

PART IV

MAJOR LEGISLATIVE ENACTMENTS OF 1998 RELATING TO THE FUNCTIONS AND OPERATIONS OF THE CENTRAL BANK AND BANKING INSTITUTIONS IN SRI LANKA

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MONETARY LAW (AMENDMENT) ACT, NO. 6 OF 1998

[Certified on 27th March, 1998]

AN ACT TO AMEND THE MONETARY LAW ACT

1. This Act may be cited as the Monetary Law (Amendment) Act, No. 6 of 1998.
2. The following new section is hereby inserted immediately after section 52 of the Monetary Law Act, (hereinafter referred to as the "principal enactment") and shall have effect as section 52A of that Act :—

"Issue of commemorative currency notes or coins.

52A. (1) (a) The Central Bank may, with the approval of the Minister in charge of the subject of Finance and subject to section 53, issue commemorative currency notes or coins.

(b) Commemorative currency notes or coins issued under paragraph (a) of this subsection may be sold at a price higher than the denomination specified in such note or coin and as may be determined by the Minister in charge of the subject of Finance.

(2) The sale of a commemorative currency note or coin issued under subsection (1) at a price higher than the denomination specified in such currency note or coin shall be deemed not to be a contravention of section 58A.

(3) In this section "commemorative currency note or coin" means a currency note or coin issued to commemorate any person or a special event."
3. Section 55 of the principal enactment is hereby amended as follows :—
 - (1) by the renumbering of that section as subsection (1) of that section ;
 - (2) in the renumbered subsection (1) of that section by the substitution for the words "upon surrender by any person", of the words "Subject to the provisions of subsection (2), upon surrender by any person";
 - (3) by the addition immediately after the renumbered subsection (1) of that section of the following subsection :—

"(2) Nothing in subsection (1) shall be read and construed as imposing an obligation on the Central Bank to deliver on demand under subsection (1), any commemorative currency note or coin issued under section 52A, where the required currency note or coin is of a denomination specified in such currency note or coin."
4. The amendments made to the principal enactment by sections 2 and 3 of this Act, shall be deemed for all purposes to have come into force on February 4, 1998, and accordingly, any commemorative currency note or coin issued or sold on or after February 4, 1998 and before the commencement of this Act shall be deemed, for all purposes to have been, and to be, lawfully issued or sold.
5. In the event of any inconsistency between the Sinhala and Tamil text of this Act, the Sinhala text shall prevail.

GOODS AND SERVICES TAX (AMENDMENT) ACT, NO. 11 OF 1998

[Certified on 31st March, 1998]

AN ACT TO AMEND THE GOODS AND SERVICES TAX ACT, NO. 34 OF 1996

1. This Act may be cited as the Goods and Services Tax (Amendment) Act, No. 11 of 1998, and shall come into operation on such date as the Minister may appoint by Order published in the *Gazette*.
2. Section 2 of the Goods and Services Tax Act, No. 34 of 1996 (hereinafter referred to as the "principal enactment") is hereby amended by the repeal of subsection (3) of that section and the substitution therefor of the following subsection:—

"(3) The tax on 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. These provisions shall not be applicable to any goods entered into customs bonded area in terms of the Customs Ordinance :

Provided however, that the Director-General of Customs may defer the payment of the tax due on any goods imported by a registered person who imports goods to be used for the purposes of manufacture and exports the goods so manufactured, or any other person referred to in subsection (6) of section 22, for a period not exceeding forty-five days or such other period not exceeding ninety days as may be determined by the Minister by notification published in the *Gazette*, from the date of importation of such goods, subject to the furnishing of a bank guarantee or a corporate guarantee which covers the amount of the tax due on the goods so imported."

