be cited as the Co-operative Societies (Amendment) Act, No. 11 of 1992.

2. The long title to the Co-operative Societies Law, No. 5 of 1972 (hereinafter referred to as the "principal enactment") is hereby amended by the substitution for the words "TO THE CONSTITUTION AND CONTROL OF CO-OPERATIVE SOCIETIES", OF THE WORDS "TO THE CONSTITUTION AND ADMINISTRATION OF CO-OPERATIVE SOCIETIES".

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

"Societies  
which may be  
registered.

3. Subject to the provisions hereinafter contained —

- (a) a society which has as its object the provision, in accordance with co-operative principles, of specified services contributing to the economic, social, educational and cultural welfare of its members;
- (b) a society consisting of registered societies as its members established with the object of facilitating the operation of societies referred to in paragraph (a),

may be registered under this Law, with or without limited liability:

Provided that the liability of a society of which a member is a registered society shall be limited."

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

(1) by the repeal of subsection (1) thereof and the substitution therefor of the following subsection:—

"(1) No society shall be registered under this Law if—

- (a) it consists only of members, it does not consist of at least ten persons, who are over eighteen years of age or reside or are employed or owns immovable property within the area of operation of the society and who is capable of utilizing the services rendered by the society; or
- (b) it consists only of registered societies, it does not have at least three members;
- (c) it has not obtained a report or recommendation from such person or institution as is prescribed, to the effect that—
  - (i) the activities it proposes to engage in, are economically feasible;
  - (ii) its proposed by-laws are not inconsistent with the provisions of this Law or any rules made thereunder;
- (d) the proposed by-laws have not been adopted at a general meeting duly summoned for the purpose;

- (e) its proposed by-laws do not contain provision that at least two members of the Committee of the society shall be persons who are between the ages of eighteen and thirty-five;
  - (f) all the members signing the application for registration have not completed the payments in respect of their membership; or
  - (g) such society has failed to furnish all information as may be required by the Registrar for the purpose of registration.”; and
- (2) in subsection (2) thereof, by the substitution for the words “any question arises as to the age, residence, employment or property qualification of any person,” of the words “any question arises as to whether the conditions specified in the preceding provisions have been satisfied,”.
5. Section 5 of the principal enactment is hereby amended as follows:—
- (1) in subsection (1) thereof by the substitution for the words “made to the Registrar.”, of the words “made to the Registrar in such Form as may be prescribed.”.
  - (2) in subsection (2) thereof—
    - (i) by the substitution for the words and figures “requirements of section 4 (1); and” in paragraph (a), of the words and figures “requirements of section 4 (1) (a); and”;
    - (ii) in paragraph (b) by the substitution for the all words from “by a duly authorized person on behalf of every such registered society,”, to the end of that paragraph of the words “by a person duly authorised by every such society.”.
  - (3) by the repeal of subsection (3) thereof, and the substitution therefor of the following subsection:—
 

“(3) The application shall be accompanied by—

    - (a) two copies of the proposed by-laws;
    - (b) a feasibility report pertaining to the economic activities which the society proposes to engage in;
    - (c) certified copies of minutes of the general meeting at which the resolution to register the society was passed and the by-laws adopted together with details of attendance;
    - (d) a certificate by the committee of the society confirming the payment of membership fees by the members signing the application and the fact that such moneys are in the custody of such committee.”.
6. Section 7 of the principal enactment is hereby amended as follows:—
- (1) by the renumbering of that section as subsection (1) thereof; and
  - (2) by the addition immediately after the renumbered subsection (1) of the following new subsection:—

“(2) The Registrar shall upon registering a society under section 6 issue to such society a certificate of registration.”.

7. Section 8 of the principal enactment is hereby amended by the insertion immediately after subsection (2) of that section of the following new subsection:—

“(2A) No amendment of a by-law of a registered society shall be registered unless such amendment is accompanied by a report referred to in section 4 (1) (c) (ii).”.

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

(1) in subsection (1) thereof, by the substitution for the words “members or delegates present and voting at a general meeting”, of the words “members or delegates eligible to be present and vote at a general meeting”.

(2) in subsection (2) thereof, by the substitution for the words “members or delegates present and voting at a general meeting”, of the words “members or delegates eligible to be present and vote at a general meeting”.

(3) in subsection (3) thereof—

(a) by the renumbering of that subsection as paragraph (a) thereof; and

(b) by the addition immediately after the renumbered paragraph (a) of the following new paragraph :—

“(b) No approval shall be given by the Registrar to any society to transfer its assets and liabilities to any other registered society, to divide itself into two or more societies or to amalgamate with another registered society if—

(i) a report of recommendation has not been obtained from a person or institution as is prescribed, regarding the economic feasibility of the proposed transfer, division or amalgamation;

(ii) a report stating that the by-laws of the societies into which the registered society has been divided or amalgamated, as the case may be, are not inconsistent with the provisions of the law or any rule made thereunder has not been obtained from an institution or designated person as for the purposes of section 4.”.

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

(1) by the insertion immediately after subsection (1) thereof of the following new subsection:—

(1A) Where the liability of members of a society is limited, no member other than a registered society shall hold such portion of the share capital of the society, subject to a maximum of one-fifth as may be prescribed by the rules.”; and

(2) by the substitution in subsection (2) for the words and figures “of any scheduled agricultural product under the Agricultural Products (Guaranteed Prices and Control of Hulling and Milling Act, No. 33 of 1961”, of the words “of any scheduled agricultural product as an agent of the Paddy Marketing Board”.

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

“Mode of payment to purchase shares.

11A. A member may commence payment for the purchase of any share with an initial payment of rupees ten and shall increase payment of such instalment to rupees one hundred within one year from the date of such initial payment. The minimum value may be increased as desired. The total value of a share may be paid in a single instalment:

Provided however that a member shall not enjoy the right to vote or the right to hold office until the expiry of one year from the date of enrolment:

Provided further, that the provisions of this section shall not apply to and in respect of persons who have applied to the Registrar for registration of a society under the provisions of sections 4(1) (a) and (b) and 5(1) and (2).

Eligibility to vote.

11B. A member shall be entitled to vote at any meeting of a registered society and be elected to any office in such society only after obtaining full membership.

Disqualification.

11c. No person who is a member of Parliament, Provincial Council, Municipal Council, Urban Council or Pradeshiya Sabha shall be eligible to be elected to or continue in office as a member of the committee of a registered Co-operative Society.

Disqualification for election as Chairman.

11D. A person shall be disqualified from being elected as a Chairman of a registered Society, the membership of which consists of registered societies, if he is on the date of his election, the Chairman of any other registered society, the objects of which are not similar to the objects of the first-mentioned society, the membership of which consists of registered societies”.

11. Section 12 of the principal enactment is hereby amended in subsection (1) thereof by the substitution for the words “admit an individual as an associate member.”, of the words “admit as any associate member any individual who enters into a contract for the transaction of business with the by-laws of the society.”.

12. The following new heading is hereby substituted for the heading “duties of registered societies” heading to appearing in Chapter III, of the principal enactment:—

#### “RIGHTS, OBLIGATION AND PRIVILEGES OF REGISTERED SOCIETIES”.

13. Section 22 of the principal enactment is hereby amended by the substitution for the words “National State Assembly” wherever those words occur in that section of the word “Parliament”.

14. Section 24 of the principal enactment is hereby amended in sub-paragraph (iii) of paragraph (a) thereof, by the substitution for the words and figures “of any scheduled agricultural product under the Agricultural Products (Guaranteed Prices and Control of

Hulling and Milling) Act, No. 33, of 1961;” of the words “of any scheduled agricultural product as an agent of the Paddy Marketing Board;”.

15. Section 39 of the principal enactment is hereby amended as follows:—

(1) by the repeal of the proviso to subsection (1) thereof and the substitution therefor, of the following new proviso:—

“Provided that, with the approval of the general body of registered society and on such conditions as may be imposed by it, a registered society may grant loans to another registered society or supply goods on credit to an associate member.”; and

(2) by the repeal of subsection (2) of that section and the substitution therefor, of the following new subsection:—

“Provided that, with the approval of the general body, a registered society shall not lend money on the security of any movable property other than agricultural produce.”.

16. Section 42 of the principal enactment is hereby amended by the omission of the words “approved for this purpose by the Registrar” wherever those words occur in that section.

17. Section 43 of the principal enactment is hereby amended by the repeal of subsection (3) of that section.

18. The following new heading is hereby substituted for the heading “ACCOUNTS BUDGET, AUDIT, INQUIRY, INSPECTION OR INVESTIGATION” to Chapter VIII of the principal enactment:—

“ACCOUNTS BUDGET, AUDIT, INQUIRY AND INSPECTION OF A REGISTERED SOCIETY”

19. Section 44 of the principal enactment is hereby amended by the repeal of subsection (2) thereof and the substitution therefor of the following:—

“(2) The audit under subsection (1) shall include—

- (a) an examination of overdue debts;
- (b) a valuation and verification of assets and liabilities of registered societies;
- (c) an examination as to whether the organization systems, procedures, books, records and other documents have been properly and adequately designed to ensure proper financial control and the presentation of information, to enable a continuous evaluation of the activities of the society, and whether such systems, procedures, books, records and other documents are in effective operation;
- (d) an examination as to whether the conduct of the society has been in accordance with the provisions of this Law, or rules, regulations or by-laws made thereunder and whether administration of the affairs of the society has been in accordance with the provisions of such Law, rules, regulations or by-laws;

- (e) an examination as to whether the utilization of the Fund has been efficiently and economically carried out;
- (f) an examination as to whether a satisfactory procedure has been formulated so as to ensure the safety of money and property belonging to and under the control of, the registered society;
- (g) an examination as to whether the accounts audited have been so designed as to present a true and accurate account of the affairs of the society in respect of the period under consideration having due regard to the principles of accountancy, financing and valuation; and
- (h) other prescribed matters.”.

20. Section 46 of the principal enactment is hereby repealed and the following section is substituted therefor:—

“Inquiry and inspection.

46. (1) The Registrar may of his own motion and shall on the application of a majority of the committee or of not less than one-third of the members of a registered society hold an inquiry or inspection or direct some person authorised by him by orders in writing in that behalf to hold an inquiry into the constitution, working, and financial condition, or an inspection into the books of the registered society.

(2) For the purposes of an inquiry under subsection (1), the Registrar or any person authorised by him to hold an inquiry or inspection shall have the power,—

- (a) to summon any past or present officer, agent, servant or member of the society or any other person who, in the opinion of the Registrar or the person authorised by him to inquire or inspect, can give material information about any transactions of the society or the management of its affairs.
- (b) to require the production of any book or document relating to the affairs of the society, or any cash, security, or other property belonging to the society, by any past or present officer, agent, servant or member of the society or other person in possession of or having the custody of such book, document, cash, security or other property.
- (c) to summon a general meeting of the members of the society at such time and place as may be specified by him to determine such matters as may be directed by him; and
- (d) to take into his custody books of accounts, or documents of the society where he has reason to believe that there is a fraud or irregularity, in the course of such inquiry or inspection.

(3) The Registrar and every person authorised by him to hold an inquiry or inspection under this section shall be deemed to be public servants within the meaning of the Penal Code.”.

21. Section 47 of the principal enactment is hereby repealed.

22. Section 48 of the principal enactment is hereby repealed and the following new section is substituted therefor:—

"Dissolution  
of the  
committee of  
a society.

48. (1) If the Registrar is of opinion after an inquiry or inspection into the books of the registered society under section 46 that the committee of a registered society is not performing its duties in a proper manner, he may after giving the committee an opportunity to state its objections if any, to its dissolution, report his findings to the general body summoned by him in accordance with the rules, if such inquiry or inspection under section 46 had been held on his own motion or, to the general meeting summoned in accordance with the by-laws if such inquiry or inspection had been held on the application of a majority of the committee or, of not less than one-third of the number of members, and the general body may—

- (a) remove the offending committee member or members and fill the resulting vacancies in accordance with the by-laws;
- (b) dissolve the committee and elect a new committee or appoint a suitable person or body of persons to manage the affairs of the Society.

(2) The committee so elected or person or persons so appointed shall hold office for the remainder of the period of office of the dissolved committee.

(3) The person or persons appointed under paragraph (b) of subsection (1) may exercise all the powers, rights and privileges of a duly appointed committee of the society.

(4) Any person or persons appointed under paragraph (b) of subsection (1) shall be jointly and severally responsible for any loss sustained through any such acts committed by them as are contrary to the law, rules or by-laws of the society.

(5) The general body may fix the remuneration payable to any person, appointed under paragraph (b) of subsection (1) to manage the affairs of the society. The amount of such remuneration and other expenses, if any, incurred in the management of the society shall be payable from its funds.

(6) It shall be the duty of the person or persons appointed under this section to manage the affairs of a registered society dissolved under paragraph (b) of subsection (1) and holding office immediately prior to the date on which it ceases to hold office and to arrange for the election of a new committee in accordance with the by-laws of the society.

(7) Nothing in this section shall be deemed to affect the power of the Registrar to cancel the registration of the society under section 49."

23. Section 48A of the principal enactment is hereby repealed.

24. Section 49 of the principal enactment is hereby amended in subsection (1) of that section by the substitution for the words and figures "an inspection or an investigation under section 47", of the words "an inspection."

25. Section 53 of the principal enactment is hereby amended, by the insertion of the following paragraph immediately after paragraph (j) and shall have effect as paragraph (j):—

“(j) deposit all moneys collected by the liquidator in such manner as directed by the Registrar.”.

26. Section 54 of the principal enactment is hereby amended as follows:—

- (1) by the renumbering of that section as subsection (1) thereof; and
- (2) by the addition immediately after the renumbered subsection (1) of the following new subsection:—

‘(2) There shall be established a Fund called the “ Co-operative Fund” to which shall be credited all the moneys collected by the liquidator, and such fund shall be operated by the Registrar in accordance with the rules’.

27. Section 58 of the principal enactment is hereby amended in subsection (1) of that section by the substitution for all the words from “A claim by a registered society for any debt, demand or damages due to it” to “touching the business of the society within the meaning of this subsection.”, of the words “A claim by a registered society for any debt, demand or damages due to it from a member, officer or employee, whether past or present, or any nominee, heir or legal representative of a deceased member, officer or employee, or a claim for any debt, damage or demand due to a member from a registered society, from an officer or employee or member, past or present or to any nominee, heir or legal representative of a deceased member, officer or employee, from a registered society, whether such debt, demand or damages is admitted or not, shall be deemed to be a dispute touching the business of a society within the meaning of this subsection.”.

28. Section 59 of the principal enactment is hereby amended in subsection (4) of that section by the substitution for the words “at the time of imposing such sentence.”, of the words and figures “at the time of imposing such sentence. Any defaulter sentenced to a term of imprisonment in default of the fine imposed in accordance with section 291 of the Code of Criminal Procedure Act, No. 15 of 1979, shall not be absolved from the payment of any sum of money mentioned in the certificate specified in section 59 (1). (c).”.

