

## **PART IV**

## **PART IV**

### **MAJOR LEGISLATIVE ENACTMENTS OF 1996**

#### **RELATING TO THE FUNCTIONS AND OPERATIONS OF THE CENTRAL BANK AND BANKING INSTITUTIONS IN SRI LANKA**

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# **PUBLIC ENTERPRISES REFORM COMMISSION OF SRI LANKA ACT, NO. 1 OF 1996**

[Certified on 9th January, 1996]

AN ACT TO PROVIDE FOR THE ESTABLISHMENT OF THE PUBLIC ENTERPRISES REFORM COMMISSION OF SRI LANKA; AND FOR MATTERS CONNECTED THEREWITH OR INCIDENTAL THERETO.

1. This Act may be cited as the Public Enterprises Reform Commission of Sri Lanka Act, No. 1 of 1996 and shall come into operation on such date as the Minister may appoint by Order published in the *Gazette* (hereinafter referred to as "the appointed date").

## **PART I**

### **ESTABLISHMENT OF THE PUBLIC ENTERPRISES REFORM COMMISSION OF SRI LANKA**

2. (1) There shall be established in accordance with the provisions of this Act, a Commission which shall be called the Public Enterprises Reform Commission of Sri Lanka (hereinafter referred to "as the commission").  
(2) The Commission shall, by the name assigned to it by subsection (1), be a body corporate having perpetual succession and a common seal and may sue and be sued in such name.
3. The Commission shall consist of—
  - (a) two *ex-officio* members namely, the Secretary to the Minister of the Minister in charge of the subject of Finance and the Director-General of the Securities and Exchange Commission of Sri Lanka established by the Securities and Exchange Commission of Sri Lanka Act, No. 36 of 1987; and
  - (b) not less than four and not more than six members of whom one member shall be a public officer, appointed by the Minister (hereinafter referred to as the "appointed members").
- (2) The Minister shall nominate from amongst the members of the Commission, one member to be the Chairman of the Commission.
- (3) The provisions of the Schedule to this Act shall have effect in relation to the term, of office of the members of the Commission and the remuneration payable to the members of the Commission, meetings and seal of the Commission.

## **PART II**

### **FUNCTIONS AND POWERS**

4. The functions of the Commission shall be to advise and assist the Government on the reform of public enterprises with the following objects in view:—
  - (a) fostering and accelerating the economic development of the country ;
  - (b) improving the efficiency and competitiveness of the economy ;
  - (c) upgrading production and services with access to international markets on a competitive basis, by the acquisition of new technology and expertise ;
  - (d) developing and broadbasing the capital markets and mobilizing long term private savings;
  - (e) motivating the private sector ;
  - (f) augmenting the revenues of the Government, so as to enable it to better address the social agenda.

5. For the purpose of discharging its functions the Commission may exercise and perform the following powers and duties:—
- (a) to carry out surveys and studies to ascertain and determine the public enterprises require to be reformed ;
  - (b) to formulate a framework for a sustainable and stable public enterprise reform strategy ;
  - (c) to make recommendations to the Government on the continuation, and efficiency, of public enterprises which are profit making and are of national importance ;
  - (d) to make recommendations to the Government, on the selection of public enterprises for conversion into public companies under the Conversion of Public Corporations or Government Owned Business Undertakings into Public Companies Act, No. 23 of 1987 ;
  - (e) to make recommendations to the Government on the sale or disposal to the public, of shares in, or assets of, companies registered under the Conversion of Public Corporations and Government Owned Business Undertaking into Public Companies Act, No. 23 of 1987 ;
  - (f) to manage, on behalf of the Government, companies registered under the Conversion of Public Corporations or Government Owned Business Undertakings into Public Companies Act, No. 23 of 1987, in which the entirety of the shares are owned by the Secretary to the Treasury ;
  - (g) to monitor the performance of companies registered under the Conversion of Public Corporations or Government Owned Business Undertakings into Public Companies Act, No. 23 of 1987, and majority of the shares in which are owned by persons other than the Government, to identify weaknesses in their performance and to make recommendations to the Government, for the correction of these weaknesses ;
  - (h) to advise and assist the Government in regulating companies registered under the Conversion of Public Corporations or Government Owned Business Undertakings into Public Companies Act, No. 23 of 1987 ;
  - (i) to assist the Government to create public awareness of Government policies and programmes on the reform of public enterprises with a view to developing a commitment by the public, to such policies and programmes ;
  - (j) to promote worker participation in the implementation of such policies and programmes and to ensure worker participation in the equity of the companies referred to in paragraph (e) ;
  - (k) to make rules in respect of the management of the affairs of the Commission ;
  - (l) to enter into such contracts as are deemed necessary for the discharge and performance of its functions and duties ;
  - (m) to appoint, employ, remunerate and exercise disciplinary control over such officers, servants or agents as are necessary for the discharge and performance of its functions and duties ;
  - (n) to enter into agreements for co-operation with educational and other institutions, whether in Sri Lanka or abroad, for the exchange of personnel, advisory services and the training of personnel ;
  - (o) to open and maintain current, savings or deposit accounts in any bank or banks ;
  - (p) to establish provident funds or pension schemes for the benefit of officers and servants of the Commission and to make contributions to any such fund or scheme ;
  - (q) to borrow such sums of money as may be necessary for the discharge and performance of its functions and duties ;
  - (r) to take such action as may be necessary to advance the skills of its officers and servants ;
  - (s) to issue publications, circulars and press notices ;

- (i) to act as the agent of the Government, in Sri Lanka or abroad, for the purposes of any matter or transaction, if so authorized ;
- (ii) to undertake all such activities as in the opinion of the Commission are necessary to facilitate the discharge and performance of its functions and duties.

### PART III

#### FINANCE

- 6. (1) The Commission shall have its own Fund.
- (2) There shall be paid into the Fund of the Commission—
  - (a) all such sums of money may be voted upon from time to time by Parliament for the use of the Commission ;
  - (b) all such sums of money as may be received by the Commission in the exercise, performance and discharge of its powers, duties and functions ;
  - (c) all such sums of money as may be received by the Commission by way of fees, grants, donations, gifts, bequests from any source whatsoever, whether domestic or foreign ; and
  - (d) all sums of money borrowed by the Commission.
- (3) There shall be paid out of the Fund of the Commission, all such sums of money as may be required to defray any expenditure incurred by the Commission in the exercise, performance and discharge of its powers, duties and functions.
- 7. The Financial year of the Commission shall be the calendar year.
- 8. (1) The Commission shall cause proper books of accounts to be kept of the income and expenditure assets and liabilities and all other transactions of the Commission.
- (2) The provisions of Article 154 of the constitution relating to audit of accounts of Public Corporations shall apply to the audit of accounts of the Commission.

### PART IV

#### GENERAL

- 9. (1) The Minister shall, on the advice of the Commission appoint a Director-General of the Commission (hereinafter referred to as "the Director-General"). The Director-General shall be a full time officer of the Commission and shall receive such remuneration and other benefits as may be determined by the Commission.
- (2) The Director-General shall be responsible to the Commission. He shall be entitled to attend the meetings of the Commission in an advisory capacity but shall not be entitled to vote at such meetings.
- (3) The Director-General shall exercise, discharge and perform any such powers, functions and duties as may be delegated to him by the Commission.
- 10. (1) The Commission may appoint such officers, servants and consultants as may be necessary for the administration and management of the affairs of the Commission and shall determine the remuneration payable to, and the conditions of service of, the officers, servants and consultants so appointed.
- (2) At the request of the Commission, any officer in the public service may, with the consent of that officer and the Secretary to the Ministry of the Minister in charge of the subject of Public Administration, be temporary-

ily appointed to the staff of the Commission for such period as may be determined by the Commission with like consent be permanently appointed to such staff.

- (3) ~~Where any officer of the public service is temporarily appointed to the staff of the Commission the provisions of subsection (2) of section 14 of the National Transport Commission Act, No. 37 of 1991, shall, *mutatis mutandis*, apply to and in relation to him.~~
  - (4) Where any officer in the public service is permanently appointed to the staff of the Commission, the provisions of subsection (3) of section 14 of the National Transport Commission Act No. 37 of 1991, shall, *mutatis mutandis*, apply to and in relation to him.
  - (5) Where the Commission employs any person who has agreed to serve the Government for a specified period of service to the Commission by that person shall be regarded as service to the Government for the purpose of discharging the obligations of such agreement.
11. (1) At the request of the Commission any officer or servant of a public corporation may, with consent of such officer or servant and the governing board of such corporation, be temporarily appointed to the staff of the Commission for such period as may be determined by the Commission with like consent or with like consent be permanently appointed to the staff of the Commission on such terms and conditions, including those relating to pension or provident fund rights, as may be agreed upon by the Commission and the governing board of such corporation.
- (2) Where any person is appointed whether temporarily or permanently under subsection (1) to the staff of the Commission he shall be subject to the same disciplinary control as any other member of the staff.
12. (1) For the purpose of enabling the Commission to exercise, perform and discharge any of its powers, duties and functions under section 5 of this Act, the Commission or any person authorized in that behalf by the Commission may by notice in writing require any person to furnish to the Commission or to the person authorized, within such period as shall be specified, in the notice, all such returns or information pertaining to any business affairs or transactions of any public enterprise as are known to or in the possession of any person as shall be specified in such notice.
- (2) It shall be the duty of any person who is required to furnish any return or information by a notice under subsection (1) to comply with such requirement within the time specified in such notice, except where such person is precluded from making such return or divulging such information under the provisions of any law.
- (3) The Commission or any member thereof or any officer or servant of the Commission, shall not disclose to any person or use any returns or information furnished under subsection (1), except when required to do so by a court of law or for the purpose of achieving the objects of the Commission.
13. All members, officers and servants of the Commission shall be deemed be public servants within the meaning and for the purposes of the Penal Code.
14. The Commission shall be deemed to be a scheduled institution within the meaning of the Bribery Act, and the provisions of that Act, shall be construed accordingly.
15. The President may, from time to time, direct the Commission to furnish to him in such form as he may require returns, accounts and other information with respect to the work of the Commission and the Commission shall carry out every such direction.
16. (1) No suit or prosecution shall be instituted against any member of the Commission or against any of the officers or servants of the Commission for any act which in good faith is done or purported to be done by such members, officer or servant under this Act or on the direction of the Commission.
- (2) Any expenses incurred by the Commission in any suit or prosecution brought by or against it before any

court, shall be paid out of the Fund of the Commission, and any costs paid to, or recovered by the Commission in any such suit or prosecution shall be credited to the Fund of the Commission.

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

**17. (1) Any person who—**

- (a) fails to furnish any return or information in compliance with any requirement imposed on him by subsection (1) of section 12 ;
- (b) knowingly makes any false statement in any return or information furnished by him in compliance with any requirements imposed on him by subsection (1) of section 12 ; or
- (c) wilfully omits any matter in any return or information furnished by him in compliance with any requirement imposed on him by subsection (1) of section 12 ;
- (d) contravenes the provisions of subsection (3) of section 12 ; or
- (e) wilfully obstructs any member of the Commission or an officer or servant of the Commission in the performance of his duties under this Act,

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

**(2) Where an offence under this Act is committed by a body of persons, then—**

- (a) if that body of persons is a body corporate, every director and officer of that body corporate;
- (b) if that body of persons is a firm, every partner of that firm,

shall be guilty of such offence:

Provided that a director or an officer of such body corporate, or a partner of such firm shall not be deemed to be guilty of such offence, if he proves that such offence was committed without his knowledge or that he exercised all due diligence to prevent the commission of such offence.

- 18. (1)** From and after the inclusion of the Commission under section 8 of the Inland Revenue Act, No. 28 of 1979, the profits and income of the Commission shall be exempt from income tax.
- (2)** From and after the inclusion of the Commission under section 9 of the Inland Revenue Act, No. 28 of 1979, the emoluments of every officer, servant and consultant of the Commission shall be exempt from income tax.
- (3)** A donation made in money or otherwise to the Commission shall be deemed for the purposes of the Inland Revenue Act, No. 28 of 1979, to be a donation made in money or otherwise to a fund established by the Government.
- 19.** The Commission shall at the end of each sale or disposal by lease or otherwise as the case may be, made in pursuance of a recommendation made under paragraph (e) of section 5, submit to Parliament through the Minister a report in respect of all matters pertaining to such sale or disposal.
- 20.** Any act done by the Special Task Force for the implementation of the programme of Public Enterprise Reform, appointed by the President, during the period commencing on March 1, 1995 and ending on the appointed date shall be deemed not to have been, or to be invalid by reason only of the fact that such Task Force was not lawfully authorized to do such act.

21. (1) The Commission may, with the approval of the Minister, make rules relating to the exercise, performance and discharge of the powers, duties and functions conferred or imposed on or assigned to the Commission, and relating to matters in respect of which rules are authorised to be made by this Act.
- (2) Every rule made under subsection (1) shall come into force upon its publication in the *Gazette*.
22. In the event of any inconsistency between the Sinhala and Tamil text of this Act, the Sinhala text shall prevail.
23. In this Act, unless the context otherwise requires—
- “Chairman” means the Chairman of the Commission, nominated under section 3 ;
- “local authority” means any Municipal Council, Urban Council or Pradeshiya Sabha and includes any authority created or established by or under any law to exercise perform and discharge, powers, duties and functions corresponding to or similar to the powers, duties and functions, exercised, performed and discharged by any such Council or Sabha ;
- “public corporation” means any corporation, board or other body which was or is established by or under any written law other than the Companies Act, No. 17 of 1982, with funds or capital wholly or partly provided by the Government by way of grant, loan or otherwise ;
- “Provincial Council” means a Provincial Council established under Chapter XVIIA of the Constitution ;
- “public enterprise” includes a public corporation or a government owned business undertaking or a company where all the shares or the majority of the shares of such company are held by the Government.

## SCHEDULE

[ SECTION 3 ]

### Provisions relating to the members of the Commission.

1. A person shall be disqualified from being appointed or from continuing as members of the Commission, if he—
  - (a) is a member of Parliament or a member of a Provincial Council or a local authority ; or
  - (b) is under any law in force in Sri Lanka or in any other country found or declared to be of unsound mind ; or
  - (c) is a person who, having been declared an insolvent or a bankrupt, under any law in Sri Lanka or in any other country, is an undischarged insolvent or bankrupt ; or
  - (d) is serving, or has served a sentence of imprisonment imposed by Court in Sri Lanka or any other country.
2. Any appointed member of the Commission may resign from the Commission by letter in that behalf addressed to the Minister.
3. The Minister may, without assigning any reason therefor remove any appointed member of the Commission.
4. (1) The *ex-officio* member shall hold office as a member of the Commission, so long as he holds office by virtue of which he was appointed a member of the Commission.
- (2) Every appointed member of the Commission shall, unless he vacates office earlier by death, resignation or removal, hold office for a term of three years from the date of his appointment and shall, unless he has been removed from office, be eligible for reappointment ;

Provided that a member of the Commission appointed in place of a member who dies or resigns or otherwise vacates office, shall, unless he earlier vacates office, hold office for the unexpired part of the term of office of the member whom he succeeds.



- (3) Where the Chairman or any other member of the Commission becomes, by reason of illness, infirmity or absence from Sri Lanka, temporarily unable to discharge the functions of his office the Minister may appoint any other member to act as Chairman or any other person to act in place of such Chairman or member of the Commission, as the case may be.
5. The Chairman and the members shall be paid such remuneration out of the Fund of Commission, as may be determined by the Minister.
6. (1) The term of office of the Chairman of the Commission shall be the period of his membership of the Commission.
- (2) The Chairman may earlier resign his office as Chairman by letter in that behalf addressed to the Minister.
- (3) The Minister may, at any time, without assigning a reason therefor, terminate the appointment of the Chairman.
7. (1) The Chairman shall preside at the meeting of the Commission. In the absence of the Chairman from a meeting of the Commission, a member chosen by the members of the Commission present thereat shall preside at such meeting.
- (2) The Commission may, delegate to the Chairman any power, duty or function conferred or imposed on or assigned to the Commission by the Act.
- (3) The Commission shall meet at least once in every six calendar months.
- (4) The quorum for a meeting shall be three members.
- (5) Subject to the provisions of this Act, the Commission shall make rules regulating the procedure in regard to its meetings and the transaction of business of such meetings.
8. (1) The seal of the Commission shall be in the custody of such person as the Commission may decide from time to time.
- (2) The seal of the Commission may be altered in such manner as may be determined by the Commission.
- (3) The seal of the Commission shall not be affixed to any instrument or document except in the presence of two members of the Commission who shall sign the instrument or document in token of their presence.
- (4) The Commission shall maintain a register of the instruments or documents to which the seal of Commission is affixed.
9. The Commission shall have the power to act notwithstanding any vacancy in its membership and any act or proceeding of the Commission shall not be or deemed to be invalid by reason only of any such vacancy or any defect in the appointment of a member.

## **SAVE THE NATION CONTRIBUTION ACT, NO. 5 OF 1996**

[Certified on 20th March, 1996]

**AN ACT TO PROVIDE FOR THE IMPOSITION OF A SAVE THE NATION CONTRIBUTION FOR EVERY QUARTER OF THE YEAR COMMENCING ON APRIL 1, 1996; AND TO PROVIDE FOR MATTERS CONNECTED THEREWITH OR INCIDENTAL THERETO.**

- 1.** This Act may be cited as the Save the Nation Contribution Act, No. 5 of 1996.
- 2.** (1) The provisions of this Act shall apply to every citizen of Sri Lanka, who—
  - (a) is in receipt of profits from any office or any employment (being profits within the meaning of section 4 of the Inland Revenue Act), other than any profits from any office or employment as—
    - (i) a member of the Sri Lanka Police Force ; or
    - (ii) a member of the Sri Lanka Army, Sri Lanka Navy or Sri Lanka Air Force (hereinafter referred to as an “employee”) ; or
  - (b) carries on, or exercises, any profession, vocation or similar occupation of an independent character other than as a partner of a partnership referred to in paragraph (c), (hereinafter referred to as a “self employed person”) ; or
  - (c) carries on or exercises any profession, vocation or similar occupation of an independent character, in partnership with others, (hereinafter referred to as a “partner”) ; or
  - (d) is both, an employee and a self employed person, or an employee and a partner or a self-employed person and a partner ; or
  - (e) is an employee and a self-employed person and a partner.
- (2) Every citizen of Sri Lanka referred to in subsection (1) is hereinafter in this Act referred to as “a person to whom this Act applies”.
- 3.** (1) Subject to the succeeding provisions of this Act, there shall be charged and recovered from every person to whom this Act applies, for every quarter of the year commencing on April 1, 1996 (hereinafter referred as “a relevant quarter”), a contribution to be called a “Save the Nation Contribution” (hereinafter in this Act referred to as the “contribution”) calculated on the emolument of that person for that quarter, at the appropriate rates set out in the Schedule to this Act.
- (2) Subject to the succeeding provisions of this Act, the contribution payable by a person to whom this Act applies for any relevant quarter shall be paid by such person to the Commissioner-General, on or before the fifteenth day of the month immediately succeeding the end of that quarter.
- 4.** The employer of every person to whom this Act applies who is an employee shall deduct, for every month in a relevant quarter, from the emoluments payable to such person by such employer, an amount equivalent to—
  - (i) two *per centum* of the emoluments of such person for such month, if the aggregate of the monthly emoluments of that person for that quarter exceeds forty five thousand rupees but does not exceed ninety thousand rupees ; or
  - (ii) three *per centum* of the emoluments of such person for such month, if the aggregate of the monthly emoluments of that person for that quarter exceeds ninety thousand rupees,and remit such amount to the Commissioner-General on or before the fifteenth day of the month immediately succeeding the end of the month in which such amount is so deducted.

5. Where for any month in a relevant quarter, any employer fails to deduct, or deducts and fails to remit, any amount which he is required to deduct and remit, under section 4, in the manner provided for in that section, such amount may be recovered from such employer. The provisions of sections 107, 108, 109 and 110 of Chapter XXI of the Inland Revenue Act shall, *mutatis mutandis*, apply to the assessment, payment and recovery of the amounts so required to be deducted and remitted by such employer, and to the penalties for default of payment of that such amounts.
6. Where the aggregate of the amount deducted and remitted, for a relevant quarter, under section 4, in respect of a person to whom this Act applies who is an employee is less than the contribution payable by such person for that quarter, such person shall pay the difference between the amount of such contribution and the aggregate of the amounts so deducted and remitted, to the Commissioner-General, within fifteen days of the end of that quarter.
7. (1) Where a contribution or part thereof payable by a person to whom this Act applies is not paid on or before the date specified in subsection (2) of section 3 for the payment of that contribution, such contribution or a part thereof, or where any contribution or part thereof is assessed by an Assessor, for any relevant quarter, and required to be paid on or before the date specified in the notice of assessment, is not so paid, such contribution or part thereof, shall be deemed to be in default, with effect from the date specified in subsection (2) of section 3 or the date specified in such notice of assessment, as the case may be, and such person shall be deemed to be a defaulter for the purposes of this Act, with effect from that date.
- (2) Where any contribution or part thereof is in default, the defaulter shall, in addition to the contribution or part thereof in default, pay—
  - (i) a penalty of a sum equivalent to ten *per centum* of the amount in default ; and
  - (ii) where such contribution is not paid before the expiry of thirty days after it has begun to be in default, a further penalty equivalent to two *per centum* of the contribution in default in respect of each further period of thirty days or part thereof during which it remains in default:

Provided that the total amount payable as a penalty under the preceding provision of this section shall in no case exceed fifty *per centum* of the contribution in default.