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

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

"(1A) Notwithstanding the provisions of paragraph (d) of subsection (1), where an invoice is issued in respect of goods supplied within ten days from the date of delivery of such goods, the time of supply of such goods shall be deemed to be the time at which the invoice was issued." ;

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

"(2A) Notwithstanding the provisions of paragraph (a) of subsection (2), when an invoice is issued in respect of services supplied within ten days from the date of performance of such service, the time of supply of such service shall be deemed to be the time at which the invoice was issued." ;

- (3) in paragraph (a) of subsection (3) of that section by the substitution for the words "under an agreement" of the words "under an agreement entered into on or after the appointed date" ;

- (4) by the addition at the end of that section of the following subsection :—

"(4) Where the Commissioner-General has directed any registered person to account for tax on a payment basis under section 23, the time of supply of goods and services supplied by such person shall be the time at which the payment in respect of such supply is received."

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

- (1) in subsection (1) of that section by the substitution for the words and figures "any tax chargeable under this Act, and any excise duty payable under the Excise (Special Provisions) Act, No. 13 of 1989", of the words "any tax chargeable under this Act," ;
- (2) in paragraph (i) of subsection (5) of that section by the substitution for the words "by a person after the time" of the words "by a person at the time" ;

(3) in subsection (10) of that section by the substitution for the words "shall be the amount paid for such ticket or the amount deposited", of the words "shall be the amount paid for such ticket less the tax payable under this Act or the amount deposited less the tax payable under this Act" ; and

(4) by the addition at the end of that section of the following subsections:—

"(11) Where goods or services are supplied under an agreement entered into on or before 23rd December, 1996 not being a hire purchase agreement and which is not reviewable the value of such supply shall be the consideration for such supply as stipulated in such agreement less the tax determined by the Commissioner-General as being attributable to such consideration.

(12) Where any goods supplied under a lease agreement is subsequently transferred to the lessee at the expiry of the period of the lease, for a consideration not exceeding ten *per centum* of the total consideration of the lease agreement, such consideration shall be considered a part of the consideration of the lease agreement."

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

(1) in paragraph (b) of subsection (1) of that section by the substitution, for the words "and any cess", of the words and figures "any cess and any excise duty payable under the Excise (Special Provisions) Act, No. 13 of 1989" ;

(2) by the repeal of subsection (2) of that section.

6. Section 7 of the principal enactment is hereby amended in paragraph (b) of subsection (1) of that section as follows:—

(1) in sub-paragraph (iii) of that paragraph by the substitution for the words "for use outside Sri Lanka", of the words "for use outside Sri Lanka ; and" ;

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

"(iv) international transportation (including transshipment) of goods or passengers."

7. Section 10 of the principal enactment is hereby amended in subsection (1) of that section by the repeal of paragraphs (a), (b) and (c) of that subsection and the substitution therefor of the following paragraphs :—

"(a) at the end of any taxable period of one month or three months, as the case may be, the total value of his taxable supplies of goods or services or goods and services made in Sri Lanka in that taxable period of one month or three months, as the case may be, has exceeded five hundred thousand rupees ; or

(b) in the twelve months period then ending, the total value of his taxable supplies of goods or services or goods and services made in Sri Lanka has exceeded one million and eight hundred thousand rupees ; or

(c) at any time there are reasonable grounds to believe that the total value of his taxable supplies in Sri Lanka of goods or services or goods and services in the succeeding one month or three months taxable period, as the case may be, is likely to exceed five hundred thousand rupees or in the succeeding twelve months period is likely to exceed one million and eight hundred thousand rupees :

Provided however that where the Commissioner-General is of opinion that the supply of goods relate to an isolated transaction, the value of such supply may be excluded in calculating the total value of taxable supplies for the purposes of this section."

8. Section 11 of the principal enactment is hereby amended in the proviso to subsection (1) of that section by the substitution for the words and figures "section 10 or section 12" of the words and figures "section 10 or section 12 or is deemed to be a registered person under subsection (1) of section 75".

9. Section 13 of the principal enactment is hereby amended in paragraph (a) of that section by the substitution for the words and figures "section 10 or section 12", of the words and figures "section 10 or section 12 or is deemed to be a registered person under subsection (1) of section 75".

10. Section 15 of the principal enactment is hereby amended in subsection (3) of that section by the substitution for the words "certificate at conspicuous place" of the words "certificate at a conspicuous place."