29. The following new Chapter is hereby inserted immediately after Chapter XI of the principal enactment and shall have effect as Chapter XIA of the principal enactment:—

## “CHAPTER XIA

### SPECIAL PROVISIONS APPLICABLE TO REGISTERED SOCIETIES OPERATING WITH STATE FUNDS

Special  
conditions.

60A. (1) Where a registered society obtains a loan, advance or grant from the Government, every such loan, advance or grant shall be subject to the following conditions:—

- (a) that the approval, in writing of the Registrar, shall be obtained by the society prior to acquiring by way of purchase, lease, gift or otherwise any land, building or other movable or immovable property or alienating by way of sale, mortgage, lease, exchange or in any other manner, and land buildings, and other movable or immovable property for any purpose connected with its objects;



(b) that the funds of the society shall be deposited or invested in any securities other than in a primary mortgage of immovable property in terms of section 20 of the Trust Ordinance or with any banker, or a person acting as a banker, approved for such purpose by the Registrar, or in the shares, or on the security of any other registered society, approved for the purpose by the Registrar, or in any other mode provided for, by the rules.

(2) If the Registrar is of opinion after an inquiry or inspection into the books of the registered society under section 46 that the committee of a registered society operating with State funds, is not performing its duties as required he may after giving such committee an opportunity to state its objections if any, to its dissolution report his findings to the general body summoned by him in accordance with the rules and such general body shall remove the committee within the time specified by the Registrar and if the general body fails or neglects to do so, the Registrar shall remove the committee and require the general body to appoint a Board of management. If the general body fails to appoint a Board of Management within fourteen days the Registrar may appoint a suitable person or persons to manage the affairs of such Society. The members of the committee so removed shall not be eligible to be elected to office of any registered society for a period of five years from the date of such removal. The Board of Management appointed under this section shall hold office for the same period and shall have the same powers and functions as a person appointed under paragraph (b) of subsection (1) of section 48.

60B. (1) If the Registrar is of the opinion after an inquiry and inspection into the books of the registered society under section 46, that any officer or employee of any registered society is not performing his duties in a proper manner, or is unfit or otherwise unable to discharge his duties efficiently, he may notwithstanding anything to the contrary in this Law, the Co-operative Employees Commission Act, No. 12 of 1972 or any other Law after giving such officer or employee, an opportunity to state their objections, by order in writing suspend or interdict, as the case may be such officer or employee pending such inquiry as may be necessary and after such inquiry remove such officer or employee from office:

Provided that any employee aggrieved by an order of removal made under this subsection, may appeal therefrom to the Co-operative Employees' Commission established under Act, No. 12 of 1972 within a period of thirty days, and the decision of such Commission shall be final.

(2) Where any employee is removed under subsection (1) and where such order for removal has been affirmed by the Co-operative Employees' Commission or no appeal against such order has been preferred within thirty days, another employee may be appointed, in accordance with the provisions applicable in respect of such appointment.

60C. Where the Registrar is of opinion that it is necessary or expedient to do so for the purpose of ensuring efficient management of the affairs of a registered society operating with State funds or for the purpose of safeguard-

ing any investments or advances in money or goods made to such society by the Government may notwithstanding anything to the contrary in this Law or any other law or in the by-laws of such society, nominate such number of persons to be members of the committee of such registered society as are in his opinion necessary or expedient for such purpose:

Provided that the number of such nominated members, shall be less than one-half of the total number of members of such Committee.”.

30. Section 66 of the principal enactment is hereby amended as follows:—

- (1) in subsection (1) thereof, by the substitution for the words “inspection of books and investigation of affairs of a society under section 47,”, of the words “or inspection of books of a registered society”; and
- (2) in subsection (2) thereof, by the substitution for the words “by the Registrar on application to the Magistrate”, of the words “by the Magistrate,”.

31. Section 66A of the principal enactment is hereby repealed and the following section substituted therefor:—

“Declaration of assets and liabilities. 66A. (1) The Chairman and every member of the committee of a registered society shall make, to the Commissioner of Co-operative Development, in the prescribed form, an annual declaration of—

- (a) all his assets and liabilities;
- (b) all the assets and liabilities of his spouse; and
- (c) all the assets and liabilities of each of his children,

as on the thirty-first day of March of the year in respect of which such declaration is made.

(2) The declaration referred to in subsection (1) shall be made by the Chairman or member of the committee of a registered society, to the Commissioner of Co-operative Development, within three months of his election or appointment, as the case may be, as such Chairman or member, and unless he ceases to be such Chairman or member before the first day of July of every year succeeding the year in which he made his first declaration.”.

32. Section 67 of the principal enactment is hereby amended by the substitution for the words “or an inspection of books and investigation of the affairs of a registered society has been held under section 47,” of the words “or an inspection of books of,”.

33. Section 72A of the principal enactment is hereby amended by the substitution for the words and figures “under sections 44, 46, 47, 49, 52”, of the words and figures “under sections 44, 46, 49, 52.”.

34. Section 75 of the principal enactment is hereby amended as follows:—

- (1) in the definition of the expression “committee” by the substitution for the words and figures “under section 48;”, of the words and figures “under subsection (2) of section 60A;”;
- (2) in the definition of the expression “primary society” by the substitution for

the words “paragraph (b), (c) or (d) of section 3 (1);”, of the words “paragraph (b) of section 3;,”; and

- (3) by the addition immediately after the definition of the expression “rules” of the following new definition:—

“State funds” shall mean loans, advances and grants, granted by the Government and includes any loans, grant or advances out of the funds referred to in sections 48 and 57 of the Act’.

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

## EMPLOYEES' PROVIDENT FUND (AMENDMENT) ACT, NO. 14 OF 1992

[Certified on 11th March, 1992]

AN ACT TO AMEND THE EMPLOYEES' PROVIDENT FUND ACT, NO. 15 OF 1958.

1. This Act may be cited as the Employees' Provident Fund (Amendment) Act, No. 14 of 1992.

2. Section 23 of the Employees' Provident Fund Act, No. 15 of 1958, is hereby amended in subsection (1) thereof as follows :—

(1) in paragraph (e) thereof, by the substitution for the words “or in the Local Government Service :”; of the words “or in the Local Government Service ;”;

(2) by the addition immediately after paragraph (e) thereof, of the following new paragraph :—

“(f) after such member —

- (i) ceases to be employed in a business undertaking, upon establishment of a public corporation for the purpose of taking over and carrying on such business undertaking, by an Incorporation Order made under section 2 of the Conversion of Government Owned Business Undertakings into Public Corporations Act, No. 22 of 1987, and has not taken up employment in the public corporation so established ;
- (ii) ceases to be employed in a public corporation or business undertaking, as the case may be, upon incorporation of a public company for the purpose of taking over the functions of such public corporation or taking over and carrying on such business undertaking, as the case may be, by an Order made under section 2 of the Conversion of Public Corporations or Government Owned Business Undertakings into Public Companies Act, No. 23 of 1987, and has not taken up employment in the public company so incorporated ;
- (iii) ceases to be employed in a public corporation upon retrenchment of that member ;
- (iv) ceases to be employed in a public corporation upon the dissolution of that public corporation or the closure of the business undertaking of that public corporation :”;

(3) by the substitution, for the last paragraph thereof, of the following paragraph :—

‘In this section —

- (i) “business undertaking” means any business undertaking acquired by, or vested in, the Government under the Business Undertakings (Acquisition) Act, No. 35 of 1971;

- (ii) "public corporation" shall have the same meaning as in the Constitution of the Democratic Socialist Republic of Sri Lanka ;
- (iii) "registered medical practitioner" means a medical practitioner registered under the Medical Ordinance ; and
- (iv) "retrenchment" shall have the same meaning as in the Industrial Disputes Act. '

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

## **BRETTON WOODS AGREEMENTS (AMENDMENT) ACT, NO. 16 OF 1992**

[Certified on 19th March, 1992]

### **AN ACT TO AMEND THE BRETTON WOODS AGREEMENTS ACT**

WHEREAS Sri Lanka is a member of the International Monetary Fund and the text of the original Articles of Agreement of that Fund were laid before Parliament prior to the passing of the Bretton Woods Agreements Act which enabled Sri Lanka to become a member of such Fund :

AND WHEREAS the Board of Governors of the Fund have, in pursuance of Article XXVIII of such Articles of Agreement, by a resolution passed at a meeting of such Board of Governors held on June 20, 1990, approved the proposed Third Amendment to such Articles of Agreement (in this preamble referred to as "the proposed amendment") :

AND WHEREAS the text of the proposed amendment was laid before Parliament on October 11, 1991 :

AND WHEREAS the Government of Sri Lanka has accepted the proposed amendment :

AND WHEREAS it is necessary to amend the Bretton Woods Agreements Act to give full force and effect to that decision :

Now therefore be it enacted by the Parliament of the Democratic Socialist Republic of Sri Lanka as follows :-

1. This Act may be cited as the Bretton Woods Agreements (Amendment) Act, No. 16 of 1992 and shall come into operation on such date as the Minister, by Order published in the *Gazette*, certifies as the date on which the Third Amendment to the Articles of Agreement of the International Monetary Fund enters into force in respect of Sri Lanka.

2. Section 10 of the Bretton Woods Agreement Act, is hereby amended by the repeal of the definition of "Fund Agreement" and the substitution therefore of the following definition :-

“Fund Agreement” means the Articles of Agreement of the International Monetary Fund as originally adopted and as subsequently amended -

- (a) in order to institute a facility based on Special Drawing Rights (the text of which amendment was laid before the House of Representatives on November 23, 1968) ; and
- (b) in order to establish a new International Monetary System (which amendment was incorporated in the text of the Articles of Agreement of the Fund laid before the National State Assembly on April 4, 1978) ; and
- (c) in order to provide for the suspension of voting and related rights of a member country which does not fulfill its obligations under such Articles (the text of which amendment was laid before Parliament on October 11, 1991).’.

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

**FINANCE (AMENDMENT) ACT, NO. 22 OF 1992**

[Certified on 31st March, 1992]

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

1. This Act may be cited as the Finance (Amendment) Act, No. 22 of 1992.
2. Section 58 of the Finance Act, No. 11 of 1963 (hereinafter referred to as the "principal enactment") is hereby amended as follows :—
  - (1) by the repeal of subsection (3) thereof and the substitution therefor of the following subsections :—

“ (3) A person liable to the tax shall pay the tax to the Registrar of Lands of the district in which the land transferred is situated, before the instrument by which the transfer of that land was effected is presented for registration in accordance with the provisions of the Registration of Documents Ordinance.”;
  - (2) by the deletion, in paragraph (a) of subsection (4) of that section, of the words “or shares” wherever those words occur in that paragraph ;
  - (3) by the deletion, in paragraph (c) of subsection (4) of that section, of the words “or shares in any company,” ; and
  - (4) by the repeal of paragraphs (d), (e) and (f) of subsection (4) of that section.
3. Section 59 of the principal enactment is hereby amended by the deletion of the words “or the company, as the case may be,” .
4. Section 60 of the principal enactment is hereby amended by the repeal of subsections (2) and (3) of that section.
5. Section 62 of the principal enactment is hereby amended by the deletion of the words “or a company” and “or company” wherever those words occur in that section.
6. Section 64 of the principal enactment is hereby amended by the repeal of subsection (1) of that section.
7. Section 66 of the principal enactment is hereby amended by the repeal of the definition of “property”, and the substitution, of the following definition therefor:—

‘ “property” means any land;’
8. In the event of any inconsistency between the Sinhala and Tamil texts of this Act, the Sinhala text shall prevail.

## TAX AMNESTY (HOUSING AND COMMERCIAL BUILDINGS)

### ACT, NO. 30 OF 1992

[Certified on 27th May, 1992]

AN ACT TO PROVIDE FOR TAX CONCESSIONS TO PERSONS WHO USE THE WHOLE OR PART OF THEIR RELEVANT PROFITS AND INCOME IN THE CONSTRUCTION OF HOUSES OR COMMERCIAL BUILDINGS, OR IN THE RENOVATION OF COMMERCIAL BUILDINGS, OR, IN THE PURCHASE OF HOUSES WITH A VIEW TO SECURING IN THE FUTURE, FULL COMPLIANCE BY SUCH PERSONS WITH TAX LAWS AND TO INCREASING THE HOUSING STOCK OF SRI LANKA; TO INDEMNIFY PERSONS WHO USE SUCH PROFITS AND INCOME FOR THE PURPOSES OF SUCH CONSTRUCTIONS, RENOVATION, OR PURCHASE, AGAINST PROSECUTIONS FOR OFFENCES IN RELATION TO SUCH PROFITS AND INCOME; AND TO PROVIDE FOR MATTERS CONNECTED THEREWITH OR INCIDENTAL THERETO.

1. This Act may be cited as the Tax Amnesty (Housing and Commercial Buildings) Act, No 30 of 1992.

2. (1) This Act shall, subject to the provisions of subsection (2), apply to any person who has any moneys representing the whole or any part of his relevant profits and income.

(2) This Act shall not apply to any person in relation to whom any investigation was pending on October 1, 1991, for any alleged or suspected evasion of any tax payable under the Inland Revenue Act or the Turnover Tax Act, in respect of any profits and income, or turnover, as the case may be, which arose, or accrued to, or was derived by, such person, on or before March 31, 1991.

(3) Every person referred to in subsection (1), not being a person to whom the provisions of subsection (2) apply, shall, hereafter in this Act, be referred to as " a person to whom this Act applies".

3. (1) Any person to whom this Act applies may, after September 30, 1991, use the whole or any part of his relevant profits and income for any one or more of the following purposes—

- (a) the construction of one or more houses, the internal floor area of each of which (excluding the thickness of the outer walls), does not exceed one hundred and twenty-five square metres on land, not exceeding one-fortieth part of a hectare in extent and owned by such person;
- (b) the construction of one or more buildings each consisting of two or more housing units, the internal floor area of each of which (excluding the thickness of the outer walls) does not exceed one hundred and twenty-five square metres, on land not exceeding such extent as is approved for the purposes of such construction, by the Urban Development Authority and owned by such person;



- (c) the purchase, for occupation as a residence for himself, of any such house as is referred to in paragraph (a), constructed by a qualified person;
- (d) the purchase, for occupation as a residence for himself, of any such housing unit as is referred to in paragraph (b) and comprised in a building constructed by a qualified person;
- (e) the construction, at a cost not exceeding five million rupees, of one or more buildings each such building being a building which is assessed as a commercial premises for the purposes of levying rates, on land not exceeding such extent as is approved for the purposes of such construction, by the Urban Development Authority and owned by such person;
- (f) the renovation, at a cost not exceeding five million rupees, of a derelict building, being a building which is assessed as a commercial premises for the purposes of levying rates and owned by such person,

where the plan for the construction referred to in paragraph (a) or paragraph (b) or paragraph (e), or for the renovation referred to in paragraph (f), as the case may be, is approved by the appropriate local authority or the Urban Development Authority, as the case may be, after September 30, 1991.