8. The provisions of Chapter XIII (other than sections 94 and 95) and Chapters XVII, XIX, XXI and XXIII of the Inland Revenue Act, relating to returns assessments, finality of assessments, penalty for incorrect returns, recovery and repayment of income tax, Chapter XVIII of that Act relating to appeals against income tax, Chapters XXII, XXIV and XXVI of that Act relating to miscellaneous matters, penalties, and offences and general matters under that Act, and Chapter XXV of that Act relating to the administration of that Act shall, *mutatis mutandis*, apply to assessments, finality of assessments, incorrect returns, recovery and repayment of the contribution payable under this act, appeals against such contribution, miscellaneous matters, penalties and offences and general matters arising under this Act, and to the administration of this Act.
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—

“Commissioner-General” “person” and “precedent partner” have the respective meanings assigned to them by the Inland Revenue Act ;

“employer” means any person, partnership, body of persons or any organization—

- (a) for whom an individual performs services as an employee ;
- (b) paying any profits from employment within the meaning of section 4 of the Inland Revenue Act ;
- (c) paying any pension or other remuneration to any former employee or to any other person, for the past services of such employee,

and includes in the case of a body, institution or person specified in Column I hereunder, the person specified in the corresponding entry in Column II hereunder

Column I	Column II
1. A company or a body of persons whether corporate or unincorporate.	The Secretary, manager or other principal officer of such company or body of persons.
2. A partnership.	The precedent partner or any active partner resident in Sri Lanka and in the case of a partnership of which no active partner is resident in Sri Lanka, the agent of such partnership in Sri Lanka.
3. The President of the Democratic Socialist Republic of Sri Lanka.	The person responsible for the payment of the emoluments.
4. A Member of Parliament or any Minister of the Cabinet of Ministers, the Governor of a Province, a Minister of the Board of Ministers of a Province, Member of a Provincial Council.	- do -
5. Any judicial officer as defined in Article 170 of the Constitution.	- do -
6. A person referred to in section 9(1)(bb)(x) of the Inland Revenue Act.	- do -

"emoluments" in relation to any relevant quarter and to any person to whom this Act applies—

- (a) who is an employee, means the profits (arising, or accruing or paid in, Sri Lanka), from employment within the meaning of section 4(1)(a)(i) of the Inland Revenue Act, other than overtime pay of such person for such quarter ;
- (b) who is a self-employed person, means fifty *per centum* of the turnover within the meaning of the Turnover Tax Act, No. 69 of 1981, of such person, for such quarter, arising from the profession, vocation or similar occupation of an independent character carried on, or exercised by, such person ;
- (c) who is a partner, means such part of the turnover, within the meaning of the Turnover Tax Act, No. 69 of 1981, for such quarter of the partnership of which he is a partner as is attributable to such partner, if twenty-five *per centum* of such turnover were to be distributed among the partners of such partnership in the proportion in which the divisible profit of such partnership is distributable among such partners ;
- (d) who is both, an employee and a self-employed person or an employee and a partner or a self-employed person and a partner means the aggregate of the profits referred to in paragraph (a) and the percentage of the turnover referred to in paragraph (b) or the profits referred to in paragraph (a) and the part of the turnover referred to in paragraph (c) or a percentage of the turnover referred to in paragraph (b) and the part of the turnover referred to in paragraph (c) as the case may be ;
- (e) who is an employee and a self-employed person and a partner means the aggregate of the profits referred to in paragraph (a) and the percentage of the turnover referred to in paragraph (b) and the part of the turnover referred to in paragraph (c) ;

"Inland Revenue Act" means the Inland Revenue Act, No. 28 of 1979.

## SCHEDULE

[ SECTION 3 ]

### *Emoluments for a relevant quarter*

### *Rate*

Where the emoluments of a person to whom this Act applies for a relevant quarter does not exceed forty-five thousand rupees.

Nil.

Where the emoluments of a person to whom this Act applies for a relevant quarter exceeds forty-five thousand rupees but does not exceed ninety thousand rupees.

2 *per centum* of such emoluments

Where the emoluments of a person to whom this Act applies for a relevant quarter exceeds ninety thousand rupees.

3 *per centum* of such emoluments

# **STAMP DUTY (AMENDMENT) ACT, NO. 6 OF 1996**

[Certified on 25th March, 1996]

**AN ACT TO AMEND THE STAMP DUTY ACT, NO. 43 OF 1982.**

1. This Act may be cited as the Stamp Duty (Amendment) Act, No. 6 of 1996.
2. Section 5 of the Stamp Duty Act, No. 43 of 1982 (hereinafter referred to as the "principal enactment") as last amended by Act No. 63 of 1993, is hereby further amended by the addition immediately after paragraph (23) of that section, of the following new paragraphs:—
  - "(24) instrument executed for the transfer of a debt security ;
  - (25) instrument executed by, or on behalf of, or in favour of, a registered co-operative society within the meaning of the Co-operative Societies Law, No. 5 of 1972, or document filed in a court of law in pursuance of the provisions of section 59 of that Law ; and
  - (26) instrument executed by a member of a registered co-operative society within the meaning of the Co-operative Societies Law, No. 5 of 1972, in favour of, and relating to the business of, such registered society. "
3. Section 70 of the principal enactment is hereby amended, by the repeal of subsection (2) of that section.
4. Section 71 of the principal enactment is hereby amended, by the insertion immediately after the definition of the expression "credit card company", of the following new definition:—

" "debt security" means any bond, note, debenture, loan, stock or other security or instrument by which obligation of a quoted public company is created, recorded or acknowledged and which is capable of being sold or transferred at any stock exchange licensed under the Securities and Exchange Commission of Sri Lanka Act, No. 36 of 1987 ; "
5. In the event of any inconsistency between the Sinhala and Tamil text of this Act, the Sinhala text shall prevail.

**EXCISE (AMENDMENT) ACT, NO. 7 OF 1996**

[Certified on 25th March, 1996]

**AN ACT TO AMEND THE EXCISE ORDINANCE**

1. This Act may be cited as the Excise (Amendment) Act, No. 7 of 1996.
2. Section 15 of the Excise Ordinance (hereinafter referred to as the "principal enactment") is hereby amended by the substitution in paragraph (d) of that section for the words "brewery or warehouse", of the words "brewery, liquor manufactory or warehouse".
3. Section 16 of the principal enactment is hereby amended as follows:—
  - (1) in subsection (1) of that section—
    - (a) by the substitution in paragraph (a) thereof, for the words "distilleries and breweries", of the words "distilleries, breweries and liquor manufactories";
    - (b) by the substitution in paragraph (c) thereof, for the words "brewery, or warehouse", of the words "brewery, liquor manufactory or warehouse";
  - (2) in subsection (2) of that section by the substitution for the words "brewery, or warehouse", of the words "brewery, liquor manufactory or warehouse".
4. Section 22 of the principal enactment is hereby amended in paragraph (d) of subsection (1) of that section, by the substitution for the words "distillery, or brewery" of the words "distillery, brewery or liquor manufactory"
5. Section 23 of the principal enactment is hereby amended by the substitution, in sub-paragraph (i) of paragraph (c) of that section for the words "distillery or brewery", of the words "distillery, brewery or liquor manufactory,".
6. Section 46 of the principal enactment is hereby amended by the substitution in paragraph (e) of that section for the words "brewery, or warehouse ;", of the words "brewery, liquor manufactory or warehouse ;"
7. In the event of any inconsistency between the Sinhala and Tamil text of this Act, the Sinhala text shall prevail.

# THE NATIONAL SECURITY LEVY (AMENDMENT) ACT, NO. 11 OF 1996

[Certified on 20th July, 1996]

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

1. This Act may be cited as the National Security Levy (Amendment) Act, No. 11 of 1996.
2. Section 4 of the National Security Levy Act, No. 52 of 1991 (hereinafter referred to as the "principal enactment") is hereby amended in paragraph (f) of that section as follows:—
  - (1) In sub-paragraph (i) of that paragraph—
    - (a) by the substitution in item (A) of that sub-paragraph for the words, "not being turnover arising from the import or manufacture of any plant, machinery or equipment;"; of the words, "not being turnover referred to in item (B) of this sub-paragraph;"; and
    - (b) by the substitution in item (B) of that sub-paragraph for the words, "any plant, machinery or equipment;"; of the words, "any plant, machinery or equipment not being any motor car, motor coach or lorry within the meaning of the Motor Traffic Act (Chapter 203) .";
  - (2) in sub-paragraph (ii) of that paragraph—
    - (a) by the substitution in item (A) of that sub-paragraph for the words, "not being turnover arising from the import or manufacture of any plant, machinery or equipment;"; of the words "not being turnover referred to in item (B) of this sub-paragraph ."; and
    - (b) by the substitution in item (B) of that sub-paragraph for the words, "any plant, machinery or equipment;"; of the words, "any plant, machinery or equipment not being any motor car, motor coach or lorry within the meaning of the Motor Traffic Act (Chapter 203) .";
3. Section 10 of the principal enactment is hereby amended by the repeal of the definition of "plant, machinery or equipment".
4. The Schedule to the principal enactment is hereby amended by the repeal of item 6 of that Schedule and the substitution of the following item therefor:—

" 6 For any quarter commencing on or after January 1, 1996 but prior to January 1, 1977—

  - (i) on the turnover other than the turnover referred to in paragraph (ii) of this item

*4.5 per centum.*

  - (ii) on the turnover arising from the import or manufacture of any plant, machinery or equipment not being any motor car, motor coach or lorry within the meaning of the Motor Traffic Act (Chapter 203)

*2 per centum."*
5. The amendments made to the principal enactment by sections 2, 3 and 4 of this Act, shall be deemed for all purposes to have come into force on December 29, 1995.
6. In the event of any inconsistency between the Sinhala and Tamil text of this Act, the Sinhala text shall prevail.



# INLAND REVENUE (AMENDMENT) ACT, NO. 16 OF 1996

[Certified on 17th July, 1996]

## 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. 16 of 1996.
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 (LXIX) of that paragraph, by the substitution for the words "Overseas Economic Co-operation Fund of Japan; and", of the words "Overseas Economic Co-operation Fund of Japan";
  - (2) in sub-paragraph (LXX) of that paragraph, by the substitution for the words "World Conservation Union." of the words "World Conservation Union;" ; and
  - (3) by the addition, immediately after sub-paragraph (LXX) of that paragraph, of the following sub-paragraphs:-
    - "(LXXI) the Institute of Personnel Management, Sri Lanka, incorporated by the Institute of Personnel Management, Sri Lanka, Law, No. 24 of 1976 ;
    - "(LXXII) Public Enterprises Reform Commission of Sri Lanka, established by the Public Enterprises Reform Commission of Sri Lanka, Act No. 1 of 1996 " ;
3. Section 11 of the principal enactment is hereby amended as follows:-
  - (1) by the insertion, immediately after paragraph (aa) of that section, of the following new paragraph:-

"(aaa) any dividend paid by a company with which an agreement has been entered into on or after November 8, 1995, by the Board of Investment of Sri Lanka under section 17 of the Board of Investment of Sri Lanka Law, No. 4 of 1978, to any shareholder of that company during the period for which the profits and income of that company are exempt from income tax under the terms of that agreement or within one year thereafter, out of the profits and income which are exempt from income tax ;"
  - (2) in paragraph (b) of that section, by the substitution, for the figures "17J, 18", of the figures "17J, 17K, 18" ;
  - (3) in paragraph (c) of that section, by the substitution, for the words "paragraph (a) or (b)", of the words "paragraph (a) or paragraph (aa) or paragraph (aaa) or paragraph (b) ; and
  - (4) in paragraph (cc) of that section, by the substitution, for the words "paragraph (a) or (b)", wherever those words occur in that paragraph, of the words "paragraph (a) or paragraph (aa) or paragraph (aaa) or paragraph (b) ".
4. Section 15 of the principal enactment is hereby amended as follows:-
  - (1) by the insertion, immediately after paragraph (v) of that section, of the following new paragraph:-

"(vv) such part of any sum as does not exceed two thousand rupees received in any year of assessment commencing on or after April 1, 1990, by the Sri Lanka Bureau of Foreign Employment established by the Sri Lanka Bureau of Foreign Employment Act, No. 21 of 1985, in respect of any Sri Lankan for whom employment outside Sri Lanka has been provided or secured by such Bureau ;"
  - (2) in paragraph (w) of that section by the substitution, for the words "any quoted public company; and", of the words "any quoted public company;"
  - (3) in paragraph (x) of that section by the substitution, for the words "Minister in charge of the subject of fine

arts, literature or sports, as the case may be," of the words "Minister in charge of the subject of fine arts, literature, or sports, as the case may be; and,"

(4) by the addition immediately after paragraph (x) of that section, of the following new paragraph:-

"(y) the profits and income from the Farmers Lottery conducted by the National Lotteries Board."

5. The following new section is hereby inserted immediately after section 17J of the principal enactment, and shall have effect as section 17K of the principal enactment:—

"Exemption from income tax of the profits and income of an undertaking acquiring and utilizing advanced technology."

17K. (1) The profits and income attributable to the new capital expenditure of any undertaking for the production or manufacture of any goods or commodities or for the provision of any service and referred to in subsection (2), shall be exempt from income tax for a period of five years reckoned from the relevant date.

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

- (a) has incurred, within a period of twelve months commencing from the relevant date, new capital expenditure of not less than ten million rupees in amount on the acquisition and utilization of advanced technology; and
- (b) is approved by the Minister to be an undertaking to which this section applies, by Order published in the *Gazette* on or before March 31, 1997, on an application in writing in that behalf made on or before September 30, 1996; and
- (c) employs, as at the relevant date or not later than six months from such date, and continues to employ, until the expiry of the said period of five years not less than fifty employees more than the average number of employees, employed by that undertaking during the year ending on the relevant date:

Provided that where at any time during any year of assessment within the said five year period referred to in subsection (1), the number of employees employed in such undertaking does not exceed such average number by fifty, such profits and income of that undertaking as are referred to in subsection (1), shall not be exempt from income tax.

In this subsection the expressions "employee" and "average number" shall have the respective meanings assigned to them under sub-paragraph (iv) of paragraph (a) of subsection (2) of section 16D.

(3) For the purpose of this section—

- (a) the expression "profits and income attributable to the new capital expenditure" in relation to any year of assessment and to any undertaking means the excess of—
  - (i) the profits and income, within the meaning of paragraph (a) of section 3 (other than any profits and income from the sale of any capital assets or from the purchase and resale of any goods or commodities) of that undertaking for that year of assessment reduced by the appropriate *per centum* specified in the Schedule to this paragraph as being applicable for that year of assessment, over,
  - (ii) the annual average of such profits and income of that undertaking as are referred to in sub-paragraph (i), such average being computed for a period of three years immediately preceding the relevant date where the undertaking has been carrying on business for a period of three years or more prior to the relevant date or for the entire period during which it has

been carrying on business, where the undertaking has been carrying on business for a period of less than three years prior to the relevant date,

but shall not exceed one hundred and twenty *per centum* of 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 sale of any capital assets or from the purchase and resale of any goods or commodities) of that undertaking for that year of assessment, the same proportion as the proportion which, the amount of the new capital expenditure bears to the aggregate of the new capital expenditure and the value at acquisition of any—

(i) plant, machinery, fixtures or equipment; and

(ii) assets not included in sub-paragraph (i), (other than any land or building)

which was being used for the production or manufacture of any goods or commodities or for the provision of any service by such undertaking on the relevant date :

Provided that in relation to any year of assessment where the undertaking referred to in subsection (2) is also an undertaking to which the provisions of section 17f apply, the provisions of the section whichever provides, for the higher relief shall apply in respect of such year of assessment.

#### SCHEDULE

The year of assessment (hereinafter in this Schedule referred to as the "relevant year" in which the relevant date falls      10 *per centum*

The first year succeeding the relevant year      10 *per centum*

The second year succeeding the relevant year      12.5 *per centum*

The third year succeeding the relevant year      15 *per centum*

The fourth year succeeding the relevant year      17.5 *per centum*

The fifth year succeeding the relevant year      20 *per centum*

(b) the expression "relevant date" means the first day of any calendar month not earlier than November 1995, and not later than April 1997, and selected by that undertaking and notified to the Commissioner-General in writing not later than thirty days from the last date of that month:

Provided that where the relevant date is not so notified to the Commissioner-General the relevant date shall be deemed to be April 1, 1996 ;

(c) the expression, "new capital expenditure" means expenditure incurred by the undertaking in the purchase of any new—

(i) plant, machinery, fixtures or equipment ; and

(ii) asset not included in sub-paragraph (i) (other than any land or building) for the acquisition and utilization of advanced technology:

Provided that any expenditure incurred for the replacement after the relevant date of any plant, machinery, fixtures or equipment, which formed part of the assets of that undertaking on or before the relevant date, shall be deemed not to be new capital expenditure.

6. Section 22DDDD of the principal enactment is hereby amended by the substitution for the words "shall be exempt from income tax for a period of five years reckoned from," of the words "shall be exempt from income tax for a period of seven years reckoned from,".

7. Section 23 of the principal enactment is hereby amended in proviso to subsection (5) of that section by the substitution for the words "carried on by that person." of the words and figures "carried on by that person:

Provided further that nothing in the provisions of sub-paragraph (i) of paragraph (a) shall apply in respect of any capital asset let on hire on or after April 1, 1995, by any person, if such person is a company engaged in the business of letting capital assets on hire."

8. Section 29 of the principal enactment is hereby amended in subsection (2) by the insertion immediately after paragraph (a) of that subsection, of the following paragraph:—

' For the purposes of this paragraph the term "interest" for any year of assessment commencing on or after April 1, 1996 means any interest paid on a loan obtained for—

(i) the construction or purchase of any building, or for the purchase of any site for the construction of any building ;

(ii) the purchase of any share in any quoted public company ;

(iii) the acquisition of any capital asset for use in any trade, business, profession or vocation; ' .

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

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

(a) by the substitution, in paragraph (aaaaaa) of that subsection, for the words and figures "any year of assessment commencing on or after April 1, 1995, and", of the words and figures "the year of assessment commencing on April 1, 1995;";

(b) by the insertion, immediately after paragraph (aaaaaa) of that subsection, of the following paragraph:—

' (aaaaaaa) an allowance of one hundred thousand rupees in respect of any year of assessment commencing on or after April 1, 1996, and"; and

(c) by the substitution, in the proviso to that subsection, for the words "or paragraph (aaaaa) or paragraph (aaaaaa) in ascertaining", of the words "or paragraph (aaaaa) or paragraph (aaaaaa) or paragraph (aaaaaaa) in ascertaining";

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

(a) in the first proviso to that subsection—

(i) by the substitution, in paragraph (g) of that proviso, for the words and figures "any year of assessment commencing on or after April 1, 1995:", of the words and figures "the year of assessment commencing on April 1, 1995;";

(ii) by the insertion, immediately after paragraph (g) of that proviso, of the following paragraph:—

" (h) an allowance of one hundred thousand rupees in respect of any year of assessment commencing on or after April 1, 1996:";

(b) in the second proviso to that subsection—

(i) by the substitution, in sub-paragraph (ii) of that proviso, for the words and figures "an year of assessment commencing on or after April 1, 1992, but prior to April 1, 1995; and", of the words and figures "an year of assessment commencing on or after April 1, 1992, but prior to April 1, 1995;";

(ii) by the substitution in sub-paragraph (iii) of that proviso, for the words and figures "an year of assessment commencing on or after April 1, 1995:", of the words and figures "the year of assessment commencing on April 1, 1995; and"; and

(iii) by the addition, immediately after sub-paragraph (iii) of that proviso, of the following new sub-paragraph:—

~~"(iv) one hundred thousand rupees, where such year of assessment is an year of assessment commencing on or after April 1, 1996."~~

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

(1) in paragraph (b) of subsection (5) of that section, by the substitution, for the words and figures "any year of assessment commencing on or after April 1, 1979," of the words and figures "any year of assessment commencing on or after April 1, 1979 but prior to April 1, 1996,";

(2) in subsection (5D) of that section by the substitution, for the words and figures "for any year of assessment commencing on or after April 1, 1990", of the words and figures "for any year of assessment commencing on or after April 1, 1990, but prior to April 1, 1996,"; and

(3) by the insertion, immediately after subsection (5d), of the following subsection:—

"(5E) the deduction from the assessable income of—

(a) any person, other than a company, for any year of assessment commencing on or after April 1, 1996—

(i) in respect of all qualifying payment other than those referred to in paragraphs (b), (c), (m), (n) and (q) of subsection (2), made by him, or deemed to have been made by him, shall not exceed one-third of such assessable income or twenty-five thousand rupees, whichever is less;

(ii) in respect of all qualifying payments referred to in paragraphs (c), (m) and (n) of subsection (2), made by him, or deemed to have been made by him, shall not exceed twenty-five thousand rupees;

(iii) in respect of all qualifying payment referred to in paragraph (q) of subsection (2), made by him or deemed to have been made by him, shall not exceed one-third of such assessable income; and

(iv) in respect of the aggregate of all qualifying payments referred to in paragraphs (i) and (ii) of this subsection, shall not exceed twenty-five thousand rupees;

(b) any company for any year of assessment commencing on or after April 1, 1996, in respect of all qualifying payment other than those referred to in paragraphs (b), (c), (m) and (n) of subsection (2), made by that company or deemed to have been made by that company, in that year of assessment, shall not exceed one-fifth of such assessable income."