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

- (1) in subsection (1) of that section by the repeal of all the words from "eight successive taxable periods following the date of registration" to the end of that subsection and the substitution therefor of the following:—

"a period of twenty-four months 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 supplies during any taxable period within such period does not exceed the value set out in section 10.";

- (2) in subsection (3) of that section by the substitution for the words and figures "any person registered under section 10 or section 12 where the Commissioner-General is of the opinion", of the words "any person, where he is of the opinion".

12. Section 20 of the principal enactment is hereby amended as follows:—

- (1) in subsection (1) of that section by the substitution for the words "shall issue to another registered person to whom a supply is made", of the words "shall issue to the person to whom such supply is made";

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

- (a) by the repeal of paragraph (b) of that subsection and the substitution therefor of the following paragraph:—

"(b) the name and address of the person to whom the supply was made ;"; and

- (b) in paragraph (f) of that subsection, by the substitution for the words and figures "the amount of any excise duty payable under the Excise (Special Provisions) Act, No. 13 of 1989 any national" of the words "the amount of any national";

- (3) by the repeal of subsection (6) of that section and the substitution therefor of the following:—

"(6) Notwithstanding the provisions of section 2, where a registered person makes a taxable supply, the value of which does not exceed two thousand rupees such registered person may issue a tax invoice setting out the following:—

- (a) the name, address and the registration number of the supplier;
- (b) the date on which the tax invoice was issued and its serial number;
- (c) the date of supply and the description of goods or services supplied;
- (d) the quantity or volume of the supply;
- (e) the consideration inclusive of the tax for the supply and the relevant rate of tax."

13. Section 21 of the principal enactment is hereby amended as follows:—

- (1) in subsection (1) of that section by the substitution for the words "fifteen days", of the words "last day of the month";
- (2) by the repeal of subsection (2) of that section;
- (3) by the repeal of subsection (12) of that section and the substitution therefor of the following subsection:—

“(12) Except where the Commissioner-General, imposes a penalty under subsection (10), every person who contravenes the provisions of subsection (1) or subsection (3) 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 fifty thousand rupees or to an imprisonment of either description for a term not exceeding six months or to both such fine and imprisonment.”.

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

- (1) in subsection (2) of that section by the substitution for the words “any output tax that is due to him”, of the words “any output tax that is due to him”;

Provided however, any person adopting a payment basis of accounting, is entitled to claim credit on so much of his input tax as is allowable under this Act, only in respect of a supply for which the payment has been made by such person.”;

- (2) in subsection (4) of that section by the substitution for the words “the expiration of one month”, of the words “the expiration of two months”;
- (3) by the repeal of the proviso to subsection (4) of that section and the substitution therefor of the following proviso :—

“Provided however, that where 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 taxable period, such part of the excess of the input tax (inclusive of any excess brought forward from a preceding taxable period) as is equivalent to the proportion that the zero rated supplies bear to the total taxable supplies ; or
- (b) there is an excess of input tax, in the case of a person who has entered into an agreement with the Board of Investment of Sri Lanka during the period referred to in item (XXVII) or (XXVIII) of the Schedule to this Act ; or
- (c) there is an excess of input tax, in the case of a person referred to in subsection (6),

such part of the excess or such excess, as the case may be, shall be refunded, subject to the provisions of section 58, not later than one month after the end of the taxable period or from the date of the receipt of the return for such taxable period, in which the excess arose, whichever is later. In the event of a 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.”;

- (4) in paragraph (1) of subsection (5) of that section by the substitution for the words “for the transportation of any goods;”, of the words “for the transportation of any goods or motor vehicle forming part of any stock in trade of any taxable activity”;
- (5) by the addition immediately after subsection (5) of that section of the following subsections:—

“(6) Where any registered person has proved to the satisfaction of the Commissioner-General that such person has commenced any business in Sri Lanka, and undertakes to make the taxable supplies in respect of such business within a period of thirty months from the date of such commencement, the Commissioner-General may allow credit for input tax in respect of such business subject to such conditions as may be specified by him.