The expression " renovation " in relation to any building referred to in paragraph (f) means the re-building, restoring or upgrading, of such building.

(2) A person to whom this Act applies and who constructs any such house or building as is referred to in paragraph (a) or paragraph (b) or paragraph (e) of subsection (1) or purchases any such house or housing unit as is referred to in paragraph (a) or paragraph (b) of subsection (1) or renovates any such building as is referred to in paragraph (f) of subsection (1) and completes such construction or renovation, or purchase of such house or housing unit, as the case may be, before October 1, 1994, may, within ninety days of the date of completion of such construction or renovation or the date of such purchase, as the case may be, furnish to the Commissioner-General—

- (a) a declaration in the Form set out in the Schedule to this Act, setting out the amount of his relevant profits and income that he has used for the purpose of such construction, renovation or purchase, as the case may be;
- (b) a certificate issued under section 4 by the Urban Development Authority or a public officer or officer of a local authority authorized in that behalf by the Urban Development Authority, in respect of such construction, renovation or purchase, as the case may be.

(3) A person to whom this Act applies who furnishes to the Commissioner-General, the declaration and the certificate referred to in subsection (2) within the period referred to in that subsection, is in this Act, referred to as a " qualified person ".

4. (1) The Urban Development Authority or any public officer or officer of a local authority authorized in that behalf by the Urban Development Authority, shall, on an application made therefor to the Urban Development Authority, by a person who has constructed any such house or building as is referred to in paragraph (a) or paragraph (b) or paragraph (e) of subsection (1) of section 3 or has purchased any such house or housing unit as is referred to in paragraph (a) or paragraph (b) of subsection (1) of section

3 or has renovated any such building as is referred in paragraph (a) or paragraph (b) of subsection (1) of certificate in respect of such construction, purchase, or renovation, as the case may be, if such Authority or public officer or officer of a local authority is satisfied—

- (a) in the case of the construction of a house or building, that such house or building conforms to the requirements specified in paragraph (a) or paragraph (b) or paragraph (e) of subsection (1) of section 3, as the case may be, and that the amount declared to have been used for such construction is not excessive, having regard to prevailing costs of building;
- (b) in the case of the purchase of a house or housing unit, that such house or housing unit conforms to the requirements specified in paragraph (a) or paragraph (b) of subsection (1) of section 3, as the case may be, and the amount declared to have been used for such purchase does not exceed the market value on the date of the purchase of, such house, or housing unit, as the case may be;
- (c) in the case of the renovation of a building, that such building conforms to the requirements set out in paragraph (f) of subsection (1) of section 3 and that the amount declared to have been used for such renovation is not excessive having regard to the prevailing costs of building.

(2) Every certificate issued under subsection (1) shall contain the following particulars:—

- (a) the name, address and national identity card or registration number of the person applying for the certificate;
- (b) the date of purchase, or the date of commencement and completion, of the construction or renovation of the house or building to which the application relates;
- (c) the internal floor area (excluding the thickness of the outer walls) of such house, or building and, in the case of a building containing more than one housing unit, the internal floor area (excluding the thickness of the outer walls) of each such unit;
- (d) the extent of land on which such house or building has been constructed and where such extent requires the approval of the Urban Development Authority that such approval has been obtained;
- (e) whether such house or building has been assessed for purposes of levying rates, and if so, whether such house or building has been assessed as residential or commercial premises;
- (f) whether such house or building is situated in an urban development area, within the meaning of the Urban Development Authority Act;
- (g) in the case of a purchase of a house or housing unit the name, address and national identity card or registration number of the seller;
- (h) the amount declared to have been used by the applicant for such construction, purchase or renovation, as the case may be.

5. No qualified person shall be liable—

(a) to pay—

- (i) for any year of assessment ending on or before March 31, 1991, any income tax or surcharge on income tax payable respectively under the Inland Revenue Act or the Surcharge on Income Tax Act, in respect of such part of his relevant profits or income as is represented by the amount used by him for any one or more of the purposes referred to in subsection (1) of section 3, and which amount is specified in a certificate issued in respect of such purpose, under section 4;
- (ii) for any year of assessment ending on or before March 31, 1991, any wealth tax or surcharge on wealth tax payable respectively under the Inland Revenue Act, or the Surcharge on Wealth Tax Act in respect of such part of his net wealth, for the acquisition of which such part of his relevant profits and income as is referred to in sub-paragraph (i) had been utilized; or
- (iii) for any quarter ending on or before March 31, 1991, any turnover tax payable under the Turnover Tax Act, in respect of such part of the turnover from which such part of his relevant profits and income as is referred to in sub-paragraph (i) arose or was derived;

(b) to any prosecution or to any penalty for any offence under—

- (i) the Inland Revenue Act, the Surcharge on Income Tax Act or the Surcharge on Wealth Tax Act, in relation to any year of assessment ending on or before March 31, 1991, in respect of, or in connection with, such part of his relevant profits or income as is referred to in sub-paragraph (i) of paragraph (a), or such part of his net wealth as is referred to in sub-paragraph (ii) of paragraph (a); or
- (ii) the Turnover Tax Act, in relation to any quarter ending on or before March 31, 1991, in respect of, or in connection with, such part of his turnover as is referred to in sub-paragraph (iii) of paragraph (a).

6. Nothing in the preceding provisions of this Act shall be read or construed as authorising the revision of—

(a) any assessment made under the provisions of—

- (i) the Inland Revenue Act or the Surcharge on Income Tax Act or the Surcharge on Wealth Tax Act; or
- (ii) the Turnover Tax Act, or

(b) any other matter,

which has become final and conclusive under the provisions of any such Act.

7. Notwithstanding anything in any other law, no deduction shall, for the purposes of section 30 of the Inland Revenue Act, be allowed to any qualified person for any year of assessment in respect of any sum used by him for any of the purposes referred to in subsection (1) of section 3.

8. (1) Except in the performance of his duties under this Act, every officer or employee of the Department of Inland Revenue or of the Urban Development authority shall preserve and aid in preserving secrecy with regard to all matters that may come to his knowledge in the administration of this Act.

(2) Any officer or employee of the Department of Inland Revenue or of the Urban Development Authority 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.

(3) For the purposes of this section—

(a) any public officer or

(b) any officer of a local authority, who is authorized by the Urban Development Authority to act for, and on behalf of, the Urban Development Authority for the purposes of this Act, shall be deemed to be an officer of the Urban Development Authority.

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

10. In this Act, unless the context otherwise requires, the expressions “Commissioner-General”, “local authority”, “profits and income” and “year of assessment” shall have the same meanings respectively, as in the Inland Revenue Act;

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

“person” includes a company, a body of persons and a partnership;

“relevant profits and income” in relation to any person means any profits and income—

- (a) which arose or accrued to, or was derived by such person before April 1, 1991;
- (b) which under the Inland Revenue Act, was chargeable with income tax; and
- (c) in respect of which no return has been furnished by such person under that Act or which has not been disclosed in any return furnished by such person under that Act or in respect of which no assessment has been made under that Act;

“Surcharge on Wealth Tax Act” means the Surcharge on Income Tax Act, No. 26 of 1982, or the Surcharge on Income Tax Act, No. 12 of 1984 or the Surcharge on Income Tax Act, No. 7 of 1989;

“Surcharge on Wealth Tax Act” means the Surcharge on Wealth Tax Act No. 25 of 1982, or the Surcharge on Wealth Tax Act, No. 8 of 1989;

“turnover” has the same meaning as in the Turnover Tax Act;

“Turnover Tax Act” means the Turnover Tax Act, No. 69 of 1981;

“Urban Development Authority” means the Urban Development Authority established by the Urban Development Authority Law, No. 41 of 1978.

SCHEDULE

[Section 3(2) (a)]

Tax Amnesty (Housing and Commercial Buildings)

Act, No 30 of 1992

Declaration under section 3(2)(a)

Income Tax File No. (If any) :.....

\* National Identity Card No. (if individual): .....

\* Name and Registration No. (if other than individual): .....

\* (If individual) I, Mr./Mrs./Miss: .....  
(Full Name)

of .....  
(Address)

\* (if other than individual) I, Mr./Mrs./Miss\*

...../being.....  
(Full name) (Designation)

of.....  
(name of company/partnership/body of persons\*)

submit herewith a certificate from the Urban Development Authority issued under section 4 of the Tax Amnesty (Housing and Commercial Buildings) Act, No. 30 of 1992 in respect of —

( a ) house/building consisting of housing units constructed by  
me/.....  
(name of company)

.....  
(partnership/body of persons)\*

\* (b) house/housing unit purchased by me.

\* (c) commercial building constructed/renovated by me/.....

.....  
(name of company/partnership/body of persons)\*  
and

hereby declare that I/.....  
(name of company/partnership/body of persons/individual)\*

have/has used, for such construction/purchase/renovation,  
a sum of rupees.....  
(in words)

(Rs .....), out of  
(in figures)

\*my relevant profits and income,

\*the relevant profit and income of .....  
(name of company/partnership/body of persons) \*

within the meaning of that expression in the said Act and \*that

I shall occupy such house/housing unit as my residence.

I request that I/.....be  
(name of company/partnership/body of persons)\*

granted the indemnifications, set out in section 5 of the said

Act in respect of the sum of Rupees .....  
(in words)

(Rs.....) so used by me  
(in figures)

.....  
(name of company/partnership/body of persons\* )

\*Delete whichever is inapplicable.

Date:—

.....  
Signature.

## TURNOVER TAX (AMENDMENT) ACT, NO. 31 OF 1992

[Certified on 27th May, 1992]

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. 31 of 1992.

2. The following new section is hereby inserted, immediately after section 48 of the Turnover Tax Act, No. 69 of 1981, and shall have effect as section 48A of that Act :-

Deduction by manufacturer of turnover tax paid on machinery or equipment.

48A. (1) Where any registered manufacturer (hereinafter in this section referred to as the "first-mentioned manufacturer"), has during any quarter commencing on or after October, 1, 1991, paid, -

- (i) to another registered manufacturer (hereinafter in this section referred to as the "second-mentioned manufacturer"), in respect of any transaction entered into during that quarter, any sum which includes turnover tax, or
- (ii) to the Director-General of Customs under section 12, during that quarter, any turnover tax,

in respect of machinery or equipment used by the first-mentioned manufacturer in his business of manufacture of any article, the turnover tax so included, or, so paid, as the case may be, shall, notwithstanding the provisions of section 47 or section 48, be deducted, to the extent it can be so deducted, from any turnover tax payable by the first-mentioned manufacturer in respect of his turnover arising from the sale of such article :

Provided that -

- (a) the amount of the deduction shall not exceed five *per centum* of the turnover tax so included or so paid ;
- (b) the deduction shall, subject to the provisions of paragraph (d), be made first from the turnover tax payable in respect of such turnover for the quarter immediately succeeding the quarter in which the use of such machinery or equipment for such manufacture commenced, and then from the turnover tax payable in respect of such turnover, for the next succeeding quarter and so on;
- (c) the deduction of the turnover tax so included or so paid shall not be made -
  - (i) if such turnover tax is in respect of machinery or equipment used in any business of manufacture of excepted articles or in any business which is exempt from turnover tax under section 4 ;
  - (ii) unless the first-mentioned manufacturer has obtained a voucher, as required by section 46(2), from the second-mentioned manufacturer, or, a voucher from the Director-General

of Customs, in respect of such sum so paid or of turnover tax so paid, as the case may be, and

- (iii) from the turnover tax payable in respect of such turnover for any quarter if the use of such machinery or equipment in such business ceases in such quarter.
- (d) any turnover tax so included or so paid, as the case may be, by any person prior to his registration as a registered manufacturer, shall be deducted first from the turnover tax in respect of such turnover payable for the quarter in which such person becomes chargeable to turnover tax, and then from the turnover tax in respect of such turnover payable for the next succeeding quarter and so on.

(2) The residue of the turnover tax which is deductible in accordance with the provisions of subsection (1), after its deduction from the turnover tax in respect of the turnover referred to in subsection (1) for each of the twenty quarters reckoned from the quarter for which the deduction was first made shall, subject to the provisions of section 49, be refunded :

Provided that no refund shall be made unless the machinery or equipment referred to in subsection (1) has been used in the business of manufacture referred to in subsection (1), in each of the twenty quarters referred to in this subsection.'

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



## **SURCHARGE ON INCOME TAX (AMENDMENT) ACT, NO. 32 OF 1992**

[Certified on 27th May, 1992]

### **AN ACT TO AMEND THE SURCHARGE ON INCOME TAX ACT, NO. 7 OF 1989**

1. This Act may be cited as the Surcharge on Income Tax (Amendment) Act, No. 32 of 1992.

2. The long title of the Surcharge on Income Tax Act, No. 7 of 1989 (hereinafter referred to as the "principal enactment") is hereby amended by the substitution for the words and figures "YEARS OF ASSESSMENT COMMENCING RESPECTIVELY ON APRIL 1, 1989, ON APRIL 1, 1990 AND ON APRIL 1, 1991", OF THE WORDS AND FIGURES "YEARS OF ASSESSMENT COMMENCING RESPECTIVELY ON APRIL 1, 1989, ON APRIL 1, 1990, ON APRIL 1, 1991, AND ON APRIL 1, 1992."

3. Section 2 of the principal enactment is hereby amended by the substitution, for the words and figures "but ending not later than March 31, 1992," of the words and figures "but ending not later than March 31, 1993,".

4. Section 3 of the principal enactment is hereby amended as follows :-

- (1) in paragraph (ii) of that section, by the substitution, for the words and figures "relevant year commencing on April 1, 1990 ; and", of the words and figures "relevant year commencing on April 1, 1990 ;";
- (2) in paragraph (iii) of that section, by the substitution, for the words and figures "relevant year commencing on April 1, 1991," of the words and figures "relevant year commencing on April 1, 1991 ; and"; and
- (3) by the addition, immediately after paragraph (iii) of that section, of the following paragraph :-

"(iv) (a) not less than fifty per centum, on or before August 15, 1992 ;  
and

(b) the balance, on or before November 15, 1992,

of the amount of the surcharge payable by him for the relevant year commencing on April 1, 1992."

5. Section 4 of the principal enactment is hereby amended as follows :-

- (1) in paragraph (b) of that section, by the substitution for the words "from the remuneration of that employee for that year; and", of the words "from the remuneration of that employee for that year;";
- (2) in paragraph (c) of that section, by the substitution for the words "from the remuneration of that employee for that year," of the words "from the remuneration of that employee for that year; and"; and
- (3) by the insertion immediately after paragraph (c) of that section, of the following paragraph :-

"(d) for the relevant year commencing on April 1, 1992 -

(i) from the remuneration payable to such employee for the month of July, 1992, 7 1/2 per centum; and

(ii) from the remuneration payable to such employee for the month of October, 1992, 7 1/2 per centum,

of the total income tax deductible from the remuneration of that employee for that year.”.