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

(1) in paragraph (a) of subsection (1) of that section, by the addition immediately after sub-paragraph (viii) of that following sub-paragraph:—

"(ix) in respect of any year of assessment commencing on or after April 1, 1996, at the appropriate rates specified in Part IIG of the First Schedule to this Act;"

(2) in the proviso to subsection (1) of that section—

(a) by the substitution, in sub-paragraph (v) of that proviso, for the words and figures "for any year of

assessment commencing on or after April 1, 1992, but prior to April 1, 1995; and", of the words and figures "for any year of assessment commencing on or after April 1, 1992, but prior to April 1, 1995 ;";

- (b) by the substitution, in sub-paragraph (vi) of that proviso, for the words and figures "for any year of assessment commencing on or after April 1, 1995", of the words and figures "for the year of assessment commencing on April 1, 1995 ; and" ; and
- (c) by the addition, immediately after sub-paragraph (vi) of that proviso, of the following new sub-paragraph:—

"(vii) one hundred thousand rupees, for any year of assessment commencing on or after April 1, 1996." ;

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

- (a) by the substitution, in sub-paragraph (b) of that subsection, for the words "other than such part of such sum as exceeds one million five hundred thousand rupees, or", of the words "other than such part of such sum as exceeds—

one million five hundred thousand rupees ; or

a sum equivalent to the average monthly salary or wage paid to such individual during the period of three years immediately preceding his retirement from any employment under the employer who pays such gratuity, multiplied by the number of completed years of service,

whichever is greater, or" ;

- (b) by the substitution, in paragraph (viii) of that subsection, for the words and figures "any year of assessment commencing on or after April 1, 1994," of the words and figures "any year of assessment commencing on or after April 1, 1994, but prior to April 1, 1996; or" ; and
- (c) by the addition, immediately after paragraph (viii) of that subsection, of the following paragraph:—

"(ix) Part II G of the First Schedule to this Act in respect of any year of assessment commencing on or after April 1, 1996."

**12. The following new section is hereby inserted immediately after section 32CC of the principal enactment and shall have effect as section 32CCC of the principal enactment:—**

"The rate of income tax on profits from employment, for a specified period of a non-citizen employed in Sri Lanka.

- 32CCC. (1) Where an individual who is deemed, under subsection (7) of section 67 to be non-resident for a period of three years, continues to be employed in Sri Lanka after the expiry of such period, the profits from such employment of such individual for a period of two years commencing from the end of such period of three years shall, notwithstanding anything to the contrary in this Act, be chargeable with income tax at the rate of fifteen *per centum*:
- (2) Where an individual who is employed in a company being a flagship company, within the meaning of paragraph (aa) of section 11, and which has, on or after November 8, 1995, entered into an agreement with the Board of Investment of Sri Lanka under section 17 of the Board of Investment of Sri Lanka Law No. 4 of 1978, and who is deemed under the proviso to subsection (7) of section 67 to be non-resident for a period of five years, continues to be employed in such flagship company after the expiry of such period, the profits from employment in such flagship company of such individual for the period commencing from the end of such period of five years and ending on the date on which the exemption of the profits and income of such flagship company, under the terms of such agreement, ceases, shall notwithstanding anything to

the contrary in this Act, be chargeable with income tax at the rate of fifteen *per centum*."

13. Section 32EEE of the principal enactment is hereby amended in subsection (1) of that section as follows:—

- (1) in paragraph (c) of that subsection by the substitution for the words and figures "any year of assessment commencing on or after April 1, 1995," of the words and figures "the year of assessment commencing on April 1, 1995,"; and
- (2) by the addition immediately after paragraph (c) of that subsection of the following paragraph:—

"(d) where such year of assessment is any year of assessment commencing on or after April 1, 1996 and where for that year of assessment the amount of the relevant profits from employment of such individual—

(i) does not exceed one hundred and forty-four thousand rupees, an amount equal to—

four thousand eight hundred and fifty rupees, or

the amount of income tax which is attributable to the relevant profits from employment of that individual for that year of assessment.

whichever is less;

(ii) exceeds one hundred and forty-four thousand rupees but does not exceed one hundred and fifty thousand rupees, an amount equal to—

three thousand two hundred and forty eight rupees reduced by fifty-four *per centum* of the excess of the relevant profits from employment of such individual for that year of assessment over one hundred and forty-four thousand rupees, or

the amount of income tax which is attributable to the relevant profits from employment of that individual for that year of assessment,

whichever is less."

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

- (1) in subsection (1) of that section, by the substitution in paragraph (iii), for the words "and paid by such company within one year from the date of receipt of the first-mentioned dividend by such company," of the words "if the first-mentioned dividend is paid during the year of assessment in which the second mentioned dividend was received by that company or within one year thereafter,";
- (2) in subsection (2) of that section—
  - (a) by the repeal of sub-paragraph (a) of paragraph (i) of that subsection and the substitution therefor, of the following sub-paragraph—

"(a) out of,—

the qualified export profits and income referred to in section 32H or section 32K, or the profits and income referred to in section 32M or section 32N paid during the period in which such profits and income are taxable at the rate of fifteen *per centum* or within one year thereafter,"; and
  - (b) by the substitution, in paragraph (iii) of that subsection, for the words "and paid by such company within one year from the date of receipt of the first-mentioned dividend by such company", of the words "if the first-mentioned dividend is paid during the year of assessment in which the second-mentioned dividend received by that company or within one year thereafter."

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

- (1) in subsection (2) of that section, by the substitution, for the words and figures “section 32F or section 32H or section 32K” wherever those words occur in that subsection, of the words and figures “section 32F or section 32H or section 32K or section 32M or section 32N”; and
- (2) in subsection (3) of that section, by the substitution, for the words and figures “section 32H or section 32K” wherever those words occur in that subsection, of the words and figures “section 32H, section 32K or section 32M or section 32N.”

16. Section 33C of the principal enactment is hereby amended in paragraph (2) of that section, by the repeal of sub-paragraph (b) of that paragraph and the substitution therefor of the following sub-paragraph:—

“(b) profits and income taxable—

- (i) under section 32F,
- (ii) under section 32H,
- (iii) under section 32K,
- (iv) under section 32M,
- (v) under section 32N,
- (vi) at the rates other than those specified in the Second Schedule to this Act; and”.

17. Section 38 of the principal enactment is hereby amended in paragraph (iii) of subsection (2A) of that section, by the substitution for the words and figures “section 32H or section 32K for any year of assessment”, of the words and figures “section 32H or section 32K or section 32M or section 32N for any year of assessment”.

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

- (1) in paragraph (vi) of that section by the substitution, for the words and figures “for any year of assessment commencing on or after April 1, 1995,” of the words and figures “for the year of assessment commencing on April 1, 1995,” and

- (2) by the addition immediately after paragraph (vi) of that subsection of the following paragraph:—

“(vii) one hundred thousand rupees for any year of assessment commencing on or after April 1, 1996.”.

19. Section 92 of the principal enactment is hereby amended in subsection (2AA) of that section by the substitution, for the words “an Assessor shall within thirty days from the end”, of the words “an Assessor shall before the expiry of thirty days from the end”.

20. Section 99 of the principal enactment is hereby amended by the repeal of subsection (1) of that section, and the substitution therefor, of the following subsection:—

- (1) Every employer who employs—

- (a) an individual who receives remuneration in excess of eight thousand three hundred and thirty-three rupees *per mensem* or one hundred thousand rupees *per annum*; or
- (b) any non-resident individual receiving remuneration for services rendered in Sri Lanka in excess of eighty-five rupees *per mensem* or one thousand rupees *per annum*; and

who has not given notice to the Commissioner-General under subsection (1) of section 107C of the Inland Revenue Act, No. 4 of 1963 or under this Chapter of this Act, shall give notice to the Commissioner-General not later than September 30, 1996 that he has in his employ such individual (hereinafter in this Chapter referred to as a “specified employee”).



21. Section 113K of the principal enactment is hereby amended in sub-paragraph (i) of paragraph (a) of subsection (2) of that section by the substitution for the words "a specified fee of or specified fees aggregating to", of the words "a specified fee of or specified fees aggregating to".

22. Section 113R of the principal enactment is hereby amended as follows:—

- (1) in paragraph (c) of that section by the substitution, for the words and figures "for any year of assessment commencing on or after April 1, 1995 the excess of", of the words and figures "for the year of assessment commencing on April 1, 1995, the excess of"; and
- (2) by the addition, immediately after paragraph (e) of that section of the following paragraph:—

"(d) for any year of assessment commencing on or after April 1, 1996, the income tax computed at the rates specified in Part IIg of the First Schedule to this Act, on such emoluments of such employee after deducting therefrom a sum of one hundred thousand rupees."

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

- (1) in Part IIg 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, 1994, shall be as follows:—", of the words and figures "The rates of income tax for the two years of assessment commencing respectively on April 1, 1994 and April 1, 1995, shall be as follows:—"; and
- (2) by the insertion, immediately after Part IIg of that Schedule, of the following Part:—

#### " PART IIg—

The rates of income tax for any year of assessment commencing on or after April 1, 1996, shall be as follows:—

On the first Rs. 35,000 of the taxable income	...	...	...	10 per centum
On the next Rs. 35,000 of the taxable income	...	...	...	15 per centum
On the next Rs. 35,000 of the taxable income	...	...	...	25 per centum
On the balance of the taxable income	...	...	...	35 per centum".

24. The Seventh Schedule to the principal enactment is hereby amended by the substitution, for the words and figures "section 32K or section 33M" wherever those words and figures occur in that Schedule, of the words and figures "section 32K or section 33M or section 32N".

25. (1) The amendment to section 15 made by section 4 of this Act, shall be deemed for all purposes to have come into force on April 1, 1990.
- (2) The amendment to section 23 of the principal enactment made by section 7 of this Act, shall be deemed for all purposes to have come into force on April 1, 1995.
- (3) The amendment to section 32L, section 33A, section 33C, section 38 and to the Seventh Schedule of the principal enactment made by sections 13, 14, 15, 16 and 23 of this Act, shall be deemed for all purposes to have come into force on October 31, 1994.
- (4) The amendment to section 113K, of the principal enactment made by section 20 of this Act, shall be deemed for all purposes to have come into force on November 18, 1992.

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

## **SOCIAL SECURITY BOARD ACT, NO. 17 OF 1996**

[Certified on 26th July, 1996]

**AN ACT TO ESTABLISH A SOCIAL SECURITY BOARD FOR THE MANAGEMENT OF THE PENSION AND SOCIAL SECURITY BENEFIT SCHEME FOR SELF EMPLOYED PERSONS; AND TO PROVIDE FOR MATTERS CONNECTED THEREWITH OR INCIDENTAL THERETO.**

1. This Act may be cited as the Social Security Board Act, No. 17 of 1996 and shall come into operation on such date as the Minister may appoint by Order published in the *Gazette* (hereinafter referred to as "the appointed date").

### **PART I**

#### **ESTABLISHMENT OF SOCIAL SECURITY BOARD**

2. (1) There shall be established a body called the Social Security Board (hereinafter referred to as "the Board") consisting of the persons appointed under section 3.  
(2) The Board shall, by the name assigned to it by subsection (1), be a body corporate and shall have perpetual succession and a common seal and may sue and be sued in such name.
3. (1) The Board shall consist of seven Directors appointed by the Minister, one of whom shall be a representative of the Treasury.  
(2) The Minister shall appoint one of the Directors as the Chairman of the Board.  
(3) The provisions of the First Schedule to this Act shall have effect in relation to the terms of office of the Directors and the remuneration payable to Directors, meetings of the Board, and the seal of the Board.
4. Subject to other provisions of the Act, the functions of the Board shall be to establish a Pension and Social Security Benefit Scheme for self employed persons other than those in the Fisheries and Agriculture sectors (hereinafter referred to as "The Scheme") and to administer and manage such scheme.
5. For the purpose of discharging its functions, the Board shall have the power to—
  - (a) acquire, hold, take on lease or hire, mortgage sell or otherwise dispose of, any movable or immovable property ;
  - (b) enter into, and perform, either directly or through any officer or agent authorized in that behalf, all such contracts as may be necessary for the discharge of its functions ;
  - (c) make rules in relation to its officers and servants, including their appointment, promotion, remuneration, disciplinary control and grant of leave to them ;
  - (d) administer and manage the Scheme ;
  - (e) maintain the required actuarial financial and operational reports in respect of the Scheme ;
  - (f) determine the benefits to be paid to any Contributor under the Scheme ;
  - (g) do all such other things as in the opinion of the Board, are necessary for the proper discharge of its functions or for the administration and implementation of the Scheme.
6. The Minister may, from time to time, having regard to the feasibility of administering the scheme and the occupational risks involved in occupations carried on by self-employed persons, determine by Order published in the *Gazette* the categories of self-employed persons who shall be entitled to contribute to the Scheme. Any self-employed person who falls into a category of self-employed persons specified in an Order made under this section is hereinafter referred to as "a person to whom this Act applies".

## PART II

### PENSION AND SOCIAL SECURITY BENEFIT SCHEME FOR SELF-EMPLOYED PERSONS.

7. Any person to whom this Act applies who has the prescribed qualifications and is not less than eighteen years of age and not more than fifty-nine years of age shall be entitled to join the Scheme.
8. (1) A person to whom this Act applies who joins the Scheme (hereinafter referred to as the "Contributor") shall be entitled to the following benefits under the Scheme on such basis as may be prescribed—
  - (a) a periodical pension of a prescribed amount ;
  - (b) in cases of permanent partial disablement, a lump sum gratuity or if he continues to pay his contributions after disablement, a lump sum gratuity and a pension when it becomes due ;
  - (c) in cases of permanent total disablement, lump sum gratuity or a periodical allowance of a prescribed amount ;
  - (d) a death gratuity.
- (2) The basis of paying a pension, allowance or gratuity shall be prescribed taking into consideration, *inter-alia*, the period of contribution, the age of the Contributor and the amount of contributions made by the Contributor.
9. (1) A Contributor shall be entitled to a pension on reaching the age of sixty years. A Contributor who commences to contribute after reaching the age of fifty five years shall however be entitled to a pension only after paying his entire contribution as may be prescribed and at the end of five years from the date of his joining the Scheme.
- (2) The pension shall be paid up to the end of the month in which the Contributor dies.
10. The Minister may with a view to encouraging persons to whom this Act, applies to join the Scheme prescribe either a rebate or a discount on the contribution to be paid by contributors.
11. Any Contributor who becomes permanently and partially disabled before he becomes entitled to receive his pension, shall receive a lump sum gratuity calculated on the prescribed basis and may either leave the Scheme or remain in the Scheme paying the balance contributions and receive the pension when it becomes due.
12. Any Contributor who becomes permanently and totally disabled before he becomes entitled to receive his pension shall at his option receive a lump sum gratuity calculated on the prescribed basis and leave the Scheme or receive a periodical allowance calculated on the prescribed basis, and remain the Scheme without paying any further contributions.
13. In the event of the death of a Contributor before he becomes entitled to receive his pension, a death gratuity calculated on such basis as may be prescribed shall be paid to his surviving spouse and legitimate children or to his immediate relatives by blood in such proportions and in such order of priority as is specified in the Second Schedule to this Act.
14. The Board shall on the enrolment of any person as a Contributor to the Scheme issue him with a policy setting out the contributions to be made by him, the terms and conditions of the policy and the benefits to which he is entitled under the policy issued to him.
15. (1) The date before which contributions are payable by a Contributor shall be specified in the policy and any contributor who fails to pay ten instalments shall forfeit the benefits under the policy issued to him.
- (2) Where any Contributor has forfeited the benefits under the policy issued to him, the Board shall issue such Contributor a notice to that effect.
- (3) A Contributor shall have the right to appeal to the Board to validate his policy and the Board shall validate

the policy if it is satisfied that the reasons for failure to pay the instalments were beyond the control of the Contributor.

- (4) Where the Board decides to validate a policy the Contributor shall be informed of the date before which the arrears of instalments have to be paid. The date of such payment shall be the date of validation of the policy.
- (5) Any Contributor aggrieved by the decision of the Board shall have the right of appeal to the Secretary to the Ministry of the Minister whose decision thereon shall be final and conclusive.
16. The award of benefits under the Scheme to any Contributor shall be determined by the Board in accordance with the Scheme and regulations made to give effect to the Scheme.
17. Any officer of the Board specially authorized in that behalf by the Chairman may, during any time of the day enter and inspect any premises or place of employment to ascertain the veracity of any particulars furnished by any Contributor with regard to his eligibility to be enrolled or to continue, as a Contributor to the Scheme.
18. (1) Any Contributor who is dissatisfied with the award of any benefit determined by the Board may within thirty days of receiving the notice of such award make an appeal to the Secretary of the Ministry of the Minister stating the grounds of his appeal.
- (2) The decision of the Secretary of the Ministry on any such appeal shall be final.
19. No pension, gratuity or allowance payable from the Scheme shall be assigned or transferred and every such assignment or transfer shall be absolutely null and void and of no effect. No such pension or gratuity or allowance shall be attached or taken in execution on account of any debt or payment due from the person to whom such pension or gratuity or allowance is payable.

### PART III

#### STAFF OF THE BOARD

20. (1) The Chairman shall be the Chief Executive Officer of the Board.
- (2) The Board shall have the power to appoint such number of officers, agents and servants as it considers necessary for the efficient discharge of its functions and the administration and implementation of the Scheme and to exercise disciplinary control over and dismiss any officer, agent or servant so appointed.
- (3) The officers, servants and agents appointed under subsection (1) shall be remunerated in such manner and at such rates and shall be subject to such conditions of service as may be determined by the Board.
- (4) At the request of the Board any public officer may, with the consent of that officer and the Secretary to the Ministry of the Minister in charge of the subject of Public Administration, be temporarily appointed to the staff of the Board for such period as may be determined by the Board with like consent or be permanently appoint to such staff with like consent.
- (5) Where any public officer is temporarily appointed to the staff of the Board the provisions of subsection (2) of section 14 of the National Transport Commission Act, No. 37 of 1991, shall, *mutatis mutandis*, apply to, and in relation to, him.
- (6) Where any public officer is permanently appointed to the staff of the Board the provisions of subsection (3) of section 14 of the National Transport Commission Act, No. 37 of 1991, shall, *mutatis mutandis*, apply to, in and relation to, him.
- (7) Where the Board employs any person who has agreed to serve the Government for a specified period, any period of service with the Board by that person shall be regarded as service to the Government for the purpose of discharging the obligations of that person under such agreement.

## **PART IV**

### **FINANCE**

- 21. (1)** The Board shall have its own Fund (hereinafter referred to as "the Fund").
- (2)** There shall be paid into the Fund—
- (a)** all such sums of money as may be voted from time to time by Parliament for the implementation of the Scheme ;
  - (b)** all sums of money paid as contributions to the Scheme by Contributors ;
  - (c)** all sums of money received from any source, as gifts and donations, to the Fund ;
  - (d)** all sums of money earned as interest or profits from the investments of the Board ;
  - (e)** all sums of money received by the Board, in the exercise, discharge and performance, of its powers, duties and functions under this Act.
- (3)** There shall be paid out of the Fund, all sums of money required to defray expenditure incurred by the Board in the exercise, discharge, and performance, of its powers, duties and functions, under this Act, and all sums of money required to be paid out of the Fund, by or under this Act.
- 22.** All monies in the Fund which are not immediately required by the Board may be invested by the Board in such a manner and in such securities as may be authorized by the Minister with the concurrence of the Minister in charge of the subject of Finance.
- 23. (1)** The Board may, with the concurrence of the Minister and the Minister in charge of the subject of Finance or in accordance with the terms of any general authority given with like concurrence, borrow, by way of overdraft or otherwise, or negotiate and obtain on credit, such sums as the Board may require for meeting the obligations of the Board and for administering and implementing the Scheme:
- Provided that the aggregate of the amounts outstanding in respect of loans raised by the Board under this subsection shall not at any time, exceed such sums may be determined by the Minister with the concurrence of the Minister in charge of the subject of Finance.
- (2)** The Board may, with the consent of the Minister given with the concurrence of the Minister in charge of the subject of Finance, borrow money otherwise than by way of loans under subsection (1) for all or any of the following purposes:—
- (a)** the requisition or acquisition of any movable or immovable property required for the use of the Board,
  - (b)** the repayment of any money borrowed under subsection (1).
- 24. (1)** The financial year of the Board shall be the calendar year.
- (2)** The Board shall cause proper books of accounts to be kept of the income and expenditure, assets and liabilities and all other transactions of the Board.
- (3)** The provisions of Article 154 of the constitution relating to the audit of accounts of Public Corporations shall apply to the audit of the accounts of the Board.
- 25.** The Fund shall be deemed, for the purpose of paragraph (b) of subsection (2) of section 31 of the Inland Revenue Act, No. 28 of 1979, to be a fund established by the Government of Sri Lanka.
- 26.** For the avoidance of doubts, it is hereby declared that the provisions of the Finance Act, No. 38 of 1971 shall apply to the Board.