(7) Notwithstanding the provisions of section 33, any refund in excess of the amount due, or any excess amount of input tax claimed shall be assessed by an Assessor on the registered person to whom the refund has been made or making such claim, as the case may be, and such amount shall be deemed to be tax in default on the first day of the taxable period in which the excess of input tax first arose resulting in such refund or excessive claim in excess as the case may be.”.

15. Section 25 of the principal enactment is hereby amended as follows :—

- (1) in subsection (1) of that section by the substitution, for the words "a supply made to a registered person", of the words "a supply made to another person" ; and
- (2) in paragraph (b) of subsection (2) of that section by the substitution, for the words "the supply was made shall pay", of the words "the supply was made shall if such person is a registered person pay".

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

- (1) in subsection (1) of that section by the substitution for the words "not later than the fifteenth day of", of the words "not later than the last day of" ;
- (2) by the repeal of both the provisos to that section.

17. Section 27 of the principal enactment is hereby amended in paragraph (b) of subsection (1) of that section, by the substitution for the words "fifteenth day", wherever those words appear in that paragraph, of the words "last day".

18. Section 30 of the principal enactment is hereby amended by the substitution for the words "avoid the payment of tax he shall", of the words "avoid the payment of tax or where the supply relates to a transaction between associated persons he shall".

19. Section 33 of the principal enactment is hereby amended by the substitution for the words "has furnished a return in respect of that period", of the words "has furnished a return as provided in section 21 in respect of that period".

20. Section 48 of the principal enactment is hereby amended as follows :—

- (1) in subsection (1) of that section by the substitution for the words "whether such officer is responsible or not for such default", of the words "as if such officer is responsible for such default unless he proves the contrary to the satisfaction of Commissioner-General" ;
- (2) by the repeal of subsection (2) of that section and the substitution therefor of the following subsection :—

"(2) Where an unincorporated body of persons 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 office-bearer of such unincorporated body of persons as if he is responsible for such default unless he proves the contrary to the satisfaction of the Commissioner-General, notwithstanding anything in any other written law."

21. Section 57 of the principal enactment is hereby amended as follows :—

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

"(2) Where an unincorporated body of persons is dissolved and where any tax to which such unincorporated body is liable, cannot be recovered then every person who was a partner or office - bearer of that unincorporated body 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 the tax cannot be attributed to any gross neglect, malfeasance or breach of duty on his part in relation to the affairs of such unincorporated body and the provisions of this Act relating to collection and recovery of tax shall apply accordingly."

22. Section 58 of the principal enactment is hereby amended as follows :—

- (1) in the proviso to subsection (1) of that section by the repeal of paragraphs (i) and (ii) of that proviso

and the substitution therefor of the following paragraphs—

- “ (i) a registered person who makes zero rated supplies ; or
- (ii) any registered person referred to in paragraph (b) of the proviso to subsection (4) of section 22 ;
- (iii) any registered person referred to in subsection (6) of section 22”;

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

- (a) by the substitution in paragraph (a) thereof for the words “any taxable period or a month in a taxable period”, of the words “any taxable period” ;
- (b) by the substitution in paragraph (b) thereof for the words “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”, of the words “any taxable period has not furnished a return”.

23. Section 59 of the principal enactment is hereby amended in subsection (1) of that section by the substitution for the words “by the Minister from time to time.” of the words “by the Minister from time to time :

Provided however, no such interest shall be payable where there was a delay on the part of the registered person in complying with any requirement made by the Assessor in respect of any records of the registered person.”.

24. Chapter XI of the principal enactment is hereby repealed.

25. Section 68 of the principal enactment is hereby amended by the repeal of paragraph (f) of that section.

26. Section 71 of the principal enactment is hereby amended in subsection (4) of the section by the substitution for the words “ a Deputy Commissioner of Inland Revenue” of the words “a Deputy Commissioner of Inland Revenue or a Senior Assessor of Inland Revenue.”.

27. The following new sections are hereby inserted immediately after section 71 and shall have effect as sections 71A and 71B respectively of the principal enactment.

“Goods and Services Tax Refund Fund. 71A. (1) There shall be established a Fund called the Goods and Services Tax Refund Fund (hereinafter referred to as “the Fund”).