6. Section 5 of the principal enactment is hereby amended in subsection (2) of that section, by the substitution for paragraph (ii) of the proviso to that subsection, of the following paragraph :-

“(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 1/2 per centum on or before August 15, 1989, and

(ii) not less than 7 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 ;

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

(i) not less than 7 1/2 per centum on or before August 15, 1990, and

(ii) not less than 7 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 ;

(c) for the relevant year commencing on April 1, 1991 -

(i) not less than 7 1/2 per centum on or before August 15, 1991, and

(ii) not less than 7 1/2 per centum on or before November 15, 1991,

of the income tax payable by him under the Inland Revenue Act for the year of assessment commencing on April 1, 1990, and

(d) for the relevant year commencing on April 1, 1992 -

(i) not less than 7 1/2 per centum on or before August 15, 1992, and

(ii) not less than 7 1/2 per centum on or before November 15, 1992,

of the income tax payable by him under the Inland Revenue Act for the year of assessment commencing on April 1, 1991,

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,

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

November 30, 1992, in the case of the relevant year commencing on  
April 1, 1991, and

November 30, 1993, in the case of the relevant year commencing on  
April 1, 1992.”.

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

**LOCAL TREASURY BILLS (AMENDMENT) ACT, NO. 35 OF 1992**

[Certified on 7th August, 1992]

**AN ACT TO AMEND THE LOCAL TREASURY BILLS ORDINANCE**

1. This Act may be cited as the Local Treasury Bills (Amendment) Act, No. 35 of 1992.
2. Section 2 of the Local Treasury Bills Ordinance (hereinafter referred to as the "principal enactment") is hereby amended in subsection (2) of that section by the substitution for the words "by an officer of the Central Bank authorized in that behalf by the Monetary Board of that bank.", of words "by an officer of the Central Bank or any other person authorized in writing in that behalf by the Monetary Board of the Central Bank."
3. Section 5 of the principal enactment is hereby amended by the substitution for the words "fix and determine, but not later than one year from the date of issue.", of the words "fix and determine."
4. In the event of any inconsistency between the Sinhala and Tamil texts of this Act, the Sinhala text shall prevail.

## DEFENCE LEVY (AMENDMENT) ACT, NO. 36 OF 1992

[Certified on 7th August, 1992]

AN ACT TO AMEND THE DEFENCE LEVY ACT, NO. 52 OF 1991

1. This Act may be cited as the Defence Levy (Amendment) Act, No. 36 of 1992.
2. Section 3 of the Defence Levy Act, No. 52 of 1991 (hereinafter referred to as "the principal enactment") is hereby amended as follows:—

- (1) by the substitution in subsection (1) of that section for all the words and figure from "a defence levy" to the end of that subsection, of the following words and figure:—

'on the turnover (within the meaning of section 5 of the Turnover Tax Act) of that person for that quarter, a defence levy (hereinafter in this Act referred to as the "levy") at the appropriate rates specified in the Schedule to this Act;'; and

- (2) by the repeal of paragraphs (b) and (c) of subsection (2) of that section and the substitution of the following paragraphs therefor :—

"(b) the value of any article not being plant, machinery or fixtures imported by such person exclusively for use in the manufacture by such person of any article for export;

(c) the proceeds from the sale of any article manufactured outside Sri Lanka by the person importing such article; and

(d) the proceeds from the sale of any article to any exporter, if —

(i) the Commissioner General is satisfied, on the production of a letter of credit opened in any bank in Sri Lanka in respect of the export of that article or other documentary evidence, that such article has in fact been exported from Sri Lanka; and

(ii) the receipt of the proceeds in foreign exchange, from the export of that article is certified by a bank in Sri Lanka to which such proceeds have been remitted,".

3. Section 4 of the principal enactment is hereby amended by the repeal of paragraphs (a), (b) and (c) of that section and the substitution therefor, of the following paragraphs :—

"(a) for the quarter commencing on January 1, 1992 —

(i) an amount equivalent to one *per centum* of the turnover of that person for the first month of that quarter, on or before the fifteenth day of the second month of that quarter;

(ii) an amount equivalent to one *per centum* of the turnover of that person for the second month of that quarter, on or before the fifteenth day of the third month of that quarter; and

(iii) the amount of the levy payable by such person for that quarter reduced by the aggregate of the amounts paid by him in accordance with the provisions of sub-paragraph (i) and of sub-paragraph (ii) of this para-

graph, on or before the fifteenth day of the month immediately succeeding the end of that quarter;

- (b) for the quarter commencing on April 1, 1992—
  - (i) an amount equivalent to one *per centum* of the turnover of that person for the first month of that quarter, on or before the fifteenth day of the second month of that quarter;
  - (ii) an amount equivalent to three *per centum* of the turnover of that person for the second month of that quarter, on or before the fifteenth day of the third month of that quarter; and
  - (iii) the amount of the levy payable by such person for that quarter reduced by the aggregate of the amounts paid by him in accordance with the provisions of sub-paragraph (i) and of sub-paragraph (ii) of this paragraph, on or before the fifteenth day of the month immediately succeeding the end of that quarter;
- (c) for every quarter commencing on or after July 1, 1992—
  - (i) an amount equivalent to three *per centum* of the turnover of that person for the first month of that quarter, on or before the fifteenth day of the second month of that quarter;
  - (ii) an amount equivalent to three *per centum* of that turnover of that person for the second month of that quarter, on or before the fifteenth day of the third month of that quarter; and
  - (iii) the amount of levy payable by such person for that quarter reduced by the aggregate of the amounts paid by him in accordance with the provisions of sub-paragraph (i) and of sub paragraph (ii) of this paragraph, on or before the fifteenth day of the month immediately succeeding the end of that quarter.”.

4. Section 5 of the principal enactment is hereby amended by the repeal of paragraph (a) of subsection (1) of that section, and the substitution therefor of the following paragraph :—

“(a) at the time at which it opens any letter of credit in any month in a relevant quarter, on an application in that behalf being made by any person to whom this Act applies, being an importer of any article, collect from such person an amount equal to —

- (i) one *per centum* of the value of that letter of credit, where such letter of credit is opened prior to the date on which this paragraph comes into force; and
- (ii) three *per centum* of the value of such letter of credit, where such letter of credit is opened on or after the date on which this paragraph comes into force; and”

5. Section 6 of the principal enactment is hereby amended by substitution for the words “in respect of the import of any article (other than any plant, machinery or fixture) he shall be “of the words” in respect of any article (other than any plant, machinery or fixture) imported by him, or purchased by him from a registered manufacturer within the

meaning of section 46 of the Turnover Tax Act, being in each case an article which is used exclusively in such business of manufacture, he shall be”.

6. The following Schedule is hereby added at the end of the principal enactment and shall have effect as the Schedule to the principal enactment:—

“SCHEDULE		(Section 3)
Quarter	Rate	
for the quarter commencing on January 1, 1992.	1 <i>per centum</i>	
for the quarter commencing on April 1, 1992	2.3 <i>per centum</i>	
for the quarter commencing on July 1, 1992 and October 1, 1992, respectively.”	3 <i>per centum</i>	

7. The amendments made to the principal enactment by subsection (2) of section 2 and by section 5 of this Act, shall be deemed for all purposes to have come into force on July 1, 1992.

8. Where any bank collects for remittance to the Commissioner-General, during the period commencing on May 15, 1992 and ending on the date of commencement of this Act, from an importer of an article on his opening a letter of credit, an amount in excess of one *per centum* of the value of such letter of credit, such collection shall be deemed, for all purposes, to have been, and to be, validly made, and such bank is hereby indemnified against all actions, civil or criminal, in respect of such collection.

9. Where a person to whom this Act applies is required by section 4 of the principal enactment as amended by section 3 of this Act to pay to the Commissioner-General in respect of any month or quarter prior to the date of commencement of this Act, an amount in excess of one *per centum* of the turnover of that person for that month or quarter, as the case may be, such person shall be deemed for all purposes, to have complied with the requirements of that section if he pays to the Commissioner-General, within thirty days of the date of commencement of this Act, the difference between the amount he was required by section 4 of the principal enactment as amended by section 3 of this Act, to pay for that month or quarter, as the case may be, and the amount paid, or deemed to have been paid by him for that month or quarter, as the case may be. Where such difference is not so paid, such difference shall be deemed to be in default after the expiration of thirty days from the date of commencement of this Act, and such person shall be deemed to be a defaulter within the meaning of the principal enactment, with effect from that date.

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

## PROMOTION OF EXPORT AGRICULTURE ACT, NO. 46 OF 1992

[Certified on 22nd September, 1992]

AN ACT TO PROVIDE FOR THE PROMOTION OF EXPORT AGRICULTURE AND THE REDESIGNATION OF THE DEPARTMENT OF MINOR EXPORT CROPS AS THE DEPARTMENT OF EXPORT AGRICULTURE; AND FOR MATTERS CONNECTED THEREWITH OR INCIDENTAL THERETO

1. This Act may be cited as the Promotion of Export Agriculture Act, No. 46 of 1992.

2. The Minister may, by Order published in the *Gazette*, declare the export agricultural crops to which the provisions of this Act shall apply. An export agricultural crop in respect of which an Order under this section has been made is hereinafter referred to as "a notified agricultural crop".

3. (1) There may be appointed, by name or by office, for the purposes of this Act, a Director of Export Agriculture (hereinafter referred to as the "Director") and such number of Deputy Directors and Assistant Directors of Export Agriculture and other officers as may be necessary.

(2) The act of appointment of any Deputy Director or Assistant Director of Export Agriculture shall specify whether he is appointed as such for the whole of Sri Lanka or for any part thereof.

(3) 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 Director or Assistant Director of Export Agriculture 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 Director.

(2) Every Deputy Director or Assistant Director of Export Agriculture may, subject to the general direction and control of the Director, within the area for which he is appointed, exercise, perform or discharge all or any of the powers, duties or functions conferred or imposed on, or assigned to, the Director by or under this Act.

5. (1) From and after the expiration of a period of three months from the date on which an Order under section 2 is made in respect of an export agricultural crop, no person shall—

- (a) engage in the primary processing of such crop; or
- (b) engage in the wholesale purchase or sale, whether on his own account or as a broker or commission agent, of such crop either in the raw or processed form; or
- (c) have in his possession or transport a quantity of such crop either in the raw or processed form in excess of the prescribed quantity,

unless such person is registered for the purpose of this Act with the Director. In prescribing the quantity for the purpose of paragraph (c) regard shall be had to the reasonable requirements of the consumers of such crop.



(2) (a) An application for registration shall be made to the Director in the prescribed manner and in the prescribed form, and shall be accompanied by the prescribed fee.

(b) The Director shall issue to every person registered under this Act a certificate of registration in the prescribed form.

6. The Director may require any person registered under this Act as a processor, buyer, possessor or seller of a notified agricultural crop—

(a) to maintain records in respect of such crop in the prescribed form ; and

(b) to furnish to the Director, returns in respect of such crop, at the prescribed intervals and in the prescribed form.

7. (1) The Director may, by notice, require any person to furnish any such information or to produce any such document as the Director may consider necessary for the exercise of his powers or the discharge of his functions under this Act, and it shall be the duty of any person who receives such notice to comply with the terms of such notice :

Provided, however, that nothing in this subsection shall be read and construed as enabling the Director by notice to require any person to furnish any information or to produce any document, if the disclosure of such information or the production of such document by such person is prohibited by any provision of law.

(2) No information contained in a return furnished under section 6 and no information furnished or the contents of a document produced in compliance with the terms of a notice issued under this section shall be published or communicated by the Director to any other person except with the consent of the person furnishing such return or information, or producing such document, as the case may be, or in the course of the discharge of the functions of the Director.

8. The Director or any person acting with the written authority of the Director may, for the purpose of this Act enter into or upon any land or building where any notified agricultural crop is processed or stored or which is suitable for the cultivation of any export agricultural crop or any vehicle in which any such crop is transported and make such inspections, surveys and examinations thereon or make such inquiries from any person found thereon as may be necessary to ascertain whether the provisions of this Act or any regulation made thereunder are being complied with or the accuracy of any statement made in any return or information furnished under this Act or the suitability of any such land for the cultivation of any export agricultural crop.

9. The Director shall be responsible for the conduct of research and training relating to export agricultural crops and the Department of Export Agriculture is hereby designated as a National Agricultural Research Institution.

10. (1) For the purpose of enabling the Department of Export Agriculture to discharge its research and development functions, there shall be charged, levied and paid, in addition to any tax or export duty imposed under any written law other than this Act, a cess called the Export Agriculture Cess in respect of every notified agricultural crop, in such manner and of such amount, as may be determined by the Minister by Order published in the *Gazette*, made with the concurrence of the Minister in charge of the subject of Finance.

(2) The amount of cess imposed by this section may be varied, or any such cess may be rescinded by Order made by the Minister and published in the *Gazette*.

(3) Every Order made by the Minister under this section shall, as soon as convenient after its publication in the *Gazette*, be brought before Parliament for approval. Any such Order which is not so approved shall be deemed to be revoked as from the date of its disapproval but without prejudice to the validity of anything previously done thereunder.

(4) This section shall have effect as though it formed part of the Customs Ordinance, and the provisions of that Ordinance shall apply accordingly.

(5) The proceeds of the cess recovered under this section shall be paid monthly by the Director-General of Customs to the Director, no part thereof being credited to the Consolidated Fund:

11. The Director shall be deemed to be a "prescribed officer" within the meaning of section 105 of the Crown Lands Ordinance.

12. Every person who –

(a) processes, has in his possession, transports, buys or sells any export agricultural crop in contravention of section 5;

(b) fails without reasonable cause to maintain any records or to furnish any return or information when required to do so by the Director under section 6 or section 7;

(c) resists or obstructs the Director or any person acting with the written authority of the Director, in the exercise of his powers under section 8;

(d) knowingly makes any false or incorrect statement in any record maintained by him under section 6, or in any return or information furnished by him under section 6 or section 7; or

(e) fails to comply with any regulation made under this Act,

shall be guilty of an offence under this Act.

13. Every person who is guilty of an offence under this Act, shall, on conviction after summary trial before a Magistrate, be liable to imprisonment of either description for a period not exceeding three months or to a fine not exceeding five thousand rupees or to both such fine and imprisonment.

14. Where any offence under this Act or any regulations made thereunder is committed by a body of persons, then –

(a) if that body of persons is a body corporate, every person who at the time of the commission of the offence was a director or officer of that body corporate; or

(b) if that body of persons is a body other than a body corporate, every person who, at the time of the commission of the offence, was a member or partner of that body,

shall be deemed to be guilty of such offence unless he proves that such offence was committed without his knowledge or that he exercised all due diligence to prevent the commission of such offence.