**PART V**  
**GENERAL**

- 27.** All Directors, officers and servants of the Board shall be deemed to be Public Officers within the meaning and for purposes of the Penal Code.
- 28.** The Board shall be deemed to be a scheduled institution within the meaning of the Bribery Act and the provision of that Act shall be construed accordingly.
- 29. (1)** The Board may delegate to the Chairman, a Director, or an officer or servant of the Board any of its powers and duties.
- (2)** Every person to whom any power or duty is delegated under subsection (1) shall exercise or perform such power or duty subject to the general or special directions of the Board.
- 30. (1)** No suit or prosecution shall lie—
- (a)** against the Board for any act which in good faith is done or is purported to be done by the Board under this Act, or
  - (b)** against any Director, officer, servant or agent of the Board for any act which in good faith is done or is purported to be done by him under this Act or on the direction of the Board.
- (2)** Any expense incurred by the Board in any suit or prosecution brought by or against the Board before any Court shall be paid out of the Fund and any costs paid to or recovered by, the Board in any such suit shall be credited to such Fund.
- (3)** Any expenses incurred by any such person as is referred to in paragraph (b) of subsection (1) in any suit or prosecution brought against him before any court in respect of any act which is done, or purported to be done, by him under this Act or on the direction of the Board shall, if the court holds that such act was done in good faith, be paid out of the Fund unless such expense is recovered by him in such proceedings.
- 31. (1)** The Minister may make regulations in respect of all matters in respect of which regulations are authorized or required by this Act to be made, including—
- (a)** the regulation, administration and management of the Scheme ;
  - (b)** qualifications entitling a person to whom this Act applies to join the Scheme ;
  - (c)** the conditions on which, and the restrictions subject to which a person to whom this Act applies shall be entitled to join the Scheme ;
  - (d)** the determination of the amount of the contribution to be made by Contributors ;
  - (e)** the determination of the basis on which pensions, gratuities or allowances are payable to Contributors under the Scheme ;
  - (f)** conditions governing the default of payment of contributions, by contributors, surrender of policy and loss of eligibility of a contributor ;
  - (g)** the procedure for the transaction of business by the Board ;
  - (h)** the termination or forfeiture of a policy, issued under this Act ; and
  - (i)** the basis of determining partial and total disablement of a contributor.
- (2)** Every regulation made by the Minister shall be published in the *Gazette* and shall come into operation on the date of such publication or on such later date as may be specified therein.

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

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

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

33. In this Act unless the context otherwise requires-

"Chairman" means the Chairman of the Board appointed under subsection (2) of section 3;

"Director" means a Director appointed under subsection (1) of section 3 ;

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

"prescribed" means prescribed by regulation made under this Act ;

"Provincial Council" means a Provincial Council established under Chapter XVIIA of the Constitution.

[ Section 3 (4) ]

#### Provisions relating to the Directors of the Board

1. A person shall be disqualified from being appointed or from continuing as a Director, if he—

- (a) is a Member of Parliament or a member of a Provincial Council or a member of a local authority; or
- (b) is under any law in force in Sri Lanka or in any other country, found or declared to be of unsound mind; or
- (c) is a person who having been declared insolvent or a bankrupt under any law in Sri Lanka or in any other country, is an undischarged insolvent or bankrupt; or
- (d) is a person on whom a sentence of imprisonment (including a suspended sentence) has been imposed by any court in Sri Lanka or any other country; or
- (e) has any such financial or other interest as is likely to affect prejudicially the discharge by him of his functions as a Director.

2. A Director may resign his office by letter addressed to the Minister.

3. The Minister may without assigning any reason therefor, remove a Director from office and such removal shall not be called in question in any court of law or tribunal whether by way of writ or otherwise.

4. (1) Every Director shall unless he vacates office earlier by death, resignation or removal, hold office for a term of three years from the date of his appointment and shall, unless he has been removed from office, be eligible for reappointment ;

Provided that a Director appointed in place of a Director who dies or resigns or otherwise vacates office shall, unless he earlier vacates office, hold office for the unexpired part of the term of office of the Director whom he succeeds.

(2) Where the Chairman or any other Director becomes, by reason of illness, infirmity or absence from Sri Lanka, temporarily unable to discharge the functions of his office, the Minister may appoint any other Director to act as the Chairman or any other person to act in place of such Director as the case may be.

5. The Chairman and the Directors shall be paid such remuneration out of the Fund of the Board as may be determined by the Minister with the concurrence of the Minister in charge of the subject of Finance.
6. A Director who is in any way directly or indirectly interested in any contract made or proposed to be made by the Board, shall disclose the nature of his interest at a meeting of the Board. This disclosure shall be recorded in the minutes of the meetings of the Board and such Director shall not take part in any deliberation or decision of the Board with respect to that contract, provided that the interest which any Director may have in a contract by virtue of his being an officer of a Government Department or Public Corporation or a Director of a Public Corporation shall be deemed not to be an interest within the meaning of this paragraph.
7. (1) The Chairman may resign his office as Chairman by letter in that behalf addressed to the Minister.  
 (2) The Minister may at any time and without assigning a reason therefor, remove the Chairman from office.  
 (3) The term of office of the Chairman shall be the period of the membership of the Board.
8. (1) Subject to the other provisions of this paragraph, the Board may regulate the procedure in regard to its meetings and the transaction of business at such meetings.  
 (2) The quorum for a meeting of the Board shall be four Directors.
9. No act, decision or proceeding of the Board shall be invalidated by reason only of the existence of a vacancy in the Board or any defect in the appointment of any of its Directors.
10. (1) The seal of the Board shall be in the custody of such persons as the Board may decide from time to time.  
 (2) The seal of the Board may be altered in such manner as may be determined by the Board.  
 (3) The seal of the Board shall not be affixed to any instrument or document except in the presence of two Directors who shall sign the instrument or document in token of their presence.  
 (4) The Board shall maintain a register of the instruments or documents to which its seal has been affixed.

## SECOND SCHEDULE

(SECTION 13)

The proportions in which the death gratuity is payable and the order of priority shall be—

- (a) one half or fifty *per centum* of the death gratuity to the surviving spouse ; and
- (b) the balance fifty *per centum* shall be shared by the surviving legitimate children of the deceased Contributor, in equal proportions ;
- (c) if there is no surviving spouse, the death gratuity in its entirety shall be shared by the surviving legitimate children of the deceased Contributor in equal proportions ;
- (d) if there are no surviving legitimate children, the death gratuity in its entirety shall be paid to the surviving spouse ;
- (e) if there is no surviving spouse or surviving legitimate children of the deceased Contributor the death gratuity shall—
  - (i) if there is more than one surviving parent, be paid to the surviving parents in equal proportions ;
  - (ii) if there is only one surviving parent, be paid to that parent in its' entirety ;
  - (iii) if there are more than one surviving brothers and sisters, be paid to the surviving brothers and sisters in equal proportions ;
  - (iv) if there is only one surviving brother or sister be paid to that brother or sister in its' entirety.



# REHABILITATION OF PUBLIC ENTERPRISES ACT, NO. 29 OF 1996

[Certified on 12th November, 1996]

## AN ACT TO PROVIDE FOR THE REHABILITATION OF PRIVATISED PUBLIC ENTERPRISES

WHEREAS certain Public Corporations and Government Owned Business Undertakings, were converted into Public Companies under the Conversion of Public Corporations or Government Owned Business Undertakings into Public Companies Act, No. 23 of 1987 and all the shares of such companies were allotted to the Secretary of the Treasury to be held for and on behalf of the State:

AND WHEREAS in furtherance of the policy of privatization, all or a majority of, the shares held by the Government in some of such companies were transferred to other persons, or the Government has ceased to have control over the management and administration of some of such companies or over property belonging to such companies:

AND WHEREAS the business undertakings of some of such companies have failed resulting in non-employment, retrenchment, non-payment of wages and statutory dues, of workers of such companies:

AND WHEREAS it is necessary and expedient, in the interest of national economy, and for the purpose of securing recognition of, and respect for, the rights of the workers of such companies and upgrading the production of such companies to meet the just requirements of the general welfare of a democratic society, for the Government to take appropriate steps to rehabilitate, such companies:

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 Rehabilitation of Public Enterprises Act, No. 29 of 1996.
2. (1) Where the President is of opinion that in any privatised public enterprise there is, or is likely to be, —
  - (a) a cessation of, or a substantial reduction in the work of any of the units constituting the business undertaking of such enterprise; and
  - (b) non-employment or retrenchment of the workers of such enterprise or of a substantial number of such workers or, the non-payment of wages or statutory dues of, such workers or of a substantial number of such workers,as a result only of any act or omission of the Board of Directors of such privatised public enterprise the President may, by Order published in the *Gazette* vest in the Government, the administration and management of the affairs of such privatised public enterprise and so long as such Order is in force the possession and control of all the immovable and movable property of such privatised public enterprise and its rights and liabilities shall vest in the Government.
- (2) An Order made under subsection (1) in respect of a privatised public enterprise shall have the effect of authorising the Competent Authority appointed to manage and administer the affairs of such enterprise to take possession and control of all immovable and movable property and the assets of such enterprise and to use such property for the purposes of such enterprise.
- (3) Every Order made under subsection (1) shall be laid before Parliament within four months of the date specified in such Order and if Parliament is not in session within fifty days of the commencement of the session next ensuing, by a motion that such Order be approved.
- (4) Where —
  - (a) Parliament refuses, within the period referred to in subsection (3) to approve an Order made under subsection (1);

- (b) an Order made under subsection (1) is laid before Parliament within the period referred to in subsection (3) but is not approved by Parliament within a period of four months calculated from the expiration of the period referred to in subsection (3);
- (c) an Order made under subsection (1) is not laid before Parliament within the period referred to in subsection (3);

such Order shall be deemed to have been revoked with effect from the date on which Parliament refuses to approve such Order or the date of expiration of the period referred to in subsection (3), or paragraph (b) of this subsection, as the case may be.

- (5) Where an Order made under subsection (1) is deemed to have been revoked by reason of the operation of the provisions of subsection (4), the rights and liabilities of the privatised public enterprise in respect of which such Order was made shall be deemed not to have vested in the Government and the Competent Authority appointed to manage and administer the affairs of such privatised public enterprise shall forthwith hand over the management of such enterprise to the Chairman of the Board of Directors of such enterprise or to a person authorised by such Chairman. The Competent Authority shall cause an inventory to be prepared of the immovable property, plant, machinery and stock in trade of such enterprise at the time of such handing over.
3. (1) Where the management and control of a privatised public enterprise is vested in the Government, by an Order made under section 2 the President shall appoint a Competent Authority to manage and administer the affairs of that enterprise.
- (2) A Competent Authority appointed under subsection (1) to manage and administer the affairs of a privatised public enterprise shall take possession of the property of that enterprise, and shall cause an inventory to be prepared, in the presence of the Chairman of the Board of Directors of such enterprise, or any agent duly authorised by him, if such person is available, of the immovable property, plant, machinery and stock in trade of such enterprise, at the time of such taking over.
  - (3) The Competent Authority in the discharge of his functions and the exercise of his powers under this Act, shall be subject to such general and special directions as the President may from time to time issue, having regard to the need to safeguard, and secure recognition of, the rights of the workers of that enterprise.
  - (4) Where the Competent Authority takes over the management and administration of the affairs of a privatised public enterprise, the Competent Authority shall -
    - (a) exercise, perform and discharge with respect to such enterprise, all the powers, duties and functions conferred or imposed on, or assigned to, the Board of Directors of such enterprise by or under any written law or by the articles of association of such enterprise;
    - (b) recommence any business activities of such enterprise which have ceased to function;
    - (c) restructure such enterprise so as to enhance its commercial viability;
    - (d) infuse the resources necessary to achieve the objectives referred to in paragraph (b) and paragraph (c);
    - (e) ensure the maintenance of proper accounting systems in such enterprise;
    - (f) secure the due payment of wages to the workers of such enterprise and due compliance by such enterprise, of all its statutory dues in relation to such workers;
    - (g) meet all costs and expenses incurred in the management and administration of the affairs of such enterprise;
    - (h) do such other acts as are necessary or incidental to give effect to the above.
  - (5) During the period for which the management and administration of the affairs of a privatised public enterprise is taken over by the Competent Authority, it shall not be lawful for any Director of the Board of Directors of such enterprise, unless expressly authorised to do so by the Competent Authority, to exercise, perform and discharge any powers, duties and functions with respect to such enterprise.

4. Where an Order made under section 2 is approved by Parliament within the period referred to in subsection (3) or subsection (4) (b) of that section, the shares held by the shareholders of the privatised public enterprise in respect of which such Order was made, shall, with effect from the date of such approval, and other than in cases where such shares are already held by the Secretary to the Treasury, vest in the Secretary to the Treasury for and on behalf of the Government.
5. (1) The President shall appoint, for the purposes of this Act, a compensation tribunal consisting of the Chief Valuer and two other persons who appear to the President to have wide experience and shown capacity in the valuation of property.
- (2) The share holders of a privatised public enterprise on the day immediately preceding the date on which the shares in such enterprise were vested in the Secretary to the Treasury under section 4 shall be entitled to reasonable compensation in respect of such vesting.
- (3) Where an Order made under subsection (1) of section 2 is deemed to have been revoked by reason of the operation of the provisions of subsection (3) of that section, the privatised public enterprise in respect of which such Order was made shall be entitled to compensation for any loss of profits during the period commencing on the date of such order and ending on the date on which such Order is deemed to have been revoked.
- (4) The Minister in charge of the subject of Finance may make regulations with regard to the manner of assessment of compensation payable to share-holders entitled to compensation under subsection (2) and to privatised public enterprises entitled to compensation under subsection (3) and the mode and manner in which such compensation shall be paid.
- (5) All claims to compensation under this Act shall be made to the compensation tribunal appointed under subsection (1) and such tribunal shall make its award on every such claim within six months of the date on which such claim is received by such tribunal.
- (6) Any person who is aggrieved by the award made by the compensation tribunal may appeal against such award to the Court of Appeal on a question of law within fourteen days from the date on which the award was communicated to such person, with the leave of the Court of Appeal first had and obtained. The provisions of the Civil Procedure Code relating to appeals to the Court of Appeal from orders of District Courts shall, *mutatis mutandis*, apply to the making and hearing of appeals under this section.
- (7) All sums awarded as compensation under this Act shall be charged on the Consolidated Fund.
6. Any person —
  - (a) who refuses or fails to deliver possession to the Competent Authority of any property of a privatised public enterprise the management and administration of the affairs of which is vested in the Government by an Order under this Act; or
  - (b) who wilfully or negligently destroys, damages or disables, or causes to be destroyed or damaged or disabled, or wilfully conceals or puts away, or causes to be concealed or put away any property of, any such enterprise;
  - (c) who prevents or obstructs, or directly or indirectly causes any other person to prevent or obstruct, the Competent Authority in taking over the management of, or taking possession or control of, any property of, any such enterprise,

shall be guilty of an offence under this Act and shall on conviction after summary trial before a Magistrate be liable to imprisonment of either description for a period not exceeding ten years or to a fine not exceeding ten thousand rupees or to both such fine and imprisonment.
7. For the avoidance of doubts it, is hereby declared that the provisions of the Public Enterprises Reform Commission of Sri Lanka Act, No. 1 of 1996, shall apply to and in relation to any privatised public enterprise the shares of which are vested in the Secretary of the Treasury under Section 4.

8. (1) The Minister in charge of the subject of Finance may make regulations in respect of all matters in regard to which regulations are required or authorised to be made.
- (2) Every regulation made by the Minister shall be published in the *Gazette* and shall come into operation on the date of such publication or 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 anything previously done thereunder.
- (4) Notification of the date on which any regulation is deemed under subsection (3) to be rescinded shall be published in the *Gazette*.

9. The provisions of this Act, shall be operative for a period of six months from the date of its commencement.

10. For the avoidance of doubts it is hereby declared that the provisions of this Act shall not apply to any privatised public enterprise —

(a) which has been incorporated or constituted under the law of; or

(b) any shareholder of which is a national of,

any country which has entered into a treaty or agreement with Sri Lanka to which Article 157 of the Constitution applies.

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

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

“Competent Authority” means a Competent Authority appointed under section 3;

“person” includes any body of persons corporate or unincorporate;

“privatised public enterprise” means a company all the shares of which were allotted to the Secretary to the Treasury in terms of subsection (3) of section 2 of the Conversion of Public Corporations or Government Owned Business undertakings into Public Companies Act, No. 23 of 1987, and -

(a) where all or the, majority of such shares have been transferred by the Secretary to the Treasury prior to January 10, 1996 to any other person irrespective of subsequent transfers if any; or

(b) the Government has ceased to have effective control of the administration and management of the affairs of such company;

“public corporation” means any corporation, board or other body which was or is established by or under any written law other than the Companies Act, No. 17 of 1982, with funds or capital wholly or partly provided by the Government by way of grant, loan or otherwise.

# GOODS AND SERVICES TAX ACT, NO. 34 OF 1996

[Certified on 23rd December, 1996]

AN ACT TO PROVIDE FOR THE IMPOSITION AND COLLECTION OF A TAX ON GOODS AND SERVICES SUPPLIED IN SRI LANKA OR IMPORTED INTO SRI LANKA; AND FOR MATTERS CONNECTED THEREWITH OR INCIDENTAL THERETO.

1. This Act may be cited as the Goods and Services Tax Act, No. 34 of 1996 and shall come into operation on such date (hereinafter referred to as the "appointed date") as the Minister may appoint by Order published in the *Gazette*.

## CHAPTER I

### IMPOSITION OF GOODS AND SERVICES TAX

2. (1) Subject to the provisions of this Act, there shall be charged at the time of supply—
  - (a) on every taxable supply of goods or services made by a registered person, in a taxable period, in the course of carrying on or carrying out a taxable activity in Sri Lanka; and
  - (b) on the importation of goods into Sri Lanka by any person,

a tax to be called the Goods and Services Tax (hereinafter referred to as "the tax") at such rate as may be fixed by the Minister by Order published in the *Gazette*, by reference to the value of such goods or services supplied or the goods imported, as the case may be.

- (2) Every Order made by the Minister under subsection (1) shall come into force on the date of its publication in the *Gazette* or on such later date as may be specified in such Order and shall be brought before Parliament for approval within three months of the date of its publication in the *Gazette*. 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. Notification of the date on which any such Order is deemed to be revoked shall be published in the *Gazette*.
- (3) The Tax on the importation of goods shall be charged, levied and collected as if it were a customs duty and as if all goods imported into Sri Lanka are dutiable and liable to customs duty. All regulations and procedures under the Customs Ordinance relating to the promotion of exports shall apply to goods liable to tax, other than to goods which are imported and are used in the manufacture of any article to be supplied in Sri Lanka to an exporter.

3. Notwithstanding anything in section 2, no tax shall be levied on any wholesale or retail supply of goods other than on the wholesale or retail supply of goods by a manufacturer or an importer or such goods:

Provided, however, such tax shall be levied on such wholesale or retail supply of goods if any person registered under section 10 or section 12 makes an application to the Commissioner-General to that effect.

4. (1) The time of supply of goods shall be, when—
  - (a) an invoice is issued in respect of the goods by the supplier; or
  - (b) a payment for the goods is received by the supplier; or
  - (c) a payment for the goods is due to the supplier in respect of such supply; or
  - (d) delivery of the goods have been effected,

whichever is the earliest.

- (2) The time supply of services shall be when—
  - (a) the services are performed; or

- (b) a payment for the services or future services is received; or
- (c) a payment for the services or future services is due; or
- (d) an invoice in respect of the services is issued,

whichever is the earliest.

(3) Notwithstanding the provision of subsections (1) and (2) a supply is deemed to take place—

- (a) where a supply is made under an agreement, other than a hire purchase agreement, which provides for periodical payments, when the payment is due or when the payment is received, whichever is earlier; and
- (b) where goods are supplied under a hire purchase agreement, when the agreement is entered into.

5. (1) The value of taxable supply of goods or services, shall if the supply is—

- (a) for a consideration in money, be such consideration less any tax chargeable under this Act and any excise duty payable under the Excise (Special Provisions) Act, No. 13 of 1989 and any national security levy payable under the National Security Levy Act, No. 52 of 1991 which amount shall not be less than the open market value;
- (b) not for consideration in money or not wholly consisting of money, be the open market value of such supply.

(2) Subject to the provisions of subsection (3) where a supply of goods or services, is made by a registered person for an amount which is less than the open market value and the person to whom the supply was made is not a registered person, the value in respect of that supply, shall be the open market value of such supply.

(3) Where goods or services are supplied by an employer to his employee as a benefit from employment, the value in money for the supply shall be the open market value of such supply or where the open market value of such supply cannot be ascertained, the value in money of that supply shall be the cost of a similar benefit enjoyed by any other person, as may be determined by the Assessor.

(4) Where a supply of services is made under any lottery, or any taxable activity of entering into or negotiating a wagering contract or any business of like nature, the value of such supply shall be the total amount of money receivable in respect of such supply less the consideration of the prizes or winnings awarded in such lottery, such contract, or any business of like nature as the case may be.

(5) Where goods or services—

- (i) are supplied by a person after the time of cancellation of the registration under section 16; or
- (ii) are supplied to any person who makes supplies which are exempted under section 8; or
- (iii) are supplied to any person, not being a registered person or being a registered person who has not made an application in accordance with the provisions of section 3 and who carries on or carries out any wholesale or retail trade; or
- (iv) are appropriated by the supplier for his personal use or any other purpose other than the making of a taxable supply,

the value of such supply shall be not less than the open market value.

(6) Where the consideration in respect of a supply of goods or services relates to a taxable supply and a supply which is not taxable, the consideration for such taxable supply shall be deemed to be such part of the consideration as is attributable to such taxable supply and shall not be less than the open market value of such taxable supply.

- (7) Where goods are manufactured or produced by using any other goods, whether provided by the supplier or any other person such other goods shall be deemed to be used in the manufacture or production and the value of the supply of the goods so manufactured or produced and the supply of services in connection with such manufacture or production shall be the open market value or the amount of consideration received for, such supply whichever is higher:

Provided however, where it is proved to the satisfaction of an Assessor that the supply of goods, and the supply of services are two separate supplies, the Assessor shall treat each such supply as a separate supply.

- (8) The value of the supply of goods under a hire purchase agreement shall be the cash price determined in accordance with the provisions of the Consumer Credit Act, No. 29 of 1982, and shall not be less than the open market value.
- (9) The value of the supply of land shall be the value of improvements effected on such land after the appointed date and shall not be less than the open market value.
- (10) Where goods or services are supplied either on the issue of a ticket or by the deposit of money the value of such supply shall be the amount paid for such ticket or the amount deposited, not being any amount which is refundable as the case may be.

6. (1) The value of goods, imported shall be the aggregate of—

- (a) the value of the goods determined for the purpose of Customs duty; and
- (b) the amount of any Customs duty payable, including any surcharge and any cess on the goods;

(2) In calculating the value of any goods for the purposes of subsection (1) there shall be included an amount charged in respect of any—

- (a) wrapper, package, box, bottle or other container in which the goods concerned are contained;
- (b) other goods contained in, or attached to, such wrapper, package, box, bottle or other container; and
- (c) amount that the purchaser has to pay to the vendor by reason of, or in respect of, the sale in addition to the amount charged as price (whether payable at the same time or some other time) including any amount charged for, or to make provision for, advertising, financing, servicing, warranty, commission, transportation, erection or any other matter.

7. (1) A supply of—

- (a) goods shall be zero rated where such supply has been exported by the supplier;
- (b) services shall be zero rated where such supply is directly connected with—
  - (i) any movable or immovable property outside Sri Lanka;
  - (ii) any repair of any foreign ship or aircraft, refurbishment of marine cargo containers or any other goods imported for the purpose of re-export;
  - (iii) a copyright, patent, licence, trade mark or similar intellectual property right, to the extent that, such right is for use outside Sri Lanka.

(2) Where a registered person supplies any goods or services which is zero rated then—

- (a) no tax shall be charged in respect of such supply;
- (b) the supply in all other respects be treated as a taxable supply and accordingly the rate at which tax is as charged on the supply shall be zero.

8. The provisions of this Act shall not apply to the supply of goods or services and the importation of goods set out in the Schedule to this Act other than any such goods as are zero rated under section 7.

9. Goods or services shall for the purposes of this Act be regarded as being supplied in Sri Lanka when the supplier carries on or carries out a taxable activity in Sri Lanka and the goods are in Sri Lanka at the time of supply or the services are performed in Sri Lanka by the supplier or his agent.

## CHAPTER II

### REGISTRATION

10. (1) Every person who on or after the appointed date carries on or carries out any taxable activity in Sri Lanka shall be liable to be registered under this Act it—

- (a) at the end of any taxable period the total value of his taxable supplies of goods or services or goods and services made in Sri Lanka in that taxable period has exceeded two hundred thousand rupees; or
- (b) in the four taxable periods then ending, the total value of his taxable supplies of goods or services or goods and services made in Sri Lanka has exceeded seven hundred thousand rupees; or
- (c) at any time there are reasonable grounds to believe that the total value of his taxable supplies of goods or services or goods and services in a taxable period is likely to exceed two hundred thousand rupees or in the four succeeding taxable periods is likely to exceed seven hundred thousand rupees.

- (2) Every persons who is liable to be registered under subsection (1) shall make an application in the specified form not later than fifteen days from the date on which he becomes so liable.

For the purpose of this section total value of taxable supplies shall not include the supplies of any wholesale or retail trading activity not being the trading activities carried on by a manufacturer of the goods or as an importer of those goods.

11. (1) Every person who is an importer of goods into Sri Lanka shall be liable to notify the Commissioner-General not later than fourteen days prior to the clearing of such goods and obtain from the Commissioner-General an identification number for the clearing of such goods:

Provided however, a person who imports into Sri Lanka goods for his personal use or a person who is registered under section 10 or section 12 shall not be liable to notify the Commissioner-General.

- (2) Every importer liable to notify the Commissioner-General and obtain an identification number under subsection (1) shall make an application in the specified form to the Commissioner-General.

12. Notwithstanding the provisions of sections 3 and 10 any person, including an importer carrying on or carrying out a taxable activity may make an application in the specified form for registration under this Act.

13. Where any person—

- (a) makes an application for registration under section 10 or section 12, such person shall be registered under this Act;
- (b) has not made an application for registration but where the Commissioner-General is of opinion having regard to the nature and the transactions carried on or carried out by him, that such person is liable to be registered under this Act, he shall after affording such person an opportunity of being heard, register such person with effect from such date as may be determined by him.

14. For the purposes of registering a person under section 13 the Commissioner-General may call for any information from such person at any time relating to any taxable activity carried on or carried out by him.

15. (1) The Commissioner-General shall, upon registering a person, issue—

- (a) a tax registration number; and
- (b) a certificate of registration,

to such person.



- (2) The certificate of registration shall set out the name and other relevant details of the registered person, the date on which registration comes into effect, and the tax registration number of such person.
  - (3) The person to whom a certificate of registration is issued under subsection (1) shall display such certificate at conspicuous place where he carries on or carries out the taxable activity. Copies of such certificate may be displayed in the event of there being more than one place of business.
  - (4) Where any person fails to comply with the requirements of subsection (3) the Commissioner-General may—
    - (a) impose on such person a penalty of a sum not exceeding fifty thousand rupees and give notice in writing to such person of the imposition of such penalty;
    - (b) by notice in writing require such person—
      - (i) to pay such penalty; and
      - (ii) to comply with the requirements of subsection (3) within such period as may be specified in such notice.
  - (5) The Commissioner-General may reduce, or annul any penalty imposed on any person under paragraph (a) of subsection (4) if such person proves to the satisfaction of the Commissioner-General that his failure to comply with the requirements of subsection (3) was due to circumstances beyond his control and that he has subsequently complied with such requirements.
16. (1) A registered person may make an application to have his registration cancelled at any time after the lapse of eight successive taxable periods following the date of registration where such registered person has ceased to carry on or carry out a taxable activity or the total value of his taxable supplies for such taxable periods does not exceed the value set out in section 10.
- (2) The Commissioner-General shall, subject to the provisions of subsection (3) where he is satisfied that such person has ceased to carry on or carry out a taxable activity or that the total value of his taxable supplies does not exceed the value set out in section 10, cancel his registration.
  - (3) The Commissioner-General may refuse to cancel the registration of any person registered under section 10 or section 12 where the Commissioner-General is of the opinion that such person has not ceased to carry on or carry out a taxable activity or that it is necessary and expedient to continue with his registration for the protection of revenue.
  - (4) Where the Commissioner-General cancels the registration of any person he shall inform such registered person of the date of cancellation of the registration by registered post.
  - (5) With effect from the date of cancellation of the registration, any goods or services then forming part of the assets of a taxable activity carried on or carried out by that person shall be deemed to be supplied by that person in the course of carrying on or carrying out a taxable activity at a time immediately prior to the date of cancellation, unless the taxable activity (inclusive of all such assets) is carried on or carried out by another person who is a registered person.
17. (1) Where the registration of any person has been cancelled by the Commissioner-General, such person shall—
- (a) not later than fourteen days from the last day of the last taxable period during which the registration was valid, return to the Commissioner-General the certificate of registration issued to him;
  - (b) not display in any place where such taxable activity is carried on or carried out, the certificate, of registration or a copy thereof; and
  - (c) not issue any tax invoice, tax debit note or tax credit note as the case may be.
- (2) Where any person fails to comply with the requirements of subsection (1) the Commissioner-General may—

(a) impose on such person a penalty of a sum not exceeding fifty thousand rupees, and give notice in writing to such person of the imposition of such penalty;

(b) by notice in writing require such person—

(i) to pay such penalty; and

(ii) comply with the requirement of subsection (1) within such period as may be specified in such notice.

(3) The Commissioner-General may reduce, or annul any penalty imposed on any person under paragraph (a) of subsection (2) if such person proves to the satisfaction of the Commissioner-General that his failure to comply with the requirements of subsection (1) was due to circumstances beyond his control and that he has subsequently complied with such requirements.

18. Notwithstanding the cancellation of the registration under section 16, a registered person, shall be liable for any act done or omitted to be done while he remained a registered person in respect of the taxable supplies made by him.

19. Every registered person shall notify the Commissioner-General in writing of—

(a) any change, in the name, address and place, at which any taxable activity is carried on or carried out by such person;

(b) any change in the nature of the taxable activity carried on or carried out by him;

(c) any change in the person authorized to sign returns and other documents; and

(d) any change in ownership of the taxable activity,

not later than fourteen days after the occurrence of the change.

20. (1) A registered person who makes a taxable supply shall issue to another registered person to whom a supply is made a tax invoice not later than fourteen days after the time of such supply.

(2) The tax invoice shall set out—

(a) the name, address and the registration number of the supplier;

(b) the name, address and registration number to whom the supply was made;

(c) the date on which the tax invoice was issued and its serial number;

(d) the date of supply and description of the goods or services;

(e) the quantity or volume of the supply; and

(f) the value of the supply, the amount of any excise duty payable under the Excise (Special Provisions) Act, No. 13 of 1989, any national security levy payable under the National Security Levy Act, No. 52 of 1991, the tax charged and the consideration for the supply.

(3) Where goods have been imported into Sri Lanka the customs goods declaration or any other document authenticated by the Director-General of Customs shall be treated as a tax invoice.

(4) The original of the tax invoice shall be issued to the person to whom the supply was made and the duplicate of such invoice shall be retained by the person who makes such supply, for a period of five years after the expiry of the taxable period in which such invoice was issued.

(5) It shall not be lawful to issue more than one tax invoice for each supply. If a registered person claims to have lost the original tax invoice, the person who makes the supply may issue to such registered person a copy clearly marked "copy only".

- (6) Where a taxable supply is made by a registered person to a person who is not registered, such registered person shall issue an invoice, to such person who is not registered, setting-out the consideration inclusive of the tax of such supply and the rate of tax applicable to such supply.
- (7) Any person who contravenes the provisions of subsection (1) shall be guilty of an offence and shall be liable on conviction after summary trial before a Magistrate, to a fine not less than rupees twenty-five thousand and not exceeding rupees two hundred and fifty thousand and thereafter in the event of the offence being continued to be committed, after conviction to a fine of rupees five hundred for each day on which the offence is so continued to be committed.
- (8) Where any person convicted of an offence under subsection (7) continues to commit such offence after a period of fourteen days from the date of his conviction, the court may upon an application for closure of the business being made by the Commissioner-General or any officer authorized in that behalf by the Commissioner-General order the closure of such business.
- (9) In any case where such person fails to comply with the closure order issued under subsection (8), the Magistrate shall forthwith order the fiscal of the court requiring and authorizing such fiscal before a date specified in such order not being a date earlier than three or later than seven clear days from the date of issue of such order to close such business. Such order shall be sufficient authority for the said fiscal or any police officer authorized by him in that behalf to enter the premises in which the business is carried on or carried out with such assistants as the fiscal or such police officer shall deem necessary to close such business.

### CHAPTER III

#### RETURNS AND CALCULATION OF TAX

21. (1) Every registered person shall furnish, to the Commissioner-General not later than fifteen days after the expiry of each taxable period a return of his supplies during that taxable period. Every such return shall be in the specified form and shall contain all such particulars as may be required to be set out in such form.
- (2) Notwithstanding the provisions of subsection (1)
  - (i) an exporter who is a registered person; or
  - (ii) any registered person who is liable to pay, under section 26 the tax on the taxable supplies made by such person in each month; or
  - (iii) any person, who has entered into an agreement with the Board of Investment of Sri Lanka, being a registered person, and referred to in item (xxvii) or (xxviii) of the Schedule to this Act,
 shall furnish a return for the first and second month in a taxable period in respect of such taxable supplies made by him in such month during the taxable period not later than fifteen days after the expiry of such month.
- (3) An Assessor may, by notice in writing, require any person who, in his judgment is a person chargeable with tax notwithstanding the fact that he is not registered, to furnish, a return in the specified form within the time specified in such notice.
- (4) For the purposes of obtaining full information in respect of the supply of goods or services made by any person, an Assessor may give notice in writing to such person requiring him—
  - (a) to produce for examination or transmit to the Assessor, within the period specified in such notice any books of accounts whether contained in a manual, mechanical or electronic format or combination thereof, trade lists, stock lists, registers, invoices, cheques, bank statements, paying-in-slips, accounts, auditors reports or other documents in his possession as may be specified in order to verify the entries in such books, documents and accounts;

- (b) to attend in person or by an authorized representative at such place and on such date and at such time as may be specified in the notice for the purpose of being examined regarding the taxable activity carried on or carried out by that person.
- (5) For the purposes of this Act, a Deputy Commissioner may give notice in writing to any person requiring him—
- (a) to produce or transmit to such Deputy Commissioner within the period specified in such notice any books of, accounts whether contained in a manual, mechanical or electronic format or combination thereof, trade list, stock lists, registers, invoices, cheques, bank statements, paying-in-slips, accounts, auditors reports or other documents in his possession as may be specified in such notice;
- (b) to attend in person or by an authorized representative, at such place and on such date and at such time as may be specified in such notice so that he may be examined on any such matter as may be specified in such notice.
- (6) A person who attends in compliance with a notice given under subsection (5) may be allowed by the Commissioner-General any reasonable expenses necessarily incurred by him in so attending.
- (7) A Deputy Commissioner or an Assessor with the approval of a Deputy Commissioner, may retain in his custody as long as such retention is necessary for the purpose of this Act any-books of accounts whether contained in a manual, mechanical or electronic format or combination thereof, trade lists, stock lists, registers, invoices, cheques, bank statements, paying-in-slips, accounts, auditors reports or other documents in his possession as may be specified in order to verify the entries in such books, documents and accounts.
- (8) An Assessor may give notice in writing to any person where he thinks necessary, requiring him to furnish within the time specified in such notice—
- (a) fuller or further returns; or
- (b) fuller or further information relating to any matter as will in the opinion of the Assessor be necessary or relevant for the assessment to tax payable by such person.
- (9) A return, statement or form purporting to be furnished under this Act by or on behalf of any person shall for all purposes be deemed to have been furnished by that person or by his authority, as the case may be, unless the contrary is proved, and any person signing such return, statement or form shall be deemed to be cognizant of all matters contained therein.
- (10) Where any person fails to comply with the requirements of subsection (1) or fails to comply with the requirements of a notice given to him by an Assessor under subsection (3) directing him to furnish within the time specified in such notice, a return containing such particulars as the Assessor may require, the Commissioner-General may—
- (a) imposes on such person a penalty of a sum not exceeding fifty thousand rupees, and give notice in writing to such person of the imposition of such penalty;
- (b) by notice in writing require such person—
- (i) to pay such penalty; and
- (ii) to furnish the return he is required to furnish under subsection (1) if such return has not been furnished or to comply with the requirements of the notice given to him under subsection (3) if such requirements have not been complied with, as the case may be, within such period as may be specified in such notice.
- (11) The Commissioner-General may reduce or annul any penalty imposed on any person under paragraph (a) of subsection (10) if such person proves to the satisfaction of the Commissioner-General that his failure to comply with the requirements of subsection (1) or the direction under subsection (3), as the case may be, was due to circumstances beyond his control and that he has subsequently complied with such requirements or direction.

- (12) Where a penalty is imposed under subsection (10) for failure to furnish a return under subsection (1) or to comply with a direction under subsection (3) such person shall not be liable to prosecution for any offence under section 68 (f) relating to that return or notice.

22. (1) A registered person shall, in respect of taxable supplies made by him, account for and pay the tax by reference to such taxable periods at such time and in such manner as may be specified in this Act.
- (2) Subject to the provisions of this Act, a registered person is entitled at the end of each such period to credit for so much of his input tax as is allowable under this Act, and then to deduct such amount from any output tax that is due from him.
- (3) Where goods or services supplied to a registered person, or goods imported by him, are used or to be used partly for the purposes of a taxable activity carried on or carried out by him and partly for other purposes, the tax on supplies and importations shall be apportioned so that only so much of the tax on such supply or importation as is referable to his taxable activity shall be counted as his input tax.
- (4) Where any return is furnished under section 21, and if at the end of any taxable period to which the return relates, the amount of the input tax exceeds the amount of the output tax the excess of the input tax shall not be refunded but shall be set off against the output tax of the next succeeding taxable period and so on. Any residue of such excess as has not been so set off in the period of six months from the end of the period in which such excess first arose shall subject to provisions of section 58 be refunded and where it is not so refunded, the Commissioner-General shall pay interest, at such rate as is prescribed under section 59 in such amount, for the period commencing on the expiration of one month from the end of such taxable period in which the refund became due and ending on the date of the refund:

Provided, however, that where in any month in a taxable period—

- (a) the value of zero rated supplies was not less than fifty *per centum* of the total taxable supplies for that month, such part of the excess of the input tax (inclusive of any excess brought forward from a preceding month) as is equivalent to the proportion that zero rated supplies bear to the total taxable supplies, or
- (b) there is a excess of input tax in such month of such taxable period in the case of a person, referred to in paragraph (iii) of subsection (2) of section 21, during the period referred to in item (xxvii) or (xxviii) to the Schedule to this Act such excess,

shall be refunded, subject to the provisions of section 58 not later than one month immediately after the end of the taxable period in which the excess arose. In the event of failure to pay such refund within such period, interest on such refund shall be payable from the date on which the refund becomes due to the date of payment thereof at such rate as may be prescribed under section 59.

- (5) Any input tax attributable to the supply of goods or services shall not be deducted under subsection (2) in respect of the following:—
- (i) if the supply is in respect of motor vehicles, other than motor cycles, bicycles, motor coaches provided by an employer for the transportation of his employees, motor vehicles used for excursion tours, for the transportation of tourists, hiring cars, or for the transportation of any goods;
- (ii) if the supply of goods or services is not connected with the taxable activity;
- (iii) if the supply is not supported by a tax invoice, or a customs goods declaration or other authenticated document issued by the Director-General of Customs.

23. Every registered person shall account for tax on an invoice basis:

Provided however that, the Commissioner-General may direct such person to account for tax on a payment basis on such conditions as may be prescribed on an application made in that behalf by a registered person.

24. In ascertaining the amount of tax payable in any taxable period, there shall be deducted an amount of tax corresponding to any bad debt incurred in the taxable activity of a registered person and which has become bad during such taxable period. The amount of tax deductible shall not exceed the amount paid as tax in a previous taxable period in respect of the debt which is to be written off:

Provided that if any amount is received in any taxable period by that person on account of the bad debt so written off, notwithstanding the provisions of section 33, the amount received shall be treated as a taxable supply during the taxable period in which it was received and shall be liable to tax.

25. (1) Where a registered person, has issued a tax invoice and accounted for an incorrect amount of tax by undercharging or overcharging tax on a supply made to another registered person, he shall be entitled to issue to such other person a tax debit note or a tax credit note, as the case may be for the purpose of adjusting the amount of tax so undercharged or overcharged.
- (2) Upon the issue of the tax debit note or tax credit note as the case may be, in respect of a supply and in relation to the period in which such note was issued—
- (a) the supplier shall pay as output tax such amount of the tax that was chargeable in respect of the supply as is in excess of the amount that was accounted for, or deduct as input tax such amount as was accounted for as output tax as exceeds the amount of tax chargeable; and
- (b) the person to whom the supply was made shall pay as output tax such amount of the tax that was deducted by him as input tax as exceeds the proper amount that should have been deducted or deduct as input tax such amount as was deductible as exceeds the actual amount deducted by him, as the case may be.
- (3) The tax debit note or tax credit note referred to in subsection (1) shall be in the specified form.

#### CHAPTER IV

##### PAYMENT OF TAX

26. (1) The tax in respect of any taxable period shall be paid not later than the fifteenth day of the month following the end of that taxable period. Any tax not so paid shall be deemed to be in default and the person by whom such tax is payable or where any tax is payable by more than one person, each such person shall be deemed to be a defaulter for the purposes of this Act:

Provided however, where the value of the taxable supplies for any taxable period exceeds five million rupees, or such other amount as may be determined by the Minister by Order published in the *Gazette*, the tax calculated as provided in section 22 in respect of the taxable supplies made in every month following such taxable period shall be paid not later than the fifteenth day of the succeeding month until the value of the taxable supplies ceases to exceed five million rupees or such other amount as may be determined by the Minister and any tax not so paid shall be deemed to be in default:

Provided further where a return for the first or the second month has not been furnished by any person in any taxable period as provided for in section 21, the tax in default for such month shall be deemed to be an amount equal to one-third of the tax payable for such taxable period.