15. (1) The Minister may make regulations for or in respect of all or any of the following matters:—

- (a) prescribing the form of contracts to be entered into with growers of notified agricultural crops, for the growing of such crops;
- (b) providing for extension services for growers of notified agricultural crops;
- (c) providing for schemes for the grant of subsidies and other assistance, financial or otherwise, to persons who cultivate and process notified agricultural crops;
- (d) providing for schemes for the training of persons in the cultivation, processing and marketing of notified agricultural crops and for the dissemination of information relating to the cultivation, processing and marketing of such crops;
- (e) prescribing the standards of quality to which notified agricultural crops shall conform;
- (f) providing for any matter which is required to be prescribed under this Act, or in respect of which regulations are authorized to be made under this Act.

(2) Every regulation made by the Minister under subsection (1) shall be published in the *Gazette*, and shall come into operation on the date of such publication or on such later date as may be specified 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. Any regulation which is not so approved shall be deemed to be rescinded as from the date of disapproval but without prejudice to the validity of anything previously done thereunder.

(4) Notification of the date on which any regulation shall be deemed to be rescinded shall be published in the *Gazette*.

16. Wherever in any provision of any written law or any notice, permit, communication, form, or other document issued, made, required or authorized by, or under any other written law, the expression "Department of Minor Export Crops" occurs, there shall be substituted therefor, the expression "Department of Export Agriculture" and accordingly, wherever in any such provision the expression "Director of Minor Export Crops" is used, such expression shall be read and construed as a reference to the "Director of Export Agriculture".

17. Every contract, agreement or other instrument or document whatsoever made, issued or executed prior to the date of commencement of this Act by or in favour of the Director of Minor Export Crops shall be deemed from and after that date, to be and to have been made, issued or executed, by, or in favour of, the Director of Export Agriculture.

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

19. In this Act, unless the context otherwise requires —

"export agricultural crop" means any perennial crop other than tea, rubber, coconut and cashew, at least fifty *per centum*, of the total annual production of which is exported;

"prescribed" means prescribed by regulations made under this Act.

**GREATER COLOMBO ECONOMIC COMMISSION (AMENDMENT) ACT,  
NO. 49 OF 1992**

[Certified on 4th November, 1992]

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. 49 of 1992.

2. The long title to the Greater Colombo Economic Commission Law, No. 4 of 1978, (hereinafter referred to as "the principal enactment") is hereby amended by the substitution, for the words "Greater Colombo Economic Commission" and "the said Commission", of the words "Board of Investment of Sri Lanka" and "the said Board", respectively.

3. (1) In the principal enactment and in any other written law, there shall be substituted for the words "the Greater Colombo Economic Commission" and "The Commission" denoting the Greater Colombo Economic Commission, the words "The Board of Investment of Sri Lanka" and "The Board", respectively.

(2) Every reference to "The Greater Colombo Economic Commission" or "the Commission" denoting the Greater Colombo Economic Commission in any notice, contract, communication or other document shall be read and construed as a reference respectively to, "The Board of Investment of Sri Lanka" and "The Board".

4. Section 6 of the principal enactment is hereby amended as follows :-

(1) by the repeal of subsection (1) of that section and the substitution of the following subsection therefore :-

“(1) The Board shall consist of five members to be appointed by the President, one of whom shall be appointed Director-General of the Board and another shall be appointed as Additional Director-General of the Board.”; and

(2) by the substitution, in subsection (7) of that section, for the words "Director-General or any other member", of the words "Director-General, Additional Director-General or any other member".

5. Section 11 of the principal enactment is hereby amended by the repeal of subsection (2) of that section and the substitution, of the following subsection therefore :-

“(2) The Director-General shall preside at all meetings of the Board, and in the absence of the Director-General from any meeting of the Board, the Additional Director-General shall preside at such meeting, and in the absence of both the Director-General and the Additional Director-General from any meeting of the Board, any member elected by the members present shall preside at such meeting.”.

6. Section 12 of the principal enactment is hereby amended by the substitution, for the words "the Director-General", of the words "the Director-General or the Additional Director-General".

7. The following section is hereby inserted immediately after section 20, and shall have effect as section 20A of the principal enactment :-

"Board's powers in relation to licensed enterprises.

20A. (1) It shall be lawful for the Board to exercise, perform and discharge, in relation to any licensed enterprise, all powers, duties and functions conferred or imposed on, or assigned to, any person, body or authority, by any written law, relating to, the approval of plans for buildings required for the business of such licensed enterprise or the issue of any licence, permit or authority required for the setting up, commencement or carrying on, of the business of such licensed enterprise, as though the references in such written law to the person, body or authority empowered to exercise, perform or discharge such powers, duties or functions were references to the Board.

(2) The Board may, in addition to the powers, duties and functions referred to in subsection (1), exercise, perform, and discharge, in relation to a licensed enterprise outside a licensed zone, all powers, duties and functions conferred or imposed on, or assigned to, any person, body or authority by the written law specified in Schedule C and Schedule D hereto as though the references in such written law to the person, body or authority empowered to exercise, perform and discharge, such powers, duties and functions were references to the Board:

Provided that no power, duty or function under the National Environmental Act, shall be exercised, performed or discharged by the Board except in consultation with, and the concurrence of, the Central Environmental Authority established by that Act."

8. The following section is hereby inserted immediately after section 26 and shall have effect as section 26A of the principal enactment :-

"Board &c., to be noticed before the issue of any enjoining order.

26A. No enjoining order shall be issued under section 664 of the Civil Procedure Code (as amended by Act, No. 79 of 1988) against -

- (a) the Board, staying or restraining the Board from proceeding with any matter or thing in the exercise, performance or discharge, or the purported exercise, performance or discharge, bona fide, of any power, duty or function conferred or imposed on, or assigned to, the Board, by this Law ; or
- (b) a licensed enterprise, an area enterprise or the proprietor, partner, director, manager, agent, officer or servant of such licensed enterprise or area enterprise or any person or body performing any service or work for such enterprise, staying or restraining such licensed enterprise, area enterprise, proprietor, partner director, manager, agent, officer, servant, person or body from proceeding with any matter or thing which such licensed enterprise or area enterprise has been authorized, licensed or permitted to do by the Board in the exercise,

performance or discharge, or the purported exercise, performance or discharge, *bona fide*, of any power, duty or function conferred or imposed on, or assigned to the Board, by this Law,

except after notice to, and hearing, the Board, licensed enterprise, area enterprise, proprietor, partner, director, manager, agent, officer, servant, person or body, as the case may be.”

9. Any power, or duty exercised or performed by the Additional Director-General, prior to the date of commencement of this Act, in pursuance or supposed pursuance, of any power or duty delegated to him by the Board shall be deemed to have been, and to be, validly exercised and performed.

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

## PAYMENT OF GRATUITY (AMENDMENT) ACT, NO. 62 OF 1992

[Certified on 13th November, 1992]

AN ACT TO AMEND THE PAYMENT OF GRATUITY ACT, NO. 12 OF 1983.

1. This Act may be cited as the Payment of Gratuity (Amendment) Act, No. 62 of 1992.

2. Section 5 of the Payment of Gratuity Act, No. 12 of 1983 (hereinafter referred to as "the principal enactment") is hereby amended by the addition of the following new subsection immediately after subsection (3) thereof :-

' (4) Any employer who, being liable to pay any sum due as gratuity to a workman or his heirs, as the case may be, under subsection (1), fails or defaults to pay that sum, on or before the due date, he shall be liable to pay to that workman or his heirs, as the case may be, in addition to the sum due as the gratuity, a surcharge on that sum calculated in the following manner :-

- (a) where the payment of the gratuity has been in arrears for a period not exceeding one month from the due date, a surcharge of ten *per centum* of the sum due as gratuity ;
- (b) where the payment of the gratuity has been in arrears for a period exceeding one month but not exceeding three months from the due date, a surcharge of fifteen *per centum* of the sum due as gratuity ;
- (c) where the payment of the gratuity has been in arrears for a period exceeding three months but not exceeding six months from the due date, a surcharge of twenty *per centum* of the sum due as gratuity ;
- (d) where the payment of the gratuity has been in arrears for a period exceeding six months but not exceeding twelve months from the due date, a surcharge of twenty five *per centum* of the sum due as gratuity ;
- (e) where the payment of the gratuity has been in arrears for a period exceeding twelve months from the due date, a surcharge of thirty *per centum* of the sum due as gratuity.

For the purposes of this section, the expression "due date", in relation to a gratuity, means the thirtieth day from the date of termination of the services of the workman to whom the gratuity is payable.'

3. Section 8 of the principal enactment is hereby amended by the addition of the following new subsection immediately after subsection (7) thereof :-

' (8) For the purposes of this section, the expression "gratuity" includes any surcharge payable under subsection (4) of section 5.'

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

## INLAND REVENUE (AMENDMENT) ACT, NO. 63 OF 1992

[Certified on 18th November, 1992]

### 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. 63 of 1992.
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) in sub-paragraph (Lx) of that paragraph, by the substitution, for the words and figures "for any year of assessment commencing on or after April 1, 1991; and", of the words and figures "for any year of assessment commencing on or after April 1, 1991;";
  - (2) in sub-paragraph (Lxi) of that paragraph, by the substitution, for the words and figures "for any year of assessment commencing on or after April 1, 1991.", of the words and figures "for any year of assessment commencing on or after April 1, 1991; and"; and
  - (3) by the addition, immediately after sub-paragraph (Lxi) of that paragraph, of the following sub-paragraph:—

"(Lxii) the Buddha Sasana Fund established by the Buddha Sasana Fund Act, No. 35 of 1990."
3. Section 9 of the principal enactment is hereby amended in subsection (1) of that section as follows:—
  - (1) in paragraph (m) of that subsection by the substitution, for the words "from his place of work to his residence; and", of the words "from his place of work to his residence;";
  - (2) in paragraph (n) of that subsection by the substitution, for the words "from investments made by it.", of the words "from investments made by it; and"; and
  - (3) by the addition, immediately after paragraph (n) of that subsection of the following paragraph:—

"(o) such part of any sum referred to in sub-paragraph (i) of paragraph (c) of section 4 (1) paid to any employee at the time of his retirement from any employment in any company formed under the Conversion of Public Corporations or Government Owned Business Undertakings into Public Companies Act, No. 23 of 1987 as is attributable to his period of service in any public corporation or any Government Owned Business Undertaking, as the case may be."
4. Section 11 of the principal enactment is hereby amended in paragraph (b) of that section, by the substitution, for the figures "16A, 16B, 17, 17A.", of the figures "16A, 16B, 16C, 17, 17A.",
5. Section 14 of the principal enactment is hereby amended in sub-paragraph (xxi) of paragraph (a) of that section, by the substitution, for the words, "in a quoted public company after one year from the date of acquisition by any person of such share;", of the words, "in a quoted public company;".



6. Section 15 of the principal enactment is hereby amended as follows:-

- (1) by the insertion, immediately after paragraph (m) of that section, of the following paragraph:-

“(mm) the profits and income arising to any person from the export of jewellery;”;

- (2) in paragraph (w) of that section, by the substitution for the words and figures, “from the sale after one year from the date of acquisition by such person but before April 1, 1994, of any share in any quoted public company.”, of the words and figures “from the sale before April 1, 1994, of any share in any quoted public company; and”; and

- (3) by the addition immediately after paragraph (w) of that section, of the following paragraph:-

“(x) such part of any sum or the aggregate of sums as does not exceed one hundred thousand rupees received in any year of assessment commencing on or after April 1, 1991, by any individual as an award or awards in recognition of his excellence in the field of fine arts, literature or sports, being an award made with the prior written approval of the Minister in charge of the subject of fine arts, literature, or sports, as the case may be.”.

7. The following section is hereby inserted immediately after section 15, and shall have effect as section 15A of the principal enactment:-

“Exemption of the profits and income arising or derived outside Sri Lanka of any resident guest.

15A. The profits and income, not being profits and income arising in, or derived from, Sri Lanka of any resident guest, shall be exempt from income tax for a period of five years reckoned from the commencement of the year of assessment in which such resident guest is registered under any resident guest scheme approved by the Government:

Provided that where such resident guest is granted citizenship of Sri Lanka prior to the end of such period of five years such profits and income for the period commencing from the date on which such resident guest is granted citizenship of Sri Lanka, shall not be exempt from income tax.”.

8. The following sections are hereby inserted immediately after section 16B, and shall have effect respectively, as section 16C and section 16D of the principal enactment:-

‘Exemption from income tax of the profits and income of certain undertakings related to tourist hotels for a further period.

16C. (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 of operating any hotel for tourists and which is referred to in -

- (i) paragraph (a) of section 16 (other than any such undertaking which commenced to carry on business prior to April 1, 1981); or  
(ii) section 16A,

shall be exempt from income tax for a period of five years.

- (2) The period of five years referred to in subsection (1) shall-

- (a) where such undertaking is an undertaking referred to in paragraph (i) of subsection (1), be reckoned from April 1, 1992:

Provided however where the quantum of any loss attributable to that undertaking which is deductible under section 29 from the profits and income of that undertaking for the year of assessment commencing on April 1, 1992 exceeds, or is equal to, such profits and income, the period of five years shall be reckoned from April 1, 1993:

Provided further that where the quantum of any such loss which is deductible under section 29 from the profits and income of that undertaking for the year of assessment commencing on April 1, 1993 exceeds, or is equal to, such profits and income, the period of five year shall then be reckoned from April 1, 1994;

- (b) where such undertaking is an undertaking referred to in section 16A, be reckoned from the commencement of the year of assessment in which the period of ten years referred to in that section terminates.

"Exemption from income tax of the profits and income of any hotel for tourists which constructs additional bedrooms.

16D (1) The relevant profits and income of any specified undertaking referred to in subsection (2), shall be exempt from income tax for a period of five years reckoned from the commencement of the year of assessment in which not less than ten of the bedrooms referred to in sub-paragraph (iii) of sub-paragraph (a) of subsection (2) are certified by the Ceylon Tourist Board as having been constructed.

(2) For the purposes of subsection (1)–

- (a) "specified undertaking" means any undertaking of operating any hotel for tourists and which–

(i) has been approved, by the Minister under section 6 (1) (v) of the Inland Revenue Act, No. 4 of 1963, or under paragraph (a) of section 16 of this Act;

(ii) commenced to carry on business prior to April 1, 1981;

(iii) is certified by the Ceylon Tourist Board as having commenced, on or after April 1, 1992, to construct and as having constructed before April 1, 1994, not less than ten bedrooms, the construction of which has been approved by the Ceylon Tourist Board;

(iv) employees, as at the commencement of the five year period referred to in subsection (1) and continues to employ, until the expiry of such period, not less than twenty five employees more than the average number of employees, employed by that undertaking during the year ending on March 31, 1992.

For the purposes of this sub-paragraph–

“average number” in relation to employees, means the number arrived at by dividing the aggregate number of employees employed in such undertaking on each day throughout that year, by three hundred and sixty five;

“employee” in relation to any undertaking means any employee of that undertaking in respect of whom contributions to any provident fund approved by the Commissioner-General are regularly made by that undertaking;

- (b) “relevant profits and income” in relation to any specified undertaking and to any year of assessment, means the sum which bears to the profits and income within the meaning of paragraph (a) of section 3, (other than any profits and income from the disposal of capital assets) of such undertaking for that year of assessment the same proportion as the number of bedrooms referred to in sub-paragraph (iii) of paragraph (a), bears to the total number of bedrooms in that undertaking.’

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

- (1) in subsection (1) of that section by the substitution for the words “five years from the commencement of the year of assessment in which such company commenced to carry on business.”, of the words “five years reckoned from the year of assessment in which such company commenced to make profits in respect of its transactions in that year.”; and
- (2) in paragraph (c) of subsection (2) of that section—
- (a) by the substitution, in sub-paragraph (ii) of that paragraph, for the words “industrial design; or”, of the words “industrial design;”;
- (b) by the substitution, in sub-paragraph (iii) of that paragraph, for the words “telecommunication services in Sri Lanka.”, of the words “telecommunication services in Sri Lanka; or; and
- (c) by the insertion immediately after sub-paragraph (iii), of that paragraph of the following sub-paragraph:—
- “(iv) an undertaking of a pioneering nature for the provision of offshore marine services including salvage and towage, search and rescue operations at sea.”.

10. Section 20C of the principal enactment is hereby amended, in subsection (2) of that section, by the substitution in paragraph (b) of that sub-section for the words “goods to any enterprise with which an agreement has been entered into”, of the words “goods to any enterprise, which is engaged in the export of goods or commodities, and with which an agreement has been entered into”.

11. Section 22DDD of the principal enactment is hereby amended, in subsection (2) of that section by the substitution, for the words “in the manufacture or export of goods”, of the words “in the manufacture of goods, export of goods, or the provision of any such service as may be approved by the Minister”.

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

- (1) in paragraph (*hh*) of that subsection, by the substitution for the words and figures, “any year of assessment commencing on or after April 1, 1985, any sum”, of the words and figures “any year of assessment commencing on or after April 1, 1985, but prior to April 1, 1992, any sum”; and
- (2) in paragraph (*k*) of that subsection, by the substitution for all the words from “(i) business turnover tax” to the words “by any Provincial Council:” of the following:—
  - “ (i) business turnover tax payable under the Finance Act, No. 11 of 1963; or
  - (ii) turnover tax payable under the Turnover Tax Act, No. 69 of 1981, less any deduction allowable under section 47 or section 48 or section 48A of that Act; or
  - (iii) tax corresponding to business turnover tax or turnover tax referred to in sub-paragraph (i) or sub-paragraph (ii) respectively and payable, on or after January 1, 1991, under any Statute enacted by any Provincial Council,

which such person is liable to pay for the period for which the profits and income are being ascertained in respect of any trade, business, profession or vocation carried on or exercised by him:”.

13. Section 29 of the principal enactment is hereby amended as follows:—

- (1) in paragraph (*a*) of subsection (3) of that section by the substitution, for the words and figures, “section 16A, or section 17A,”, of the words and figures “section 16A, or section 16C, or section 17A,”; and
- (2) by the insertion immediately after subsection (3) of that section, of the following subsection:—

“(3A) Where any undertaking referred to in paragraph (*a*) of section 16 and to which the provisions of section 16C apply, has incurred any loss prior to the commencement of the period of five years referred to in section 16C(1), such portion of such loss as has not been deducted from the total statutory income of the person who carries on that undertaking, for any year of assessment prior to the commencement of such period of five years, shall be deducted, to the extent it can be deducted, from the profits and income of such undertaking for any year of assessment of such period of five years of assessment and from the total statutory income of such person for such year of assessment:

Provided that—

- (i) the deduction shall first be made from such profits and income and from such total statutory income for the first year of assessment of the five years of assessment referred to in section 16C (1);
- (ii) the deduction for any year of assessment shall first be made from the profits and income of such undertaking for that year of assessment and

in so far as it cannot be so made, then from the total statutory income of such person for such year of assessment;

- (iii) where the deduction for any year of assessment exceeds the aggregate of the profits and income of that undertaking for that year of assessment and the total statutory income of such person for that year of assessment, the excess shall be deducted from the profits and income of that undertaking for the year of assessment immediately succeeding that year of assessment and from the total statutory income of such person, for such succeeding year of assessment and so on.”.

**14.** Section 30 of the principal enactment is hereby amended as follows:—

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

- (i) by the substitution, in paragraph (*aaaa*) of that subsection, for the words and figures “any year of assessment commencing on or after April 1, 1986, and”, of the words and figures “any year of assessment commencing on or after April 1, 1986 but prior to April 1, 1992;”;
- (ii) by the insertion, immediately after paragraph (*aaaa*) of that subsection, of the following paragraph:—

“(aaaaa) an allowance of forty two thousand rupees in respect of any year of assessment commencing on or after April 1, 1992, and”;
- (iii) by the substitution in the proviso to that subsection, for the words “or paragraph (*aaa*), or paragraph (*aaaa*) in ascertaining”, of the words “or paragraph (*aaa*), or paragraph (*aaaa*), or paragraph (*aaaaa*) in ascertaining”; and

(2) in subsection (2) of that section—

- (i) by the substitution, in paragraph (*e*) of the first proviso to that subsection for the words and figures “any year of assessment commencing on or after April 1, 1986”, of the words and figures “any year of assessment commencing on or after April 1, 1986, but prior to April 1, 1992;”;
- (ii) by the addition immediately after paragraph (*e*) of the first proviso to that subsection of the following paragraph:—

“(f) an allowance of forty-two thousand rupees in respect of any year of assessment commencing on or after April 1, 1992;”;
- (iii) by the substitution, for the second proviso to that subsection, of the following proviso:—

“Provided that the taxable income for any year of assessment of any thrift, saving or building society or welfare fund, to which contributions are made by employees only, shall be the assessable income of that society or fund for that year of assessment after deducting therefrom an allowance equal to—

  - (i) twenty seven thousand rupees where such year of assessment is an year of assessment commencing on or after April 1, 1987, but prior to April 1, 1992; and

(ii) forty two thousand rupees, where such year of assessment is an year of assessment commencing on or after April 1, 1992.”.

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

(1) in subsection (2) of that subsection—

(a) in paragraph (d) of that subsection by the substitution for the words, “in an approved undertaking other than an approved undertaking referred to in paragraph (q)”; of the words “in approved undertaking referred to in paragraph (q):

Provided that where such undertaking is a company referred to in sub-paragraph (ii) of paragraph (b) of subsection (9) of this section, any sum so invested after March 31, 1997, shall, notwithstanding anything in any other provision of this Act, be deemed not to be a qualifying payment;”;

(b) in paragraph (ee) of that subsection—

(i) by the substitution in sub-paragraph (i) of that paragraph for the words and figures, “any loan granted on or after April 1, 1989, for the construction”, of the words and figures, “any loan granted on or after April 1, 1989, but prior to April 1, 1994, for the construction”; and

(ii) by the substitution in sub-paragraph (ii) of that paragraph for the words and figures, “entered into, on or after April 1, 1989, in respect of”, of the words and figures “entered into, on or after April 1, 1989, but prior to April 1, 1994, in respect of”;

(c) by the substitution, in paragraph (ff) of that subsection, for the words and figures “on or after April, 1989, of the first house”, of the words and figures, “on or after April 1, 1989 but prior to April 1, 1994, of the first house”;

(d) by the substitution, in paragraph (gg) of that subsection, for the words and figures “on or after April 1, 1989 of either the first house”, of the words and figures, “on or after April 1, 1989, but prior to April 1, 1994, or either the first house”;

(e) by the substitution, in paragraph (hh) of that subsection, for the words “any premia paid by an individual”, of the words and figures “any premia paid prior to April 1, 1992 by an individual”;

(f) by the substitution, in paragraph (hhh) of that subsection, for the words and figures “any premia paid for any year of assessment commencing on or after April 1, 1984, being premia”, of the words and figures “any premia paid for any year of assessment commencing on or after April 1, 1984, but prior to April 1, 1992 being premia”;

(g) by the substitution, in paragraph (j) of that subsection, for the words, “any sum expended by an individual”, of the words and figures “any sum expended, prior to April 1, 1992, by an individual”;

(h) by the substitution, in paragraph (ll) of that subsection, for the words and figures “at a cost not exceeding one million rupees on or after April 1,

1989, or in the purchase at a cost not exceeding one million rupees on or after April 1, 1989,” of the words and figures “at a cost not exceeding one million rupees on or after April 1, 1989, but prior to April 1, 1994, or in the purchase at a cost not exceeding one million rupees on or after April 1, 1989, but prior to April 1, 1994,”;

- (i) by the substitution, in paragraph (n) of that subsection, for the words “as having been spent by a person”, of the words and figures “as having been spent prior to April 1, 1992, by a person”;
  - (j) by the substitution, in paragraph (o) of that subsection, for the words and figures “on or after April 1, 1983, any amount”, of the words and figures “on or after April 1, 1983, but prior to April 1, 1992, any amount”;
  - (k) by the substitution, in paragraph (p) of that subsection, for the words and figures “in any year of assessment commencing on or after April 1, 1987, as medical expenses”, of the words and figures “in any year of assessment commencement on or after April 1, 1987, but prior to April 1, 1992, as medical expenses”;
- (2) in paragraph (iii) of subsection (5D) of that section by the substitution, for the words, “in respect of any qualifying payment”, of the words “in respect of all qualifying payments”;
- (3) in subsection (6) of that section, by the substitution, for all the words and figures from, “The amount of any” to “which cannot be deducted from”, of the following:-

“The amount of any qualifying payment referred to-

- (i) in paragraph (b), (c), (m) or (n) of subsection (2), made or deemed to have been made by any person in any year of assessment; or
- (ii) in paragraph (q) of subsection (2), made or deemed to have been made by any person in any year of assessment ending on or before March 31, 1992,

which cannot be deducted from”; and

- (4) in paragraph (b) of subsection (9) of that section-
- (a) by the substitution, in sub-paragraph (i) of that paragraph for the words, “and which is approved by the Minister by notice published in the *Gazette*; or”, of the words and figures, “and which is approved by the Minister by notice published in the *Gazette* prior to April 1, 1992; or”;
  - (b) by the substitution for sub-paragraph (ii) of that paragraph of the following sub-paragraph:-
    - “(ii) which has been approved by the Greater Colombo Economic Commission prior to April 1, 1992, and with which an agreement has been entered into, in consequence of such approval prior to September 1, 1992 by the Greater Colombo Economic Commission under section 17 of the Greater Colombo Economic Commission Law, No. 4 of 1978;”.

**16.** Section 32 of the principal enactment is hereby amended as follows:-

- (1) in subsection (1) of that section—
- (a) by the substitution, in sub-paragraph (vi) of paragraph (a), of that subsection for the words and figures “commencing on or after April 1, 1988, at the appropriate rates”, of the words and figures “commencing on or after April 1, 1988, but prior to April 1, 1992, at the appropriate rate”;
  - (b) by the addition, immediately after sub-paragraph (vi) of paragraph (a) of that subsection of the following sub-paragraph:—
 

“(vii) in respect of any year of assessment commencing on or after April 1, 1992, at the appropriate rate specified in Part 11E of the First Schedule to this Act.”;
  - (c) in the proviso to that subsection—
    - (i) by the substitution, in sub-paragraph (iii) of that proviso for the words and figures “for the year of assessment commencing on April 1, 1985; and”, of the words and figures “for the year of assessment commencing on April 1, 1985.”;
    - (ii) by the substitution, in sub-paragraph (iv) of that proviso for the words and figures “for any year of assessment commencing on or after April 1, 1986”, of the words and figures “for any year of assessment commencing on or after April 1, 1986, but prior to April 1, 1992; and”;
    - (iii) by the addition immediately after sub-paragraph (iv) of that proviso of the following sub-paragraph:—
 

“(v) forty two thousand rupees, for any year of assessment commencing on or after April 1, 1992.”;
- (2) in subsection (2) of that section—
- (a) by the substitution, in paragraph (d) of that subsection, for the words “at the time of his retirement from any employment, from a provident fund”, of the words, “at the time of his retirement from any employment, or at any subsequent time, from a provident fund”; and
  - (b) by the substitution, for the words “the First Schedule to this Act, if any one or more of the aforementioned sum or sums has been or have been paid to such individual”, of the words “the First Schedule to this Act, if each of the aforementioned sums has been paid to such individual”;
- (3) by the repeal of subsection (3BB) of that section;
- (4) by the insertion, immediately after subsection (4) of that section, of the following subsection:—
- “(4A) Where any charitable institution provides in any year of assessment commencing on or after April 1, 1991, institutionalised care for the sick or the needy and where the Commissioner-General is satisfied that the cost of provision of such care is borne by such charitable institution, the Commissioner-General may, subject to such conditions as he may specify, reduce or remit the tax payable by such charitable institution in



respect of its profits and income for such year of assessment, if it appears to the Commissioner-General that such reduction or remission is just and suitable in all the circumstances of the case.”; and

- (5) in subsection (6) of that section, by the substitution, for the words and figures, “every year of assessment commencing on or after April 1, 1987, on the investment income”, of the words and figures “every year of assessment commencing on or after April 1, 1987, but prior to April 1, 1992, on the investment income”.

17. Section 32EE of the principal enactment is hereby amended by the substitution, for the words “an amount equal to one thousand five hundred rupees or the amount of income tax which is attributable to profits from employment, whichever is less.”, of the following:—

“an amount equal to—

- (a) (i) one thousand five hundred rupees, if such year of assessment is the year of assessment commencing on April 1, 1991, and  
(ii) one thousand eight hundred rupees, if such year of assessment is any year of assessment commencing on or after April 1, 1992, or  
(b) the amount of income tax which is attributable to profits from employment of such individual for that year of assessment,

whichever is less.”.

18. Section 33 of the principal enactment is hereby amended in paragraph (b) of subsection (2) of that section as follows:—

- (1) in sub-paragraph (v) of that paragraph, by the substitution, for the words and figures, “on or after April 1, 1988 does not exceed ”; of the words and figures “on or after April 1, 1988, but prior to April 1, 1988, does not exceed”; of the words and  
(2) by the addition, immediately after sub-paragraph (v) of that paragraph, of the following sub-paragraph:—

“(vi) the taxable income of which for any year of assessment commencing on or after April 1, 1992, does not exceed three hundred and three thousand and thirty rupees.”.

19. Section 38 of the principal enactment is hereby amended in subsection (4) of that section, by the substitution, for the words “shown on such statement.”, of the words, “shown on such statement:

Provided that, where such person is not a resident person, he shall not be entitled to deduct, from the tax payable by him, the advance company tax shown on such statement.”.

20. Section 41 of the principal enactment is hereby amended in paragraph (b) of that section by the substitution, for the words and figures “commencing on or after April 1, 1984, in respect of”, of the words and figures “commencing on or after April 1, 1984, but prior to April 1, 1992, in respect of”.