27. (1) Where any tax is in default, the defaulter shall, in addition to such tax in default pay as penalty—
- (a) a sum equivalent to ten *per centum* of the amount in default; and
- (b) where the amount in default is not paid before the fifteenth day of the month succeeding the month in which such tax has begun to be in default, a further sum, equivalent to two *per centum* of the amount in default in respect of each period ending on the fifteenth day of each succeeding month or part of such period during which it is in default:

Provided however, that the total amount payable as penalty under this subsection shall in no case exceed one hundred *per centum* of the tax in default and any such amount may be waived or reduced if the

Commissioner-General is satisfied that by reason of any special circumstances in which the default occurred waiver or reduction of such amount would be just and equitable.

- (2) Where upon the final determination of an appeal under Chapter VI, any tax in default to which any sum or sums under subsection (1) has or have been added, is reduced, then such sum or sums shall be calculated on the tax so reduced.

## CHAPTER V

### ASSESSMENT OF TAX

#### 28. (1) Where—

- (a) any registered person who in the opinion of the Assessor is chargeable with tax, fails to furnish a return for any taxable period; or
- (b) any registered person, who is chargeable with tax, furnishes a return in respect of any taxable period but fails to pay the tax for that taxable period; or
- (c) any person requests the Commissioner-General in writing to make any alteration or addition to any return furnished by such person for any taxable period,

the Assessor shall assess the amount of the tax, which such person, in the judgment of the Assessor, ought to have paid for that taxable period and shall, by notice in writing, require that person to pay such amount forthwith. The amount so assessed in respect of any person for a taxable period shall, be deemed to be the amount of the tax payable by him for that taxable period.

- (2) An assessment made under subsection (1) in respect of any person for any taxable period shall not affect the liability of such person to a penalty under section 27 as though the amount assessed was the amount of tax due from him for that taxable period.
- (3) Where, in the opinion of the Assessor, the amount paid as tax for any taxable period by any person who has failed to furnish a return in respect of a taxable period is less than the actual amount payable by that person for that taxable period, the Assessor shall assess the amount which, in the judgement of the Assessor, ought to have been paid by such person and shall, by notice in writing, require that person to pay on or before a date specified in that notice, the difference between the amount so assessed and the amount paid by that person.
- (4) Where an assessment is made under subsection (3) in respect of any person for any taxable period the difference between the amount so assessed and the amount paid by that person as tax for the taxable period as provided in section 26, shall be the tax in default for that taxable period and accordingly such person shall, from the date on which such person ought to have paid the tax for that taxable period, be liable in respect of that amount to the penalty.

29. Where the Assessor does not accept a return furnished by any person under section 21 for any taxable period and makes an assessment or an additional assessment under section 28 or under section 31 respectively on that person for that taxable period he shall communicate to such person by registered letter sent through the post why he is not accepting the return.

30. Where the Assessor is of opinion that a registered person has made a taxable supply for a value less than the open market value or for no value in order to avoid the payment of tax, he shall determine the value of such supply as the open market value.

31. (1) Where it appears to an Assessor that a person chargeable with tax has for any taxable period paid as tax an amount less than the proper amount of the tax payable by him for that taxable period, or chargeable from him for that period, the Assessor may, at any time, assess such person on the additional amount at which, according to the judgement of such Assessor, tax ought to have been paid by such person. The Assessor shall give notice of assessment to such person.

- (2) Where an assessment is made under subsection (1) in respect of any person for any taxable period, the amount so assessed shall be deemed to be the tax in default for that taxable period and accordingly such person shall, from the date on which such person ought to have paid the tax for that taxable period be liable to the penalty in respect to such amount.
32. The production of any document under the hand of the Commissioner-General purporting to be a copy of or extract from any return or assessment made under this Act shall be admissible in all courts and shall be sufficient evidence of the original.
33. (1) Where any registered person has furnished a return in respect of any taxable period or has been assessed for tax in respect of that period, it shall not be lawful for the Assessor where an assessment—
- (a) has not been made, to make an assessment; or
  - (b) has been made, to make an additional assessment,
- after the expiration of three years from the end of the taxable period in respect of which the assessment was made or the return was furnished as the case may be.
- (2) Notwithstanding anything in subsection (1) where the Assessor is of opinion that a person has wilfully or fraudulently failed to make a full and true disclosure of all the material facts necessary to determine the amount of tax payable by him for any taxable period, it shall be lawful for the Assessor where an assessment—
- (a) has not been made, to make an assessment at any time; or
  - (b) has been made, to make an additional assessment at any time.

## CHAPTER VI

### APPEAL

34. (1) Any registered person may, if he is dissatisfied with any assessment or additional assessment made in respect of him by an Assessor, or a penalty imposed under this Act, appeal against such assessment or additional assessment or penalty to the Commissioner-General within thirty days after the service of notice of such assessment, additional assessment or imposition of penalty as the case may be. Such person shall, notwithstanding the appeal, pay the tax charged by such assessment or additional assessment together with any penalty imposed on him by this Act:

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

- (2) Every appeal shall be preferred by a petition in writing addressed to the Commissioner-General and shall state precisely the grounds of such appeal.
- (3) Where the assessment or additional assessment appealed against has been made in the absence of a return, the petition of appeal shall be accompanied by a return.
- (4) Every person preferring an appeal under subsection (1) against an assessment for any taxable period shall (unless such person has done so already), pay to the Commissioner-General the amount of the tax payable by such person on the basis of the return furnished by him for such period together with any penalty thereon accrued up to the date of such notice of assessment, and shall attach, to the petition of appeal the receipt in proof of such payment:

Provided that the Commissioner-General, upon being satisfied that owing to serious financial hardship suffered by the appellant at or about the time of such notice of assessment or, owing to other reasonable cause, the appellant was prevented from paying such tax and such penalty, may grant an extension of time



for the payment of such tax and penalty thereon accrued up to the date of payment and the receipt furnished within such extended time shall, for the purposes of this subsection, be deemed to have been attached to the petition of appeal.

- (5) Every petition of appeal which does not conform to the provisions of subsections (1), (2), (3) and (4) shall not be valid.
- (6) On receipt of a valid petition of appeal, the Commissioner-General may cause further inquiry to be made by an Assessor, and if in the course of such inquiry an agreement is reached as to the matters specified in the petition of appeal, the necessary adjustment of the assessment shall be made.
- (7) Where no agreement is reached between the appellant and the Assessor in the manner provided in subsection (6), the Commissioner-General shall fix a time and place for the hearing of the appeal.
- (8) Every appellant shall attend before the Commissioner-General at the time and place fixed for the hearing of the appeal. The appellant may attend the hearing of the appeal in person or by an authorized representative. The Commissioner-General may, if he thinks fit, from time to time, adjourn the hearing of an appeal for such time and place as he shall fix for the purpose. In any case in which an authorized representative attends on behalf of the appellant, the Commissioner-General may adjourn the hearing of the appeal and may, if he considers that the personal attendance of the appellant is necessary for the determination of the appeal, require that the appellant shall attend in person at the time and place fixed for adjourned hearing of the appeal. If the appellant or his authorized representative fails to attend at the time and place fixed for hearing or any adjourned hearing of the appeal, or if the appellant fails to attend in person when required so to attend by the Commissioner-General, the Commissioner-General shall dismiss the appeal:

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

Provided further, that every petition of appeal under this Chapter shall be agreed to or determined by the Commissioner-General within three years from the date on which such petition of appeal is received by the Commissioner-General, unless the agreement or determination of such appeal depends on the furnishing of any document or the taking of any action by any person other than the appellant or the Commissioner-General or an Assessor. Where such appeal is not agreed to or determined within such period the appeal shall be deemed to have been allowed and the tax charged accordingly. The receipt of any appeal under this section shall be acknowledged and the date of the letter of acknowledgment shall for the purposes of this section be deemed to be the date of receipt of such appeal:

For the purposes of this proviso where an extension of time has been granted to an appellant for the payment of tax under subsection (4) the date of the receipt in proof of the payment of tax shall be deemed to be the date of receipt of such Appeal.

- (9) The Commissioner-General shall have power to summon any person whom he may consider able to give evidence in respect of the appeal, to attend before him and examine such person on oath or otherwise. Any person so attending may be allowed by the Commissioner-General any reasonable expenses necessarily incurred by such person in so attending.
- (10) Before making his determination on any appeal, the Commissioner-General may, if he considers it necessary so to do, by notice given in writing to any person require that person to produce for examination, or to transmit to the Commissioner-General within the period specified in such notice, any such deeds, plans, instruments, books, accounts, trade lists, stock lists, registers, cheques, paying-in-slips, auditors reports or other documents in his possession as may be specified in such notice.
- (11) Where the Commissioner-General hears the evidence of the appellant or of any other person in respect of the appeal, he shall maintain or caused to be maintained a record of such evidence.

- (12) In determining an appeal under this section the Commissioner-General may confirm, reduce, increase or annul the assessment appealed against and shall give notice in writing to the appellant of his determination on the appeal.
35. Any person aggrieved by the determination of the Commissioner-General upon any appeal made to him under subsection (1) of section 34 may appeal from that determination to the Board of Review constituted under the Inland Revenue Act, No. 28 of 1979, and the provisions of that Act relating to appeals to such Board shall, *mutatis mutandis*, apply to, an appeal under this section.
36. (1) The decision of the Board of Review shall be final:
- Provided that either the appellant or the Commissioner-General may make an application requiring the Board of Review to state a case on a question of law for the opinion of the Court of Appeal.
- (2) The provisions of the Inland Revenue Act, No. 28 of 1979 relating to appeals to the Court of Appeal and to the Supreme Court shall, *mutatis mutandis*, apply to an application and reference under this section.

## CHAPTER VII

### FINALITY OF ASSESSMENTS AND PENALTY FOR INCORRECT RETURNS

37. Where no valid appeal has been preferred within the time specified in this Act against an assessment in respect of tax or where the amount of tax has been determined on appeal, the assessment as made or reduced or increased or confirmed on appeal, as the case may be, shall be final and conclusive for all purposes of this Act as regards the amount of such tax:
- Provided that nothing in this section shall prevent an Assessor from making an assessment or additional assessment for any taxable period if it does not involve reopening any matter which has been determined on appeal for that taxable period.
38. Where in an assessment made on any person, the tax exceeds, the tax paid by him as the amount due from him in respect of the taxable supplies specified in his return and the assessment is final and conclusive under section 37, the Commissioner-General may, unless the person proves to the satisfaction of the Commissioner-General that there was no fraud or wilful neglect involved in the disclosure of the taxable supplies made by that person in such return, in writing, order that person to pay, on or before a specified date, as penalty for making an incorrect return, a sum not exceeding twenty-five thousand rupees and a sum equal to twice the amount of the difference between the total tax claimed in the assessment and the tax paid on the return.

## CHAPTER VIII

### RECOVERY OF TAX

39. (1) For the purposes of this Chapter "tax" includes penalty imposed or incurred under this Act.
- (2) Whenever the Commissioner-General issues a certificate under section 42 or section 43 or a notice under section 44, he shall at the same time issue to the defaulter a notification thereof by personal service or by registered letter sent through the post or by telegraph, but the non-receipt of such notification by the defaulter shall not invalidate proceedings under this section.
40. Any tax in default shall be a first charge on all the assets of the defaulter:
- Provided that—
- (i) such charge shall not extend to or affect any assets sold by such person to a *bona fide* purchaser for value prior to the seizure of the same in accordance with the provisions of section 42:
- (ii) as regards immovable property, the tax shall no rank in priority to any lease or encumbrance created *bona fide* for value and registered prior to the date of the seizure:

- (iii) as regards movable property, where the tax for more than four taxable periods is in default, the tax for four taxable periods only to be selected by the Commissioner-General, shall rank in priority to any lien or encumbrance created *bona fide* for value prior to the date of default of such tax.

41. (1) Where any tax is in default, the Commissioner-General shall, before proceeding to recover such tax, issue a notice in writing to the defaulter stating—

- (a) the particulars of such tax; and
- (b) that action is being contemplated to recover such tax.

(2) If the defaulter has not appealed within the specified time against the assessment in respect of which such tax is charged, he may within thirty days of the date of such notice make any objection to the tax so charged to the Commissioner-General and the Commissioner-General shall notwithstanding the provisions of section 37 consider such objections and give his decision thereon which shall be final.

42. (1) The Commissioner-General may appoint persons to be tax collectors for the purposes of this Act.

(2) Where any tax is in default, the Commissioner-General may issue a certificate to a Divisional Secretary, Assistant Divisional Secretary, Fiscal, Deputy Fiscal or tax collector containing particulars of such tax and the name and address of the defaulter, and the officer to whom such certificate is issued shall be empowered and is hereby required to cause the tax to be recovered from the defaulter named in the certificate by seizure and sale of his movable property.

(3) The seizure referred to in subsection (2) shall be effected in such manner as the said officer shall deem most expedient in that behalf and any property so seized shall be kept for seven days at the costs and charges of the defaulter. If the defaulter fails to pay the said tax in default together with the costs and charges within the said seven days the Divisional Secretary, Assistant Divisional Secretary, Fiscal, Deputy Fiscal or tax collector as the case may be shall cause such property to be sold by public auction.

(4) The sum realized by the sale shall be applied—

- (i) firstly in payment of the costs and charges of seizing keeping and selling the property; and
- (ii) secondly in satisfaction of the tax in default, and any balance shall be paid to the owner of the property seized.

(5) It shall be lawful for a tax collector to recover from the defaulter reasonable expenses incurred by him in proceeding against the defaulter under this section notwithstanding that the seizure was not effected. Where cash is seized such reasonable expenses shall be set off first from the amount so seized.

(6) Where any tax is in default, and the Commissioner-General is of opinion that recovery by the means provided in subsection (2) is impracticable or inexpedient, he may issue a certificate to a District Court having jurisdiction in any district where the defaulter resides or in which any property movable or immovable owned by the defaulter is situate containing such particulars of tax and the name and address of the person or persons by whom, the tax is payable, and the court shall there-upon direct a writ of execution to issue to the Fiscal authorizing and requiring him to seize and sell all or any of the property movable and immovable of the defaulter on such part thereof as he may deem necessary for recovery of the tax, and the provisions of sections 226 to 297 of the Civil Procedure Code shall, *mutatis mutandis*, apply to such seizure and sale.

For the purposes of this section "movable property" shall include plant and machinery.

43. (1) Where the Commissioner-General is of opinion in any case that recovery of tax in default by seizure and sale is impracticable, or inexpedient or where the full amount of the tax in default has not been recovered, he may issue a certificate containing particulars of such tax and the name and last known place of business or residence of the defaulter to a Magistrate having jurisdiction in the division in which such place of business or residence of the defaulter is situate. The Magistrate shall there-upon summon such defaulter

before him to show cause why further proceedings for the recovery of the tax should not be taken against him, and in default of sufficient cause being shown, the tax in default shall be deemed to be a fine imposed by a sentence of the Magistrate on such defaulter for an offence punishable with fine only or not punishable with imprisonment and the provisions of subsection (1) of section 291 (except paragraphs (a), (d) and (f) thereof), of the Code of Criminal Procedure Act, No. 15 of 1979, relating to default of payment of a fine imposed for such an offence shall there-upon apply, and the Magistrate may make any direction which, by the provisions of that subsection, he could have made at the time of imposing such sentence:

Provided that nothing in this section shall authorize or require the Magistrate in any proceeding there-under to consider, examine or decide the correctness of any statement in the certificate of the Commissioner-General.

- (2) Nothing in subsections (2) to (5) of section 291 of the Code of Criminal Procedure Act, No. 15 of 1979, shall apply in any case referred to in subsection (1).
  - (3) In any case referred to in subsection (1) in which the defaulter is sentenced to imprisonment in default of payment of the fine deemed by that section to have been imposed on him, the Magistrate may allow time for the payment of the amount of the said fine or direct payment of that amount to be made in instalments.
  - (4) The Court may require bail to be given as a condition precedent to allowing time under subsection (1) for the showing cause as therein provided or under subsection (3) for the payment of the fine; and the provisions of Chapter XXXIV of the Code of Criminal Procedure Act, No. 15 of 1979, shall apply where the defaulter is so required to be given bail.
  - (5) Where payment in instalments is directed under subsection (3) and default is made in the payment of any one instalment, the same proceedings may be taken as if default had been made in payment of all the instalments then remaining unpaid.
44. (1) Where the tax payable by any person is in default and it appears to the Commissioner-General to be probable that any person—
- (a) owes or is about to pay money to the defaulter or his agent; or
  - (b) holds money for or on account of the defaulter or his agent; or
  - (c) holds money for or on account of some other person for payment to the defaulter or his agent; or
  - (d) has authority from some other person to pay money to the defaulter or his agent,

the Commissioner-General may give to such person notice in writing (a copy of which shall be sent by post to the defaulter) requiring him to pay any such money not exceeding the amount of the tax in default to the officer named in such notice. The notice shall apply to all such moneys which are in his hands or due from him at the date of receipt of such notice, or come into his hands or become due from him or are about to be paid by him at any time within a period of three months after the date of such notice.

- (2) Any person who has made any payment in pursuance of this section shall be deemed to have acted under the authority of the defaulter and of all other persons concerned, and is hereby indemnified in respect of such payment against all proceedings, civil or criminal, notwithstanding the provisions of any written law, contract or agreement.
- (3) Where any person to whom a notice has been given under subsection (1) is unable to comply therewith owing to the fact that moneys in question do not come into his hands or custody or become due from him during the period referred to in subsection (1), he shall within fourteen days of the expiration thereof give notice in writing to the Commissioner-General appraising him of the facts.
- (4) Where any person to whom a notice has been given under subsection (1) is unable to comply therewith and has failed to give notice to the Commissioner-General as provided in subsection (3) or where such person has deducted or could have deducted the tax to which the notice relates or any part thereof and has not paid

over as required by the Commissioner-General the amount of such tax or part thereof within fourteen days after the expiration of the period referred to in subsection (1), such person shall, if he is an individual, be liable or where such person is a company or body of persons, whether corporate or unincorporate the secretary, manager, or the principal officer of such company or body be personally liable, for the whole of the tax which such person has been required to deduct, and such tax may be recovered from such individual, secretary, manager or other principal officer, as the case may be, by all means provided in this Act.

- (5) For the purposes of this section the expression "defaulter" shall be deemed to include the agent of a person who is in default and the provisions of this section shall apply in any case where the tax which would have been payable by any person if he were alive is in default, and for the purpose of the application of these provisions in any such case, the expression "defaulter" in subsection (1) means—

- (a) the executor or administrator of such deceased person; or
- (b) any person who takes possession of, or intermeddles with, the property of such deceased person; or
- (c) any person who has applied or is entitled to apply to a District Court for the grant or releasing of probate or letters of administration in respect of the estate of such deceased person.

45. (1) Where the Commissioner-General is of opinion that any person is about to or likely to leave Sri Lanka without paying the tax due from him, the Commissioner-General may issue a certificate containing particulars of such tax and the name of such person to a Magistrate, who shall on receipt thereof issue a direction to the Inspector-General of Police to take such measures as may be necessary to prevent such person from leaving Sri Lanka without paying the tax or furnishing security to the satisfaction of the Commissioner-General for payment thereof.
- (2) At the time of issue of the certificate to the Magistrate the Commissioner-General shall issue to such person a notification thereof by personal service, or registered letter sent through the post or telegraph; but the non-receipt of any such notification by such person shall not invalidate proceedings under this section.
- (3) The production of a certificate signed by the Commissioner-General stating that the tax has been paid or that security has been furnished for the payment of the tax or payment of the tax to a police officer in charge of a police station shall be sufficient authority for allowing such person to leave Sri Lanka.
- (4) Any police officer to whom the amount of any tax specified in such certificate has been paid shall forthwith pay such amount to the Commissioner-General.
46. Where the Commissioner-General is of opinion that application of any one of the means of recovery provided in this Act has failed or is likely to fail to secure payment of the full amount of tax due from any person it shall be lawful for the Commissioner-General to proceed to recover any sum remaining unpaid, by any means of recovery provided in this Act, notwithstanding that an order has been made by a Magistrate under section 43 and carried in to effect.
47. The Commissioner-General may, by notice given in writing to any person, require that person within the period specified in such notice to furnish any information which the Commissioner-General may require for the purpose of recovering any tax due from such person or any other person.
48. (1) Where a body corporate has not paid any tax on or before the due date, it shall be lawful to proceed under all or any of the provisions of this Chapter against a manager, director, secretary or any other principal officer of such body corporate, whether such officer is responsible or not for such default notwithstanding anything in any other written law relating to such body corporate.
- (2) Where a partnership or a joint venture has not paid any tax on or before the due date, it shall be lawful to proceed under all or any of the provisions of this Chapter against any partner or a member of the joint venture, as the case may be, whether such person is responsible or not for such default, notwithstanding anything in any other written law.

49. (1) The Commissioner-General may, by writing under his hand, delegate to any Assessor any of the powers and functions conferred on or assigned to the Commissioner-General by this Chapter.
- (2) Every Assessor to whom any power or function has been delegated under subsection (1) shall exercise or discharge that power or function subject to the general or special directions of the Commissioner-General.