21. Section 73 of the principal enactment is hereby amended in subsection (1A) of that section, as follows:—

- (1) in paragraph (iv) of that subsection, by the substitution for the words and figures “commencing on or after April 1, 1986.”, of the words and figures “commencing on or after April 1, 1986, but prior to April 1, 1992; and”: and
- (2) by the addition, immediately after paragraph (iv) of that subsection of the following paragraph:—

“(v) forty two thousand rupees, for any year of assessment commencing on or after April 1, 1992.”.

22. Section 84A of the principal enactment is hereby amended as follows:—

- (1) by the substitution for subsection (1) of that section of the following subsection:—

“(1) Where any person or any partner of any partnership, referred to in subsection (2), proves to the satisfaction of the Commissioner-General that in respect of his or its income referred to in subsection (2), he or it has paid or is liable to pay for any year of assessment, income tax in Sri Lanka and income tax for the corresponding period in any other country, then, such person shall be entitled to relief from income tax payable by him or it in Sri Lanka of an amount equal to the excess, if any, of the income tax in respect of such income, payable by him or it in Sri Lanka (before granting any relief under this section), over the income tax, in respect of such income, payable by him or it in such other country.”;

- (2) by the substitution, for subsection (2) of that section, of the following subsection:—

“(2) The provisions of subsection (1) shall apply—

(a) (i) to any non-resident person, or any partnership registered out-side Sri Lanka, being a person or partnership who or which provides in Sri Lanka, management consultancy services in areas specified by the Commissioner-General by notice published in the *Gazette*; or

(ii) to any non-resident person or to any partnership registered out-side Sri Lanka, who or which provides in Sri Lanka, architectural, engineering, quantity surveying or construction management services and such other services as may be ancillary thereto, to any resident company being a company 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 and which has in accordance with such agreement invested or agreed to invest in Sri Lanka within the period specified in such agreement, not less than fifty million United States of America dollars or its equivalent in any other foreign currency to meet the cost of—

- (a) any building purchased or constructed, and of any land, plant, machinery or furniture purchased; and
- (b) acquisition of any asset not included in paragraph (a) for the use of the undertaking;

(b) In respect of the profits and income arising in or derived from Sri Lanka—

- (i) on or after April 1, 1991, from the provision of services referred to in sub-paragraph (i) of paragraph (a) by any person or partnership referred to in that sub-paragraph; or
- (ii) on or after April 1, 1992, from the provision of any services referred to in sub-paragraph (ii) of paragraph (a) by any person or by any partnership referred to in that sub-paragraph.”.

23. Section 92 of the principal enactment is hereby amended by the insertion, immediately after subsection (2A) of that section, of the following subsection:—

“(2AA) Where any person furnishes a return of income or wealth on or before the date specified in subsection (1) for any year of assessment commencing on or after April 1, 1992, and is deemed, under the provisions of subsection (2A), not to have furnished a return of income or wealth, an Assessor shall within thirty days from the end of the year of assessment immediately succeeding that year of assessment inform such person, in writing, that the return furnished by him is not in such form or does not contain such particulars, as is or are specified by the Commissioner-General.”.

24. Section 92A of the principal enactment is hereby amended as follows:—

(1) in subsection (1) of that section, by the substitution, for the proviso to that subsection, of the following proviso:—

“Provided that—

- (a) where such trade, business, profession or vocation is carried on or exercised by any company, such company shall, notwithstanding that a notice under this section has not been given to it, furnish for every year of assessment commencing on or after April 1, 1992, or for any other period in respect of which the statutory income for that year of assessment is computed, such statements and such schedules as may be specified by the Commissioner-General by Notice published in the *Gazette*; and
- (b) where such trade, business, profession or vocation is carried on or exercised by any partnership, or by any person other than any company and the turnover of such trade, business, profession or vocation, for any year of assessment commencing on or after April 1, 1991, or for any other period in respect of which the statutory income for any year of assessment is computed, exceeds five million rupees, such partner or such person shall, notwithstanding that a notice under this section has not been given to him, furnish for such year of assessment or for such period, as the case may be, such statements and such schedules as may be specified by the Commissioner-General by Notice published in the *Gazette*.”;

(2) in subsection (2) of that section—

(a) by the substitution, in the proviso to that subsection, for the words and figures, “exceeds five million rupees for any year of assessment commencing on or after April 1, 1991,”, of the words and figures “exceeds five million rupees for the year of assessment commencing on April 1, 1991,”;

(b) by the addition, immediately after the proviso to that subsection, of the following proviso:—

“Provided further, that a statement of accounts in support of a return of income for any year of assessment commencing on or after April 1, 1992, or for any other period in respect of which the statutory income for that year of assessment is computed—

- (i) furnished by any company in respect of any trade, business, profession or vocation carried on or exercised by such company, or
- (ii) furnished by any partner of any partnership or by any person other than a company, in respect of any trade, business, profession or vocation carried on or exercised by such partnership or by such person, where the turnover of such trade, business, profession or vocation for that year of assessment or that period, exceeds five million rupees, shall be prepared on the basis of an audit carried out by an approved accountant.”

25. Section 96 of the principal enactment is hereby repealed and the following section substituted therefore:—

(1) Where—

“Power of  
Commissioner  
General to  
impose penalty  
for failure to  
furnish return.

- (i) any person fails to comply with a notice in writing given to him by an Assessor under section 92(2), requiring him to furnish, within the time specified in such notice, a return of his income, wealth or gifts, and if he has a child, the income or wealth of such child, or
- (ii) any person fails to furnish within the time specified in section 92(1), a return which he is required to furnish under that section, or
- (iii) any employer fails to comply with any requirement of the provision of section 103,

the Commissioner-General may—

- (a) impose on such person or on such employer a penalty of a sum not exceeding fifty thousand rupees and give notice in writing, to such person or employer, of the imposition of such penalty; and
- (b) by notice in writing require such person or such employer—
  - (i) to pay such penalty; and
  - (ii) to furnish such return where such return has not been furnished, or to comply with such requirement where such requirement has not been complied with,within such period as may be specified in such notice.

(2) The Commissioner-General may reduce or waive any penalty imposed on any person or on any employer under this section if such person or such employer, as the case may be, proves to the satisfaction of the Commissioner-General that his failure to furnish such return or to comply with such requirement, as the case may be, was due to circumstances beyond his control and that he has furnished such return or has complied with such requirement as the case may be.

(3) Where a penalty is imposed on any person or on any employer under subsection (1), such person or such employer shall not be liable to prosecution for any offence under paragraph (a) or paragraph (d) or subsection (1) of section 151, or under paragraph (iii) of subsection (2) of section 151 relating to that notice or requirement.”.

26. Section 110 of the principal enactment is hereby repealed and the following section substituted therefor:—

Penalty for default.

110. Where any income tax for any pay period payable by any employer under the provisions of this Chapter is in default, such employer shall—

- (a) where such pay period is any pay period ending on or before March 31, 1992, pay in addition to such tax—
  - (i) a penalty of a sum equivalent to ten *per centum* of such tax; and
  - (ii) where such tax is not paid before the expiry of six months after such tax has begun to be in default, a further penalty of a sum equivalent to fifteen *per centum* of such tax, and
- (b) where such pay period is any pay period commencing on or after April 1, 1992, pay in addition to such tax—
  - (i) a penalty of a sum equivalent to ten *per centum* of such tax; and
  - (ii) where such tax is not paid before the expiry of thirty days after it has begun to be in default, a further penalty of a sum equivalent to two *per centum* of the tax in default in respect of each further period of thirty days or part thereof during which it remains in default:

Provided that—

- (a) the Commissioner-General may waive or reduce the amount of any such penalty payable by any employer, if such employer proves to the satisfaction of the Commissioner-General that the failure to pay was due to circumstances beyond his control and that he has paid the amount of the tax in default and has furnished the declaration required to be furnished at the time of such payment;
- (b) the total amount payable as penalty under the preceding provisions of this section, shall, in respect of the tax in default for any pay period commencing on or after April 1, 1992, not exceed fifty *per centum* of the tax in default.”.

27. Section 113A of the principal enactment is hereby amended in subsection (1) of that section as follows:—

- (1) by the substitution, for the words and figures, “in any year of assessment commencing on or after April 1, 1986, on any sum of money deposited with it by a person in his own name or in the name of some other person being in either case a person chargeable with income tax under this Act, income tax at the rate of twenty *per centum* of the interest so payable.”, of the following words and figures:—

“in any year of assessment, on any sum of money deposited with it by a person in his own name or in the name of some other person being in either case a person chargeable with income tax under this Act, income tax at the rate of—

- (i) twenty *per centum*, of the interest so payable where such year of assessment is any year of assessment commencing on or after April 1, 1986, but prior to April 1, 1992; and
- (ii) fifteen *per centum*, of the interest so payable where such year of assessment is any year of assessment commencing on or after April 1, 1992.”;
- (2) in the proviso to that subsection by the substitution, for the words and figures “20 *per centum*”, wherever those words and figures occur in that proviso, of the words and figures “15 *per centum*”.

28. Section 113H of the principal enactment is hereby repealed and the following section substituted therefor:—

“Penalty for default.

113H Where any income tax for any year of assessment payable by a bank or financial institution under the provisions of this Chapter is in default, such bank or financial institution shall—

- (a) where such year of assessment is any year of assessment ending on or before March 31, 1992, pay in addition to such tax—
- (i) a penalty of a sum equivalent to ten *per centum* of such tax; and
- (ii) where such tax is not paid before the expiry of six months after it has begun to be in default, a further penalty of a sum equivalent to fifteen *per centum* of such tax; and
- (b) where such year of assessment is any year of assessment commencing on or after April 1, 1992, pay in addition to such tax—
- (i) a penalty of a sum equivalent to ten *per centum* of such tax; and
- (ii) where such tax is not paid before the expiry of thirty days after it has begun to be in default, a further penalty of a sum equivalent to two *per centum* of the tax in default in respect of each further period of thirty days or part thereof during which it remains in default:

Provided that—

- (a) the Commissioner-General may waive or reduce the amount of any such penalty payable by such bank or financial institution, if such bank or financial institution proves to the satisfaction of the Commissioner-General that the failure to pay was due to circumstances beyond its control and that he has paid the tax in default and has furnished the declaration required to be furnished at the time of such payment; and
- (b) the total amount payable as penalty under the preceding provisions of this section, shall, in respect of the tax in default for any year of assessment commencing on or after April 1, 1992, not exceed fifty *per centum* of the tax in default.”.

29. 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, or loan in the form of debenture or bond or in any other form, and the payment of interest thereon.”.

30. The following Chapter is hereby inserted immediately after Chapter XVA and shall have effect as Chapter XVB of the principal enactment:—

#### ‘CHAPTER XVB

##### DEDUCTION OF INCOME TAX FROM SPECIFIED FEES PAID BY SPECIFIED PERSONS

Specified persons to deduct income tax from specified fees.

113K. (1) Every specified person shall, subject to the provisions of this Chapter, deduct from any specified fee payable to any person or to any partnership, in any year of assessment commencing on or after April 1, 1992, at the time such specified fees is paid, income tax at the rate of three *per centum* of such specified fee.

(2) For the purposes of subsection (1)—

- (a) “specified person” in relation to any year of assessment means any person, partnership or body of persons, who or which either on his or its own behalf or on behalf of any other person or partnership, is likely to pay or to credit in that year of assessment or has paid or credited in the year of assessment immediately preceding that year of assessment—
  - (i) a specified fee of or specified fees aggregating to not less than thirty thousand rupees to any other person or to any other partnership; or
  - (ii) specified fees aggregating to not less than two hundred and fifty thousand rupees, and
- (b) “specified fee” means any sum payable by any specified person as consideration for services rendered by any person or by any partnership, as the case may be, in the course of any profession or vocation or other activities of an independent character carried on

or exercised by such person or any partner of such partnership, as the case may be, and includes any commission, brokerage or other sums of a like nature payable by such specified person but does not include any sum payable by such specified person to any employee of such specified person in the course of employment under such specified person.

Provisions of Chapter XVA to apply in relation to the deduction under this Chapter of income tax from specified fees.

113L. The provisions of Chapter XVA relating to the deduction of income tax from interest paid by banks and financial institutions, credit for income tax so deducted, issue of directions, duties of banks and financial institutions, default in the deduction of income tax, issue of assessments on banks and financial institutions, appeals and penalty for default shall, *mutatis mutandis*, apply to the deduction of income tax from specified fees by specified persons, credit for income tax so deducted, issue of directions, duties of specified persons, default in the deduction of income tax, issue of assessments on specified persons, appeals and penalty for default under this Chapter as if there were substituted in Chapter XVA for the words "banks and financial institutions", of the words "specified persons" and for the word "interest", of the words "specified fee" wherever they appear in that Chapter, subject however to the modification that credit for income tax deducted under the provisions of this Chapter by any specified person from any specified fee paid to any partnership shall unless the partners of such partnership by mutual agreement determine otherwise, be distributed among such partners in the ratio in which such partners share the profits or losses of such partnership.'

31. Section 122 of the principal enactment is hereby amended in the proviso to subsection (1) of that section by the substitution for the words "a fee of fifty rupees," of the words "a fee of one thousand and five hundred rupees,".

32. Section 125 of the principal enactment is hereby amended in subsection (2) of that section by the substitution for all the words from "Where any tax payable" to "during which it is in default:" of the following:-

"Where any tax payable by any person for any year of assessment is in default the defaulter shall-

- (a) where such year of assessment is any year of assessment ending on or before March 31, 1992, in addition to the tax in default pay-
  - (i) a penalty of a sum equivalent to five *per centum* of the amount in default; and
  - (ii) 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 default; and
- (b) where such year of assessment is any year of assessment commencing on or after April 1, 1992, in addition to the tax in default pay-
  - (i) a penalty or a sum equivalent to ten *per centum* of such tax; and
  - (ii) where such tax is not paid before the expiry of thirty days after it has begun to be in default, a further penalty of a sum equivalent to two *per*



*centum* of the tax in default in respect of each further period of thirty days or part thereof during which it remains in default.”.

33. Section 151 of the principal enactment is hereby amended in subsection (2) of that section by the substitution, in paragraph (iii) of that subsection for the words and figures “requirements of section 101 (2) or paragraph (a), (b) or (c) of section 102”, of the words and figures “requirements of section 96 (1) or section 101 (2) or paragraph (a), (b) or (c) of section 102”.

34. Section 157 of the principal enactment is hereby amended in subsection (1) of that section by the substitution for the words “Senior Assessors of Inland Revenue and Assessors of Inland Revenue as may be necessary”, of the words “Senior Assessors of Inland Revenue, Assessors of Inland Revenue and Tax Officers of Inland Revenue as may be necessary”.

35. Section 158 of the principal enactment is hereby amended by the addition immediately after subsection (12) of that section of the following subsection:—

“(13) Nothing in the preceding provisions of this section shall be read or construed as requiring the Commissioner-General to disclose such particulars relating to the affairs of any person as may come to his knowledge through the exchange of information in pursuance of any agreement entered into between the Government of Sri Lanka and other Government of any other territory and referred to in section 82 of this Act, to any person or authority other than any person or authority involved in the assessment or collection of, or the enforcement of, or the prosecution in respect of any offence relating to, the taxes which are the subject of that agreement.”.

36. The First Schedule to the principal enactment is hereby amended as follows:—

- (1) in Part 11D of that Schedule by the substitution, for the words and figures “The rates of income tax for any year of assessment commencing on or after April 1, 1988, shall be as follows:—”, of the words and figures “The rates of income tax for any year of assessment commencing on or after April 1, 1988, but prior to April 1, 1992, shall be as follows:—”;
- (2) by the insertion, immediately after Part 11D of that Schedule, of the following Part:—

“Part 11E

The rates of income tax for any year of assessment commencing on or after April 1, 1992, shall be as follows:—

On the first Rs. 21,000 of the taxable income .....	10	<i>per centum</i>
On the next Rs. 24,000 of the taxable income .....	20	<i>per centum</i>
On the next Rs. 24,000 of the taxable income .....	30	<i>per centum</i>
On the balance of the taxable income .....	35	<i>per centum.</i> ”

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

- (1) by the substitution for Part 1 of that Schedule of the following Part:—

“Part 1

Company resident in Sri Lanka, other than a company referred to in Part II, or Part III, or Part IV, or Part IVA, or Part V, or Part VA, or Part VB, or Part VI, or Part VIII, or Part IX or Part X.

The rate of income tax for any year of assessment commencing on or after April 1, 1979, but prior to April 1, 1992—

On the taxable income of the company .....50 *per centum*

The rate of income tax for every year of assessment commencing on or after April 1, 1992—

On the taxable income of the company .....45 *per centum*”;

- (2) in Part IVA of that Schedule, by the substitution, for the words and figures “commencing on or after April 1, 1988—”, of the words and figures “commencing on or after April 1, 1988, but prior to April 1, 1992—”;
- (3) by the insertion, immediately after Part IVA, of that Schedule of the following Part:—

“Part IVB

Small company

The rate of income tax for every year of assessment commencing on or after April 1, 1992—

- (1) if the taxable income of the company does not exceed two hundred and fifty thousand rupees, 33 1/3 *per centum*
- (2) if the taxable income of the company exceeds two hundred and fifty thousand rupees but does not exceed three hundred and three thousand and thirty rupees, the tax shall be the aggregate of—
  - (i) a sum equal to 33 1/3 *per centum* of two hundred and fifty thousand rupees, and
  - (ii) the amount by which the taxable income of the company for that year of assessment exceeds two hundred and fifty thousand rupees.”;
- (4) by the substitution for Part VII of that Schedule, of the following Part:—

“Part VII

(Section 34)

Company not resident in Sri Lanka

The rate of income tax for every year of assessment commencing on or after April 1, 1979, but prior to April 1, 1992—

On the taxable income of the public corporation.....50 *per centum*

The rate of income tax for any year of assessment commencing on or after April 1, 1992—

On the taxable income of the public corporation.....45 *per centum*.”;

(5) by the substitution for Part IX of that Schedule of the following Part:-

"Part IX

Public Corporations (other than the Central Bank of Sri Lanka)

The rate of income tax for any year of assessment commencing on or after April 1, 1989, but prior to April 1, 1992-

On the taxable income of the partnership ..... 50 *per centum*

The rate of income tax for any year of assessment commencing on or after April 1, 1992-

On the taxable income of the partnership ..... 45 *per centum*

(6) by the substitution for Part X of that Schedule of the following Part:-

"Part X

Unit Trust or Mutual Fund

The rate of income tax for the years of assessment commencing respectively on April 1, 1990 and on April 1, 1991-

On the taxable income of the Unit trust or  
the Mutual Fund ..... 50 *per centum*

The rate of income tax for every year of assessment commencing on or after April 1, 1992-

On the taxable income of the Unit trust or  
the Mutual Fund ..... 45 *per centum*."

38. The Third Schedule to the principal enactment is hereby amended as follows:—

(1) in paragraph 1 of that Schedule, by the substitution, for all the words and figures "for the year of assessment commencing on April 1, 1986" "to 50 *per centum*" of the following:-

"For any year of assessment commencing on or after April 1, 1986, but prior to April 1, 1992-

On the first Rs. 25,000 of the taxable income ..... 30 *per centum*

On the next Rs. 25,000 of the taxable income ..... 40 *per centum*

On the balance of the taxable income ..... 50 *per centum*

For any year of assessment commencing on or after April 1, 1992—

On the first Rs. 25,000 of the taxable income ..... 30 *per centum*

On the next Rs. 25,000 of the taxable income ..... 40 *per centum*

On the balance of the taxable income ..... 45 *per centum*."

(2) in paragraph 3 of that Schedule—

(a) by the substitution, in sub-paragraph (ii) of that paragraph, 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, 1992";

(b) by the addition, immediately after sub-paragraph (ii) of that paragraph of the following sub-paragraph:-

“(iii) for any year of assessment commencing on or after April 1, 1992, 35 per centum”;

(3) in paragraph 4 of that Schedule, by the substitution for the expression “For any year of assessment commencing on or after April 1, 1986 on all trustees ..... 50 per centum”, of the expression “For any year of assessment commencing on or after April 1, 1986, but prior to April 1, 1992 on all trustees..... 50 per centum,

For any year of assessment commencing on or after April 1, 1992 on all trustees 35 per centum”;

(4) by the substitution for paragraph 5 of that Schedule of the following paragraph: -

“Partnerships

For any year of assessment commencing on or before April 1, 1992-

On the first Rs. 25,000 of the taxable income ..... 50 per centum

For any year of assessment commencing on or after April 1, 1992-

On the taxable income of the partnership ..... 35 per centum.”

(5) in paragraph II of that Schedule,-

(i) by the substitution, in sub-paragraph (b) of that paragraph for the expression “commencing on or after April 1, 1986.-”, of the expression “commencing on or after April 1, 1986, but prior to April 1, 1992-”;

(ii) by the addition, immediately after sub-paragraph (b), of that paragraph, of the following sub-paragraph:-

“(c) for any year of assessment commencing on or after April 1, 1992

(i) on the taxable income ..... 45 per centum,

(ii) on the balance of the profits after deduction therefrom, of the tax payable under paragraph (1) ..... 25 per centum”;

(6) by the substitution for paragraph 13 of that Schedule of the following paragraph:-

“13. Any thrift, saving or building society or welfare fund to which contributions are made by employees only or any gratuity fund approved for the purposes of section 23 (1) (r)-

For any year of assessment commencing on or after April 1, 1992-

On the taxable income, of the society or fund ..... 10 per centum”;

(7) by the addition immediately after paragraph 13 of that Schedule of the following paragraph:-

“14. Persons (other than those referred to above and in the First and Second Schedules)-

On the taxable income of the person ..... 20 per centum”;

39. The Seventh Schedule to the principal enactment is hereby repealed and the following Schedule substituted therefor:—

“SEVENTH SCHEDULE

[Section 33A (1)]

The rates of advance company tax for every year of assessment commencing on or after April 1, 1988, but prior to April 1, 1992, shall be as follows:—

- (i) on the amount equal to the amount of every qualifying distribution made by a small company ..... 25 per centum
- (ii) on the amount equal to the amount of every qualifying distribution made by a quoted public company or a people's company ..... 33 1/3 per centum
- (iii) on the amount equal to the amount of every qualifying distribution made by a unit trust or mutual fund or a company other than a small company, or a quoted public company or a people's company ..... 50 per centum

The rates of advance company tax for every year of assessment commencing on or after April 1, 1992, shall be as follows:—

- (i) on the amount equal to the amount of every qualifying distribution made by a small company ..... 25 per centum
- (ii) on the amount equal to the amount of every qualifying distribution made by a quoted public company or a people's company ..... 33 1/3 per centum
- (iii) on the amount equal to the amount of every qualifying distribution made by a unit trust or mutual fund or a company other than a small company, or a quoted public company or a people's company ..... 40 per centum.”

40. (1) The amendment to section 14 of the principal enactment made by section 5, of this Act, shall be deemed for all purposes to have come into force on August 26, 1992.

(2) The amendment to section 15 of the principal enactment made by section 6 of this Act, shall be deemed for all purposes to have come into force on August 26, 1992.

(3) The amendment to section 17C of the principal enactment made by section 9(2) (c) of this Act shall be deemed for all purposes to have come into force on November 29, 1990 and any company engaged only in carrying on any undertaking referred to sub-paragraph (iv) of paragraph (c) of subsection (2) of section 17C of the principal enactment, is approved by the Minister by notice published in the *Gazette* within one month of the commencement of this Act, shall be deemed to all purposes to have been approved by the Minister by notice published in the *Gazette* prior to April 1, 1992.

(4) The amendment to section 22DDD 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, 1991.

(5) The amendment to section 23 (1) of the principal enactment made by section 12 (2) of this Act, shall be deemed for all purposes to have come into force on January 1, 1992.

(6) The amendment to section 31 (5D) of the principal enactment made by section 15 (2) of this Act shall be deemed for all purposes to have come into force on November 29, 1990.

(7) The amendment to section 32 of the principal enactment made by section 16(3) of this Act, shall be deemed for all purposes to have come into force on August 26, 1992.

(8) The amendment to section 38 (4) made by section 19 of this Act, shall be deemed for all purposes, to have come into force on September 8, 1988.

(9) The amendment to section 31 (5D) of the principal enactment made by section 24 (2) of this Act, shall be deemed for all purposes to have come into force on April 1, 1992.

(10) The amendment to section 113A of the principal enactment made by section 27(2) of this Act, shall be deemed, for all purposes to have come into force on April 1, 1992.

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

**DEFENCE LEVY (AMENDMENT) ACT, NO. 66 OF 1992**

[Certified on 24th December, 1992]

AN ACT TO AMEND THE DEFENCE LEVY ACT, NO. 52 OF 1991

1. This Act may be cited as the Defence Levy (Amendment) Act, No. 66 of 1992.
2. The long title of the Defence Levy Act, No. 52 of 1991 (hereinafter referred to as "the principal enactment") is hereby amended by the substitution, for the words and figures, "for the year commencing on January 1, 1992", of the words and figures "for the years commencing respectively, on January 1, 1992, and on January 1, 1993".
3. Section 3 of the principal enactment is hereby amended in subsection (1) of that section, by the substitution for the words and figures, "for every quarter of the year commencing on January 1, 1992", of the words and figures, "for every quarter of the years commencing respectively, in January 1, 1992, and on January 1, 1993".
4. The Schedule to the principal enactment (inserted by the Defence Levy (Amendment) Act, No. 36 of 1992) is hereby amended by the substitution, for the words and figures, "for the quarters commencing on July 1, 1992 and October 1, 1992, respectively.", of the words and figures "for every quarter commencing on or after July 1, 1992, but prior to January 1, 1994".
5. In the event of any inconsistency between the Sinhala and Tamil texts of this Act, the Sinhala text shall prevail.

## APPROPRIATION ACT NO. 67 OF 1992

[Certified on 24.12.92]

AN ACT TO PROVIDE FOR THE SERVICE OF THE FINANCIAL YEAR, 1993, TO AUTHORISE 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 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. 67 of 1992.
2. (1) Without prejudice to any other law authorising any expenditure, the expenditure of the Government which it is estimated will be rupees one hundred and forty three thousand four hundred and three million eight hundred and thirteen thousand for the service of the period beginning on January 1, 1993, and ending on December 31, 1993, in this Act referred to as the "financial year 1993", shall be met—
  - (a) from payments which are hereby authorised 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 authorised 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 ninety thousand one hundred million.

The sum of rupees one hundred and forty three thousand four hundred and three million eight hundred and thirteen 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, 1993, from each activity specified in column 1 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 1993.

(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, 1993, 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, 1993, 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, 1993, 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 of 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 shall 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 authorised 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 authorised 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, 1994, 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.

**REGULATION MADE UNDER THE PUBLIC SECURITY ORDINANCE TO  
AMEND THE MONETARY LAW ACT**

[Certified on 28th February, 1992]

**Regulation**

During the continuance in force of this regulation, Monetary Law Act (Chapter 422) shall have effect as if the following new sections were added immediately after section 32E of that Act :-

- “32F. (1) The Monetary Board may give directions to banking institutions other than commercial banks or to any category or group of such institutions regarding the form and manner in which any aspect of its business is to be conducted.
- (2) Without prejudice to the generality of the powers conferred by subsection (1) directions may be given by the Board to such institutions, or to any group or category of institutions in respect of –
- (a) the form and manner in which books of account or other records or documents are to be maintained ;
  - (b) the terms and conditions under which investments may be made by such institutions ;
  - (c) the minimum ratio which the capital of such institution should bear to the total deposit liabilities or the risk weighted assets of such institutions ;
  - (d) the minimum ratio which the liquid assets of such institutions should bear to the total liabilities of such institutions and the categories of liquid assets that should be taken into account in calculating such ratio ;
  - (e) the maximum amount of accommodation which having regard to the paid up capital, reserves and other relevant considerations may be made by such institutions to any one company, public corporation, firm, association of persons or individuals, or in the aggregate, to an individual, his close relations or a company or firm in which he has a substantial interest.

For the purposes of this section, “accommodation”, “close relation”, “paid up capital” and “substantial interest” shall have the same meaning as in Banking Act, No. 30 of 1988.

32G. Where the Monetary Board on a report submitted by the Director, Bank Supervision after examination by himself or any examiner of the affairs of any banking institution or upon information received from the institution is satisfied that such banking institution,

- (a) is engaging in unsafe or unsound practices in the carrying on of its business, which,

- (i) is likely to jeopardize its obligations to its depositors or creditors ;  
or
  - (ii) is likely to result in such institution being unable to meet its obligations ; or
- (b) has contravened or failed to comply with the provisions of this Act, the Monetary Board may issue an order directing such banking institution,
- (i) to cease and desist from any such practice or contravention; or
  - (ii) to comply with the provisions of this Act; or
  - (iii) to take necessary action to correct the conditions resulting from such practice or contravention; or
  - (iv) forthwith to take action or do any act or thing which the Monetary Board may consider necessary

for the proper conduct of the business of such banking institution.

32H. For the purposes of Sections 28, 29, 30, 31, 32, 32A, 32B, 32C, 32D, 32E, 32F and 32G "banking institution" includes any institution which, in the opinion of the Monetary Board, carries on any business normally carried on by a merchant bank."

## EMERGENCY (MONETARY LAW) REGULATION NO. 1 OF 1992

[Certified on 7th September, 1992]

### Regulation

1. This regulation may be cited as the Emergency (Monetary Law) Regulation, No. 1 of 1992.
2. For so long, and so long only as this regulation is in force, section 93 of the Monetary Law Act (Chapter 422) shall have effect as if the following proviso were inserted immediately after the proviso to subsection (2) of that section :-

“Provided further, that the Monetary Board may for reasons which it considers sufficient having regard to the interests of the national economy, permit any Commercial Bank to maintain any part of the required reserves, for such period as the Monetary Board may specify, in the form of assets other than rupee deposits in the Central Bank.”