## CHAPTER IX

### SPECIAL CASES

50. Any act or thing required by or under this Act to be done by any person shall, if such person is an incapacitated person, be deemed to be required to be done by the trustee of such incapacitated person.
51. Any act or thing required by or under this Act to be done by any person shall, in the case of two or more persons in partnership, be deemed to be required to be done by the precedent partner of such partnership:

Provided that any person to whom a notice has been given under the provisions of this Act as a precedent partner of a partnership shall be deemed to be the precedent partner thereof unless he proves that he is not a partner of such partnership or that some other person in Sri Lanka is the precedent partner thereof.

52. (1) The secretary, manager, director or other principal officer of every company or body of persons, corporate or unincorporate, shall be liable to do all such acts, matters or things as are required to be done under the provisions of this Act by such company or body of persons:

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

- (2) Where an offence under this Act is committed by a company or body of persons, corporate or unincorporate, every person who at the time of the commission of the offence was the secretary, manager, director or other principal officer of the company or body of persons shall be deemed to be guilty of that offence unless he proves that the offence was committed without his knowledge and that he exercised all such diligence to prevent the commission of that offence as he ought to have exercised having regard to the nature of his functions in such capacity.
53. (1) Subject as hereinafter provided, where during the course of a taxable period a person chargeable with tax ceases to carry on or carry out any taxable activity in respect of which he is chargeable with such tax, he shall, notwithstanding that he had ceased to carry on or carry out such taxable activity, be liable to pay such tax for the period during which he carried on or carried out that taxable activity during that taxable period.
- (2) Where any person carrying on or carrying out a taxable activity transfers the assets of such taxable activity to any other person, resulting in a change of ownership of any trade or business, tax payable in respect of such taxable activity for any period prior to the transfer may, if it cannot be recovered from the transfer or be recovered from the transferee notwithstanding that an assessment may not have been made on the transferee and the provisions of this Act as to collection and recovery of tax shall apply accordingly.
54. (1) Where any person chargeable with the tax dies, the executor of such deceased person shall in respect of all taxable periods prior to the date of death of such person be chargeable with tax which such person would be chargeable if he were alive, and shall be liable to do all acts, matters and things which such person if he were alive, would be liable to do under this Act:

Provided that—

- (a) no proceedings shall be instituted against the executor in respect of any act or default of the deceased person;
- (b) no assessment or additional assessment in respect of a period prior to the date of such person's death shall be made after three years from the end of the taxable period in which the death occurred; and

- (c) the liability of the executor under this section shall be limited to the sum of—
- (i) ~~the deceased person's estate in his possession or control at the date when notice is given to him that liability to tax will arise under this section; and~~
  - (ii) any part of the estate which may have passed to a beneficiary.
- (2) Where an executor on behalf of the estate of a deceased person carries on or carries out any taxable activity which is a part of such estate, such executor shall in respect of such taxable activity, be chargeable with the tax with which such person would be chargeable if he were alive.
55. Where any taxable activity in respect of which tax is payable is carried on or carried out by any person on behalf of any other person as the agent of such other person the first mentioned person shall be chargeable with the tax in respect of that taxable activity in like manner and to the like amount as the second mentioned person would be chargeable under this Act.
56. Where two or more persons act as trustees of a trust or executors of a deceased person's estate, they may be charged jointly and severally with the tax which they are chargeable under this Act and shall be jointly and severally liable for the payment of such tax.
57. (1) Notwithstanding anything in the Companies Act, No. 17 of 1982, where a company is wound up and where any tax to which that company is liable cannot be recovered then every person who was a director of the company at any time during the period in respect of which such tax is payable shall be jointly and severally liable for the payment of such tax unless he proves that the default in payment of tax cannot be attributed to any gross neglect, misfeasance or breach of duty on his part in relation to the affairs of the company, and the provisions of this Act as to collection and recovery of tax shall apply accordingly.

## CHAPTER X

### REFUND OF TAX

58. (1) Where a registered person makes an application for a refund of any tax or any penalty paid by him in excess during the taxable period within three years immediately after the end of the taxable period and satisfies the Commissioner-General that such person has paid any tax or any penalty in excess of the amount which he was liable to pay for that period, such person shall be entitled to a refund of the amount paid in excess, subject to provisions of subsection (3):
- Provided however,
- (i) an exporter; or
  - (ii) any registered person referred to in paragraph (iii) of subsection (2) of section 21,
- shall be entitled to a refund of such tax or penalty paid in excess within a period of thirty days from the date of receipt of the application.
- (2) Where through death, incapacity, bankruptcy, liquidation or other cause a registered person who would but for such cause have been entitled to make a claim under subsection (1) is unable to do so, his executor, trustee or receiver as the case may be, shall be entitled to a refund of any tax or penalty paid in excess within the meaning of subsection (1) by such person for the benefit of such person or his estate.
- (3) Notwithstanding anything in subsection (1)—
- (a) where any registered person has failed to pay the Commissioner-General in whole or in part, any tax in respect of any taxable period, or a month in a taxable period, any amount of tax payable before the due date may be set off after due notice to such person against that unpaid tax, any amount or any part of any amount otherwise refundable to that person or any amount or part of any amount of interest payable to that person under section 59, and shall treat any amount so set off as a payment received from such registered person;

- (b) Where any registered person, in respect of, any taxable period or in a month in a taxable period has not furnished a return for any taxable period or a month in a taxable period, the Commissioner-General may withhold payment of any amount otherwise refundable or any amount of interest payable under section 59 of this Act, until such registered person has furnished such return.

59. (1) Where any amount refundable under this Act to a registered person has not been refunded within a period of thirty days from the due date of such refund there shall be paid by the Commissioner-General to such person interest on such amount for the period commencing on the thirtieth day from the due date up to the date of refund of the amount as is required to be refunded by the Commissioner-General to such person under this Act, at the rate prescribed by the Minister from time to time.
- (2) For the purposes of this section "due date" means the period ending ninety days—
- (i) from the date of an agreement with an Assessor or from the date of determination of an appeal in respect of the assessment appealed against or;
- (ii) from the date on which a claim, other than a claim for a refund made in writing under subsection (4) of section 22 was received from such person by the Commissioner-General.

## CHAPTER XI

### DEDUCTION OF TAX FROM PAYMENTS

60. (1) Every person who makes any payment in pursuance of a contract to which he is a party or on behalf of any other person who is a party to a contract shall, whether or not such contract was entered into prior to the appointed date, deduct from such payment, tax which shall be a percentage of such payment at such rate as may be determined by the Minister by Order published in the *Gazette* and the amount of tax so deducted shall be a debt due from such person to the Republic and shall be recoverable forthwith or may be assessed and charged upon such person in addition to any tax, if any, payable by him under this Act:

Provided that where the total consideration payable for the performance of such contract does not exceed one million rupees no such deduction shall be made.

- (2) Any person who deducts tax in accordance with the provisions of subsection (1) shall—
- (a) issue to the person from whose payment the deduction is made a statement showing—
- (i) the gross amount of such payment;
- (ii) the rate and amount of tax so deducted; and
- (iii) the net amount actually paid;
- (b) remit within seven days of making such deduction the sum so deducted to the Commissioner-General together with a statement showing—
- (i) the name and address of the person to whom the payment was made and the registration number of such person if any;
- (ii) the gross amount of such payment;
- (iii) the rate and amount of tax so deducted;
- (iv) the net amount actually paid; and
- (v) the name and address of the person who made the payment and the registration number of such person.
- (3) Where the taxable supplies of a person include a sum from which tax has been deducted in accordance with subsection (1) he shall be entitled on production of a statement relating to such sum issued in accordance with subsection (2), to a set off against the tax payable by him, of the amount shown on such statement as the amount of tax deducted.



(4) For the purposes of this section "contract" means—

- (i) any contract in respect of construction work or services of whatever nature not being a contract of employment;
  - (ii) any contract for the supply of goods or services in respect of any contract specified in paragraph (i);
  - (iii) any sub-contract in respect of any contract specified in paragraph (i) or (ii);
  - (iv) any contract for the provision of services including a contract for the provision of services as an entertainer or artiste other than a contract of employment; or
  - (v) any contract for the supply of cinematograph films.
- (5) Any person who fails to deduct tax in terms of subsection (1) or fails to remit under subsection (2) any tax to the Commissioner-General shall be deemed to be in default and the provisions of this Act relating to recovery of tax shall accordingly apply on any such default.
- (6) Any person who has made any deduction under subsection (1) or any remittance in pursuance of subsection (2) shall be deemed to have acted under the authority of the person by whom the tax was payable and of all other persons concerned, and is hereby indemnified in respect of such deduction or remittance, as the case may be, against all proceedings, civil or criminal, notwithstanding the provisions of any written law, contract or agreement.
- (7) Where any person has entered into two or more contracts and the Assessor, having regard to the nature and the parties to such contracts, is of opinion that the persons to whom the payments were made in respect of such contracts is one and the same person or his agent, the sum paid or payable shall be aggregated for the purposes of subsection (1).

## CHAPTER XII

### MISCELLANEOUS

61. (1) Every notice required to be given by the Commissioner-General, a Deputy Commissioner or an Assessor under this Act shall bear the name of the Commissioner-General or Deputy Commissioner or Assessor, as the case may be, and every such notice shall be valid if the name of the Commissioner-General, Deputy Commissioner or Assessor is duly printed or signed thereon.
- (2) Every notice given by virtue of this Act may be served on a person either personally or by being delivered at, or sent by post to, his last known place of abode or any place at which he is, or was carrying on or carrying out a taxable activity during the period to which the notice relates.
- (3) Any notice sent by post shall be deemed to have been served on the day on which it could have been received in the ordinary course of post.
- (4) In proving service by post it shall be sufficient to prove that the letter containing the notice was duly addressed and posted.
- (5) Every name printed or signed on any notice or signed on any certificate given or issued for the purposes of this Act, which purports to be the name of the person authorized to give or issue the same, shall be judicially noticed.
62. (1) No notice, assessment, certificate or other proceeding purporting to be in accordance with the provisions of this Act shall be quashed or deemed to be void or voidable for want of form or be affected by reason of a mistake, defect or omission therein, if the same is in substance and effect in conformity with, or according to, the intent and meaning of this Act, and if the person assessed or intended to be assessed or affected thereby is designated therein according to common intent and understanding.
- (2) Without prejudice to the generality of subsection (1), an assessment shall not be affected or impugned—

- (a) by reason of a mistake therein as to the name or surname of the person chargeable, the amount of the value of the taxable supplies or the amount of the tax charged; or
- (b) by reason of any variance between the assessment and the notice thereof,

if the notice of such assessment is duly served on the person intended to be charged and contains in substance and effect the particulars mentioned in paragraph (a) of this subsection.

63. (1) Any officer of the Department of Inland Revenue who is specially authorized by the Commissioner-General in that behalf may, accompanied by a peace officer, do all or any of the following acts:—

- (a) enter and search any building or place where he has reason to believe that any books of account, registers, records or other documents which in his opinion will be useful for or relevant to, any proceeding under this Act may be found, and examine them if found;
- (b) seize any such books of account, registers, records or other documents or place marks of identification thereon or make extracts or copies therefrom;
- (c) make a note or an inventory of any other thing found in the course of any search under this section which in his opinion will be useful for, or relevant to, any proceedings under this Act,

and the provisions of the Code of Criminal Procedure Act, No. 15 of 1979, relating to searches shall apply so far as may be to searches under this section.

In this subsection "peace officer" shall have the same meaning as in the Code of Criminal Procedure Act, No. 15 of 1979.

- (2) Before authorising any officer to exercise the powers under subsection (1), the Commissioner-General shall record the circumstances which necessitate the exercise of those powers by that officer.
- (3) Where any officer authorized by the Commissioner-General under subsection (1) seizes any book of account, register, record or other document from any person, such officer shall issue to that person a memorandum specifying the book, register, record or other document he has seized.
- (4) Any book of account, register, record or other document seized under subsection (1) by any officer may be retained in the possession of such officer as long as may be necessary for a scrutiny of such book, register, record or other document or for the institution of legal proceedings against the person to whom such book, register, record or other document belongs.

64. (1) The Commissioner-General or any other officer of the Department of Inland Revenue who is specially authorized in that behalf by the Commissioner-General in writing may do all or any of the following acts:—

- (a) enter and inspect any place or building where any taxable activity is carried on or carried out by any person for the purpose of ascertaining whether the provisions of this Act are being complied with;
- (b) open and examine any book of account, register, record or any other document which may be found therein and make an inventory of any of the articles found therein;
- (c) examine and take copies of, or make extracts from, any book of account, register, record or other document found in such place or building;
- (d) take possession of any book of account, register, record or other document or place marks of identification thereon;
- (e) count and make a record immediately of the cash found in such place or building;
- (f) require any person whom he finds in such place or building to give such information within his knowledge with respect to matters under this Act;

- (g) examine, either alone or in the presence of any other person, as he thinks fit, with respect to matters under this Act, every person whom he finds in such place or building.
  - (2) Where an officer authorized by the Commissioner-General under subsection (1), takes into his possession any book of account, register, record or other document from any person, such officer shall issue to that person a memorandum specifying the book, register, record or document he has taken into his possession.
  - (3) Any book of account, register, record or other document taken into his possession under subsection (1) by any officer may be retained in the possession of such officer as long as may be, necessary for the purpose of scrutinizing such book, register, record or document or for the institution of legal proceedings against the person to whom such book, register, record or other document belongs.
65. (1) Every registered person shall keep and maintain records in respect of the taxable activity carried on or carried out by him to enable the Commissioner-General or any other officer authorized by the Commissioner-General on that behalf to ascertain the liability for the payment of the tax.
- (2) The form of the records, to be maintained under subsection (1) and the particulars to be set forth therein shall be as prescribed.

For the purpose of this section the term "records" includes—

- (a) books of account (whether contained in a manual, mechanical or electronic format or combination thereof) recording receipts or payments or income or expenditure and also includes vouchers, bank statements, invoices, tax invoices, tax credit notes, tax debit notes, receipts and such other documents as are necessary to verify the entries in any such books of account;
- (b) details of any warehouse, godown or any other place where stock of goods are kept and the stock of goods kept in such warehouses, godown, or any other place, as the case may be;
- (c) any list or record required to be maintained or kept in accordance with provision of this Act or under any regulations thereunder.

## CHAPTER XIII

### OFFENCES AND PENALTIES

66. (1) Every person who—
- (a) being a person required to take an oath and fails to take the oath of secrecy when so required under section 72; or
  - (b) acts in contravention of the provisions of section 72; or
  - (c) aids, abets or incites any other person to act in contravention of any of the provisions of this Act,
- shall be guilty of an offence under this Act and shall be liable on conviction after summary trial before a Magistrate to a fine not exceeding five thousand rupees or to imprisonment of either description for a term not exceeding six months or to both such fine and imprisonment.
67. Any person who—
- (a) gives any false answer whether orally or in writing to any question or request for information asked or made in accordance with the provisions of this Act; or
  - (b) omits from a return made under this Act, any particulars which he should have included in such return; or
  - (c) makes any false return or false entry in any return made under this Act,
- and thereby evades or attempts to evade tax or assists any other person to evade or to attempt to evade tax shall be guilty of an offence under this Act, and shall be liable, after summary trial before a Magistrate, to a fine consisting of—

- (i) a sum equal to twice the amount of tax so evaded or attempted to be evaded for which he is liable under this Act for the taxable period in respect of which the offence was committed; and
- (ii) ~~a sum not exceeding twenty-five thousand rupees or to imprisonment of either description for a term not exceeding six months or to both such fine and imprisonment.~~

68. Every person who—

- (a) fails to apply for registration as required under section 10 ; or
- (b) fails to notify the Commissioner-General of any matters required to be notified under section 19; or
- (c) fails to issue tax invoices as required by section 20; or
- (d) issues more than one tax invoice for each taxable supply; or
- (e) issues a tax invoice where such person is not entitled to issue such tax invoice under section 20;
- (f) fails to furnish a return under section 21 or comply with a notice under section 21; or
- (g) having appeared before an officer of the Department of Inland Revenue in compliance with a notice issued to him under section 21 or section 34 fails, without sufficient cause, to answer any question lawfully put to him by an officer acting under this Act; or
- (h) gives any incorrect information relating to any matter or thing affecting his own liability to tax or the liability of any other person; or
- (i) permits the payment to any other person, other than the Commissioner-General of any amount to be paid under section 44; or
- (j) knowingly fails to make any deduction required under section 60 or fails to comply with the provisions of section 60; or
- (k) wilfully obstructs or delays the Commissioner-General or any other officer in the exercise of his power under section 63 or 64; or
- (l) fails to maintain records as required under section 65,
- (m) not being a person registered under this Act, issues a tax invoice,

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

69. No prosecution in respect of an offence under this Chapter shall be commenced except at the instance, or with the sanction, of the Commissioner-General.

70. The Commissioner-General may with the consent of the parties having regard to the circumstances in which any offence under this Act was committed, compound such offence for a sum not exceeding one third of the maximum fine imposeable for such offence under the Act. Any sum received by the Commissioner-General in compounding an offence under this section shall be credited to the Consolidated Fund.

## CHAPTER XIV

### ADMINISTRATION

71. (1) The Commissioner-General shall be in-charge of the administration of this Act, assisted by such number of Commissioners of Inland Revenue, Deputy Commissioners of Inland Revenue, Senior Assessors of Inland Revenue, Assessors of Inland Revenue and Tax Officers of Inland Revenue as may be necessary.

- (2) The Commissioner-General may authorise any Commissioner or Deputy Commissioner to exercise, perform or discharge any power, duty or function which is conferred or imposed on or assigned to, the Commissioner-General by this Act.
  - (3) A Commissioner or a Deputy Commissioner of Inland Revenue exercising, performing or discharging any power, duty or function conferred or imposed on, or assigned to, the Commissioner-General by any provision of this Act shall be deemed for all purposes to be authorized to exercise, perform or discharge that power, duty or function, until the contrary is proved.
  - (4) A Commissioner of Inland Revenue or a Deputy Commissioner of Inland Revenue may exercise, perform or discharge any power, duty or function conferred or imposed on, or assigned to an Assessor by this Act.
72. (1) Every person who is or has been employed or engaged in carrying out or in assisting any person in carrying out the provisions of this Act shall preserve and aid in preserving secrecy with regard to all matters relating to the affairs of any person that may come to his knowledge in the performance of his duties under this Act, and shall not communicate any such matter to any person other than the person to whom such matter relates or to the Minister or to the Secretary to the Ministry of the Minister in-charge of the subject of Finance or suffer or permit any person to have access to any records in the possession, custody or control of the Commissioner-General:
- (2) Every person employed in carrying out the provisions of this Act shall, before acting under this Act, and the Minister and the Secretary to the Ministry of the Minister in-charge of the subject of Finance shall before acting under this Act take and subscribe before a Justice of the Peace an oath of secrecy in the prescribed form.
  - (3) No person employed in carrying out the provisions of this Act shall be required to produce in any court any return, document or to divulge or communicate to any court any matter or thing coming to his notice in the performance of his duties under this Act, except as may be necessary for the purpose of carrying into effect the provisions of this Act or any other written law administered by the Commissioner-General.
  - (4) Notwithstanding anything contained in this section any officer of the Department of Inland Revenue may communicate any matter which comes to his knowledge in the performance of his duties under this Act to any other officer of the Department if the communication is necessary for the performance of any duty under this Act or under any other written law administered by the Commissioner-General and the Commissioner-General may, notwithstanding anything in the Evidence Ordinance relating to the proof of documents, produce or cause to be produced in any Court, in any proceedings under this Act, a copy of any return or document received by him or in his possession under this Act or under any other written law administered by him and certified by him or on his behalf to be a correct copy:
- Provided that the Commissioner-General may produce or cause to be produced the original of any such return or document in any case where it is necessary to prove the handwriting or the signature of the person who wrote, made, signed or furnished such return or document, but only for the purpose of such proof:
- Provided, further that the Commissioner-General shall not in any case be compelled to produce in any court either the original of such document or return or copy of any particulars contained in such document or return.
- (5) Notwithstanding anything contained in this section the Commissioner-General may permit the Auditor-General or any officer of the Department of the Auditor-General duly authorized by him in that behalf to have access to any records or documents as may be necessary for the performance of his official duties. The Auditor-General or any officer authorized by him under this section shall be deemed to be a person employed in carrying out the provision of this Act for the purposes of subsection (2) of this section.
  - (6) Notwithstanding anything contained in this section where it appears to the Commissioner-General from any matter which comes to his knowledge in the performance of his duties under this Act, that any person has committed an offence under the Customs Ordinance or the Excise Ordinance or Excise (Special Provisions) Act, No. 13 of 1989, he may communicate with or deliver to the Commissioner of Excise or the Director-

General of Customs as the case may be, any information relating to the commission of the offence or any articles, books of accounts or any other documents necessary or useful for the purpose of proving the commission of such offence.

73. The Commissioner-General may from time to time specify the forms to be used for all or any of the purposes of this Act, and any form so specified may from time to time be amended or varied by the Commissioner-General or some other form may be substituted by the Commissioner-General in place of any form so specified or amended.

74. (1) The Minister may make regulations to give effect to the principles and provisions of this Act.

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

(3) Every regulation shall as soon as convenient after its publication in the *Gazette*, be brought before Parliament for approval. Any such regulation which is not so approved shall be deemed to be rescinded as from the date of disapproval but without prejudice to anything previously done thereunder. A notification of the date on which a regulation is deemed to be rescinded shall be published in the *Gazette*.

## CHAPTER XV

### TRANSITIONAL PROVISIONS

75. (1) Every person whose turnover under the Turnover Tax Act, No. 69 of 1981, for any quarter in the period of twelve months ending six months immediately proceeding the appointed date exceeds two hundred thousand rupees shall if such person is carrying on or carrying out a taxable activity on such appointed date, be deemed to be a registered person for the purposes of this Act and the provisions of this Act shall apply to such person accordingly.

(2) Any person who is deemed to be a registered person under subsection (1) may make a statement of objection, in writing to the Commissioner-General within thirty days of the receipt of the notice of such registration, indicating that his taxable supplies for the period specified in subsection (1) do not exceed the amount specified in section 10.

(3) Where the Commissioner-General is satisfied with the statement he may cancel such registration notwithstanding the provisions of section 16.

## CHAPTER XVI

### INTERPRETATION

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

“Assessor” means an Assessor or a Senior Assessor appointed under the Inland Revenue Act, No. 28 of 1979;

“Authorized representative” shall have the meaning assigned to it by the Inland Revenue Act, No. 28 of 1979;

“Board of Review” has the meaning assigned to it by the Inland Revenue Act, No. 28 of 1979;

“body of persons” means any body corporate or unincorporate, Provincial Council, local authority, any fraternity, fellowship, association or society of persons, whether corporate or unincorporate any partnership and includes any Government department or any undertaking of the Government of Sri Lanka;

“Commissioner-General” means the Commissioner-General of Inland Revenue appointed under the Inland Revenue Act, No. 28 of 1979, and includes a Commissioner and a Deputy Commissioner specially authorized by the Commissioner-General either generally or for a specific purpose to act on behalf of the Commissioner-General;

**"Commissioner"** means a Commissioner of Inland Revenue appointed under the Inland Revenue Act, No. 28 of 1979;

**"company"** means any company incorporated or registered under any law in force in Sri Lanka or elsewhere;

**"Director"** means a director as defined in the Companies Act, No. 17 of 1982 and includes a working director;

**"Deputy Commissioner"** means a Deputy Commissioner of Inland Revenue appointed under the Inland Revenue Act, No. 28 of 1979;

**"executor"** includes an administrator;

**"goods"** means all kinds of movable or immovable property but does not include money;

**"incapacitated person"** means any minor, lunatic, idiot or person of unsound mind;

**"Importation"** includes the bringing into Sri Lanka of goods from outside Sri Lanka by any person or goods received from a customs bonded warehouse and is deemed to include the purchase of goods on a sale by the Director-General of Customs, the Sri Lanka Ports Authority or the Commissioner-General, for the levy of any tax and other dues;

**"input tax"** in relation to a registered person, means—

- (a) tax paid on the supply to a registered person of any goods or services to be used by such person in carrying on or carrying out a taxable activity;
- (b) tax paid by him on the importation of goods which are used by such person for the purpose of making taxable supplies;

**"manufacture"** means the making of an article, the assembling or joining of an article by whatever process, adapting for sale any article, packaging, bottling, putting into boxes, cutting, cleaning, polishing, wrapping, labelling or in any other way preparing an article for sale other than in a wholesale or retail activity;

**"output tax"** in relation to any registered person, means the tax chargeable in respect of the supply of goods or services made or deemed to be made by such person.

**"open market value"** in relation to the value of a supply of goods or services at any date means the consideration in money which a similar supply would generally fetch if supplied in similar circumstances at the date in Sri Lanka, being a supply freely offered and made between persons who are not associated persons, excluding the excise duty payable under the Excise (Special Provisions) Act, No. 13 of 1989 and the national security levy payable under the National Security Levy Act, No. 52 of 1991;

**"person"** includes a company, or body of persons;

**"prescribed"** means prescribed by regulations made under this Act;

**"registered person"** means any person who is registered or deemed to be registered under section 10 or section 12 of this Act and includes a person liable to be registered under this Act;

**"specified"** means specified by the Commissioner-General of Inland Revenue;

**"supply of goods"** means the transfer of the right to dispose as owner of movable or immovable property;

**"supply of services"** means any supply which is not a supply of goods;

**"supplier"**, in relation to any supply of goods or services, means the person making the supply;

**"taxable period"** means the period of three months commencing respectively on the first day of January, the first day of April, the first day of July and the first day of October of each year;

**"taxable activity" means—**

- (a) any activity carried on or carried out as a business, trade, profession or vocation other than in the course of employment or every adventure or concern in the nature of a trade;
- (b) the provision of facilities to its members or others for a consideration and the receipt of subscription in the case of a club, association or organization;
- (c) anything done in connection with the commencement or cessation of any activity or provision of facilities referred to in (a) or (b);
- (d) the hiring or leasing of any movable property or the renting or leasing of any immovable property;
- (e) the exploitation of any intangible property such as patents, copyrights or other similar assets;

**"taxable supply" means any supply of goods or services made or deemed to be made in Sri Lanka which is chargeable with tax under this Act and includes a supply charged at the rate of zero *per cent* other than a exempt supply.**

#### **SCHEDULE**

- (i) The supply of coconuts, desiccated coconut, coconut fibre, coconut poonac, copra, rubber, tea, green leaf, paddy, cardamons, cinnamon, cloves, nutmeg, pepper or any other unprocessed produce of any agricultural, horticultural, animal husbandry, poultry or fishing undertaking;
- (ii) The import of potatoes, onions and chillies or the supply or import of vegetable seeds;
- (iii) The supply or import of rice, rice flour, wheat, wheat flour and all other grains;
- (iv) The supply of bread other than fancy bread such as toasted bread, garlic bread, french bread, banana bread, bread roll, hard bread roll & see;
- (v) The supply or import of milk or powdered or condensed milk excluding any article manufactured or produced from milk;
- (vi) The supply of water other than in sealed containers or in bottles;
- (vii) The supply or import of pharmaceutical products, or ayurvedic, siddha, unani or homeopathic preparations, or any raw material to be used in such production or preparation;
- (viii) The supply of any services by an educational establishment or school to which grants from state funds are paid or to which such grants were earlier paid but are not paid at present;
- (ix) The supply or import of any books other than newspapers, periodicals or magazines;
- (x) The supply or import of any dried fish and maldivian fish;
- (xi) The supply or import of sugar, jaggery and sakkara;
- (xii) The supply or import of kerosine, diesel and liquid petroleum gas;
- (xiii) The supply or import of cement including clinker;
- (xiv) The supply or import of fertilizer including rock phosphate;
- (xv) The import of crude petroleum oil;
- (xvi) The supply of the following financial services:—
  - (a) The operation of any current, deposit or savings account;
  - (b) The exchange of currency;



- (c) The issue, payment, collection or transfer of ownership of any note or order for payment, cheque, or letter of credit;
  - (d) The issue, allotment, transfer of ownership, drawing acceptance or endorsement of any debt security, being any interest in or right to be paid money owing by any person;
  - (e) The issue, allotment, or transfer of ownership of any equity security or a participatory security;
  - (f) Underwriting or sub-underwriting the issue of an equity security, debt security or participatory security;
  - (g) The provision of any loan, advance or credit;
  - (h) The provision of the facility of instalment credit finance in a hire purchase conditional sale or credit sale agreement for which facility a separate charge is made and disclosed to the person to whom the supply is made;
  - (i) Life insurance.
- (xvii) The import or supply of goods and services to Diplomatic Missions, United Nations Organisation and its specialised agencies, and the staff of those Missions and Organisations, which or who under the Vienna Convention on Diplomatic Relations (1961) relating to the privileges and immunities are entitle to these benefits provided that reciprocal benefits are available to their counterparts from Sri Lanka and identified as such by the Commissioner-General, including the import under a temporary admission Carnet for re-export;
- (xviii) The import and supply of goods at Duty Free Shops for payment in foreign currency;
- (xix) The import or supply of unused postage or revenue stamps of the Government of the Democratic Socialist Republic of Sri Lanka;
- (xx) The import of any article entitled to duty free clearance under the Passenger's Baggage (Exemptions) Regulations made under section 107 of the Customs Ordinance or any article cleared duty free re-importation certificate as provided in Schedule A under the Customs Ordinance or any article cleared ex-bond for re-export or for use as ship stores;
- (xxi) The import of goods by any organisation approved by the Minister in-charge of the subject of Finance and proved to his satisfaction to be gifts from persons or organizations overseas for the relief of distress caused by natural or other disasters;
- (xxii) The supply of aviation fuel, and bunker fuel;
- (xxiii) The supply of public passenger transport services (other than air or water transport, services for the transport of tourists, or in the form of excursion tours or taxi services) or the import or supply of a motor coach or chassis or a body of a motor coach for such public passenger transport services;
- (xxiv) The import or supply of tractors to be used exclusively for agricultural work;
- (xrv) The supply of services by a ship owner or aircraft owner, or a charterer of a ship or aircraft in their respective capacities as an owner or charter;
- (xxvi) The supply of electricity upto 75 kwh per consumer as defined under Electricity Act, No. 19 of 1950, per month;
- (xxvii) Import by any person who has entered into an agreement—
- (a) prior to May 16th, 1996; or
  - (b) prior to the appointed date in respect of a project the total cost of which is not less than Rs. 500 Million, with the Board of Investment of Sri Lanka, under section 17 of Board of Investment of Sri Lanka Law, No. 4 of 1978, of any article which is prescribed as a project related article to be utilised in the project

specified in the agreement during the project implementation period of such project as specified in such agreement or upto the date of completion of such project, which ever is earlier;

(xxviii) Import by any person who has entered into an agreement, with the Board of Investment of Sri Lanka, under section 17 of Board of Investment of Sri Lanka Law No. 4 of 1978, of any article which is prescribed as a project related article to be utilised in the project specified in the agreement—

(a) for a period of three years, from the appointed date, or

(b) until the completion of such project,

whichever is earlier;

(xxix) Import, by any person of any article which is prescribed as project related article to be utilised in any prescribed project where the total cost of the project is not less than Rupees 500 million—

(a) for a period of three years from the appointed date, or

(b) upto the date of completion of such project,

whichever is earlier;

(xxx) Supply, in Sri Lanka, of architectural, engineering, quantity surveying or construction management services by a non-resident person within the meaning of the Inland Revenue Act, No. 28 of 1979, to a company with which an agreement has been entered into by the Board of Investment of Sri Lanka under section 17 of the Board of Investment of Sri Lanka Law, No. 4 of 1978, on or before the appointed date, if the total cost of the project to which such agreement relates is not less than US \$ 50 million or its equivalent;

(xxxi) the supply of services by a person in Sri Lanka to another person, to be consumed or utilized wholly, by such other person outside Sri Lanka.

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

## APPROPRIATION ACT, NO. 35 OF 1996

[Certified on 23rd December, 1996]

AN ACT TO PROVIDE FOR THE SERVICE OF THE FINANCIAL YEAR, 1997, TO AUTHORIZE THE RAISING OF LOANS IN OR OUTSIDE SRI LANKA, FOR THE PURPOSE OF SUCH SERVICE, TO MAKE FINANCIAL PROVISION IN RESPECT OF CERTAIN ACTIVITIES OF THE GOVERNMENT DURING THAT FINANCIAL YEAR, TO ENABLE THE PAYMENT, BY WAY OF ADVANCES OUT OF THE CONSOLIDATED FUND OR ANY OTHER FUND OR MONEYS OF, OR AT THE DISPOSAL OF, THE GOVERNMENT, OF MONEYS REQUIRED DURING THAT FINANCIAL YEAR FOR EXPENDITURE ON SUCH ACTIVITIES, TO PROVIDE FOR THE REFUND OF SUCH MONEYS TO THE CONSOLIDATED FUND; AND TO MAKE PROVISION FOR MATTERS CONNECTED WITH, OR INCIDENTAL TO, THE AFORESAID MATTERS.

1. This Act may be cited as the Appropriation Act, No. 35 of 1996.
2. (1) Without prejudice to any other law authorising any expenditure, the expenditure of the Government which it is estimated will be rupees two hundred and eight thousand one hundred and fifty-six million and six hundred and eleven thousand for the service of the period beginning on January 1, 1997 and ending on December 31, 1997, in this Act referred to as the "financial year 1997", 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-seven thousand five hundred and eighty-one million six hundred and twenty-six thousand.

The sum of rupees two hundred and eight thousand one hundred and fifty-six million and six hundred and eleven thousand herein before referred to may be expended as specified in the First Schedule to this Act.
- (2) The provision 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, 1997 from each activity specified in column I of the Second Schedule to this Act shall be credited to the account of such activity, but the aggregate of 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, 1997.
- (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, 1997 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, 1997 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, 1997 the receipts of the Government from any activity specified in column I of the Second Schedule to this Act are insufficient to meet the expenditure incurred by the Government on such activity, the Minister may, from time to time, by Order direct that such sums as he may deem necessary to meet such expenditure shall be payable, by way of advances, out of the Consolidated Fund or any other fund or moneys of, or at the disposal of, the Government, so however, that the aggregate of the sums so advanced 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 provision of the First Schedule to this Act, have been allocated to Recurrent Expenditure under any Programme appearing under any Head specified in that Schedule, but have not been expended or are not likely to be expended, may be transferred to the allocation of Capital Expenditure within that Programme, or to the allocation of Recurrent Expenditure or Capital Expenditure under any other Programme within that Head by order of the Secretary to the Treasury or any other officer authorized by him.
- (2) No moneys allocated to Capital Expenditure under any Programme appearing under any Head specified in the First Schedule to this Act shall be transferred out of that allocation.
6. Where the Minister is satisfied—
- (1) that receipts from taxes and other sources will be less than the amounts anticipated to finance authorized expenditure; or
- (2) that amounts originally appropriated for a particular purpose or purposes are no longer required,
- he may, with the approval of the Government, withdraw in whole or in part, any amounts previously released for expenditure under the authority of a warrant issued by him from the Consolidated Fund or from any other fund or moneys of, or at the disposal of, the Government.
7. (1) The Minister with the approval of the Government may on or before May 31, 1998 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.
- (2) No Order made under subsection (1) of this section shall have effect unless it has been approved by Parliament, by resolution.
- (3) 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.

# NATIONAL SECURITY LEVY (AMENDMENT) ACT, NO. 36 OF 1996

[Certified on 31st December, 1996]

## AN ACT TO AMEND THE NATIONAL SECURITY LEVY ACT, NO. 52 OF 1991

1. This Act may be cited as the National Security Levy (Amendment) Act, No. 36 of 1996.
2. The long title of the National Security 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 YEARS COMMENCING RESPECTIVELY, ON JANUARY 1, 1992, ON JANUARY 1, 1993, ON JANUARY 1, 1994, ON JANUARY 1, 1995, AND ON JANUARY 1, 1996," of the words and figures "FOR THE YEARS COMMENCING RESPECTIVELY, ON JANUARY 1, 1992, ON JANUARY 1, 1993, ON JANUARY 1, 1994, ON JANUARY 1, 1995, ON JANUARY 1, 1996, AND ON JANUARY 1, 1997".
3. Section 3 of the principal enactment is hereby amended as follows:—
  - (1) in subsection (1) of that section by the substitution, for the words and figures "for every quarter of the years commencing respectively, on January 1, 1992, on January 1, 1993, on January 1, 1994, on January 1, 1995, and on January 1, 1996", of the words and figures "for every quarter of the years commencing respectively, on January 1, 1992, on January 1, 1993, on January 1, 1994, on January 1, 1995, on January 1, 1996, and on January 1, 1997"; and
  - (2) in subsection (2) of that section—
    - (a) by the substitution, in paragraph (f) of that subsection for the words "for sale in any duty free shop; and", of the words "for sale in any duty free shop";
    - (b) by the substitution, in paragraph (g) of that subsection for the words "taken out of Sri Lanka for repairs.", of the words "taken out of Sri Lanka for repairs; and";
    - (c) by the addition, at the end of that subsection, of the following paragraph:—

"(h) the value of any spare part imported by any airline or shipping company, if proved to the satisfaction of the Commissioner-General, that such spare part is to be used in Sri Lanka for the repair or maintenance of any aircraft or ship, used in international traffic and owned or chartered by such airline or shipping company."
4. Section 4 of the principal enactment is hereby amended by the repeal of paragraph (f) of that section and the substitution of the following paragraphs therefor:—

"(f) for every quarter commencing on or after January 1, 1996, but prior to January 1, 1997—

  - (i) an amount equivalent to—
    - (A) four and one-half *per centum* of the turnover of that person, not being turnover referred to in item (B) of this sub-paragraph; and
    - (B) two *per centum* of the turnover of that person arising from the import or manufacture of any plant, machinery or equipment, not being any motor car, motor coach or lorry within the meaning of the Motor Traffic Act (Chapter 203)

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—
    - (A) four and one-half *per centum* of the turnover of that person, not being turnover referred to in item (B) of this sub-paragraph; and

- (B) two *per centum* of the turnover of that person arising from the import or manufacture of any plant, machinery or equipment, not being any motor car, motor coach or lorry within the meaning of the Motor Traffic Act (Chapter 203);

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 sub-paragraph (ii) of this paragraph, on or before the fifteenth day of the month immediately succeeding the end of that quarter; and

- (g) for every quarter commencing on or after January 1, 1997 but prior to January 1, 1998—

- (i) an amount equivalent to—

- (A) four and one-half *per centum* of the turnover of that person, not being turnover referred to in item (B) of this sub-paragraph; and

- (B) one half *per centum* of the turnover of that person arising from the import or manufacture of any plant, machinery or equipment, not being any motor car, motor coach or lorry within the meaning of the Motor Traffic Act (Chapter 203)

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—

- (A) four and one half *per centum* of the turnover of that person, not being turnover referred to in item (B) of this sub-paragraph; and

- (B) one half *per centum* of the turnover of that person arising from the import or manufacture of any plant, machinery or equipment, not being any motor car, motor coach or lorry within the meaning of the Motor Traffic Act (Chapter 203)

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 sub-paragraph (ii) of this paragraph, on or before the fifteenth day of the month immediately succeeding the end of that quarter.”

5. The Schedule to the principal enactment is hereby amended by the addition, immediately after item 6 of that Schedule, of the following item:—

- “7. For any quarter commencing on or after January 1, 1997 but prior to January 1, 1998—

- (i) on the turnover other than turnover referred to in paragraph (ii) of this item

4.5 *per centum*

- (ii) on the turnover arising from the import or manufacture of any plant, machinery or equipment, not being any motor car, motor coach, or lorry within the meaning of the Motor Traffic Act (Chapter 203)

0.5 *per centum*”.

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

# **SAVE THE NATION CONTRIBUTION (AMENDMENT) ACT, NO. 37 OF 1996**

[Certified on 31st December, 1996]

AN ACT TO AMEND THE SAVE THE NATION CONTRIBUTION ACT, NO. 5 OF 1996.

1. This Act may be cited as the Save the Nation Contribution (Amendment) Act, No. 37 of 1996.
2. The long title of the Save the Nation Contribution Act, No. 5 of 1996 (hereinafter referred to as "the principal enactment") is hereby amended by the substitution for the words and figures, "FOR EVERY QUARTER OF THE YEAR COMMENCING ON APRIL 1, 1996;", of the words and figures "FOR EVERY QUARTER OF THE YEARS COMMENCING RESPECTIVELY ON APRIL 1, 1996, AND ON APRIL 1, 1997;"
3. Section 2 of the principal enactment is hereby amended in paragraph (a) of subsection (1) of that section as follows:—
  - (a) by the substitution in sub-paragraph (ii) of that paragraph, for the words "Sri Lanka Air Force", of the words "Sri Lanka Air Force, or;" and
  - (b) by the insertion, immediately after sub-paragraph (ii) of that paragraph, of the following new sub-paragraph:

"(iii) in individual employed outside Sri Lanka, in any diplomatic mission of Sri Lanka, in accordance with a contract of employment entered into with such individual outside Sri Lanka".
4. Section 3 of the principal enactment is hereby amended in subsection (1) of that section, by the substitution, for the words and figures "the year commencing on April 1, 1996", of the words and figures "the years commencing respectively on April 1, 1996 and on April 1, 1997".
5. In the event of any inconsistency between the Sinhala and Tamil text of this Act, the Sinhala text shall prevail.

**STAMP DUTY (AMENDMENT) ACT, NO. 38 OF 1996**

[Certified on 31st December, 1996]

**AN ACT TO AMEND THE STAMP DUTY ACT, NO. 43 OF 1982.**

1. This Act may be cited as the Stamp Duty (Amendment) Act, No. 38 of 1996.
2. Section 5 of the Stamp Duty Act, No. 43 of 1982 (hereinafter referred to as the "principal enactment"), as last amended by Act No. 63 of 1993, is hereby further amended as follows:—
  - (a) in paragraph (20 a) of that section, by the substitution for the words "share in the Credit Information Bureau", of the words "share, in any quoted public company or the Credit Information Bureau" ; and
  - (b) in paragraph (20 b) of that section, by the substitution for the words "share in the Credit Information Bureau", of the words "share, in any quoted public company or the Credit Information Bureau".
3. The amendment made to section 5 of the principal enactment, by section 2 of this Act, shall be deemed for all purposes to have come into force on November 7, 1996.
4. In the event of any inconsistency between the Sinhala and Tamil text of this Act, the Sinhala text shall prevail.