(2) There shall be credited to the Fund—

- (a) a sum of Rupees one hundred million which shall be paid out of the Consolidated Fund to the Fund ;
- (b) twenty five *per centum* of the Goods and Services Tax collected every month commencing from the appointed date, on or before the fifteenth day of the month immediately succeeding that month.

(3) There shall be paid out of the Fund all refunds required to be paid in accordance with the provisions of this Act.

(4) (i) The Commissioner-General or any other officer of the Department of Inland Revenue authorised by him in that behalf in writing shall administer the Fund.

(ii) Regulations may be made as regards the manner and mode in which the refunds may be made.

“Rewards to informants. 71B. The Commissioner-General may pay, from sums appropriated for that purpose by Parliament, such sums of money as he considers reasonable in the circumstances of the case,

to any individual who provides information which results in the assessment of the tax payable by any other person and the collection of tax from such person”.

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

- (1) in subsection (1) of that section by the substitution for the words “exceeds two hundred thousand rupees”, of the words “exceeds five hundred thousand rupees”;
- (2) in subsection (2) of that section by the substitution for the words “for the period specified in subsection (1)” of the words “for any taxable period after the appointed date”;
- (3) by the addition immediately after subsection (3) of that section of the following subsection:—

“(4) Where it is proved to the satisfaction of the Commissioner-General, that any registered person has paid turnover tax under section 12 of the Turnover Tax Act, No. 69 of 1981 in respect of goods imported into Sri Lanka by such person before the appointed date and such goods are supplied by such person in the course of making taxable supplies which are not within section 3, on or after the appointed date, such turnover tax paid or part thereof attributable to such taxable supply shall be deemed to be input tax credit for the purposes of section 22, if such turnover tax or a part thereof is not given credit for or refundable under sections 47, 48, 48A, and 48B of the Turnover Tax Act, No. 69 of 1981 or not refunded under section 49 of the said Act”.

29. Section 76 of the principal enactment is hereby amended as follows :—

- (1) by the insertion immediately after the definition of “Assessor” of the following definition :—

“associated persons” means—

- (a) any two or more companies which consist of the same shareholders or are managed and controlled by the same Directors; or
 - (b) any company and any shareholder, where such shareholder or the spouse or child of such shareholder or any trustee of such shareholder or any trustee of the spouse or the child of such shareholder hold jointly or severally twenty five *per centum* or more of the paid up capital or twenty five *per centum* or more of the nominal value of the allotted shares of that company; or
 - (c) any two individuals one of whom is the spouse or child of the other or is a trustee for such spouse or child; or
 - (d) a partnership and an individual where such individual is related to any partner of such partnership;
 - (e) a joint venture and any person who is related to a member of such joint venture; or
 - (f) any two persons one of whom is a trustee for the other;
 - (g) any two individuals related to each other;
- (2) by the repeal of the definitions respectively of “open market value” and “taxable period” and the substitution therefor, of the following definitions :—

“open market value” in relation to the value of a supply of goods or services at any date means the consideration in money less any tax charged under this Act, excluding the national security levy payable under the National Security Levy Act, No. 52 of 1991, which a similar supply would generally fetch, if supplied in similar circumstances at that date in Sri Lanka, being a supply freely offered and made between persons who are not associated persons;

“taxable period” means—

(a) a period of one month—

- (i) where the value of taxable supplies of any person has exceeded rupees thirty million during the preceding twelve months; or
- (ii) where the value of taxable supplies of any person for the period of the succeeding twelve months is estimated to exceed rupees thirty million; or
- (iii) where the total turn over of any person under the Turn Over Tax Act, No. 69 of 1981 has exceeded rupees thirty million during four consecutive quarters ending six months immediately preceding the appointed date;
- (iv) where any person makes zero rated supplies;
- (v) where any person has entered into an agreement with the Board of Investment of Sri Lanka referred to in items (XXVII) or (XXVIII) of the Schedule;
- (vi) where any person has commenced a business and undertakes to comply with the requirements of subsection (6) of section 22;

(b) a 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 in respect of a registered person who is not referred to in paragraph (a) or a person who makes zero rated supplies and who opts to submit quarterly return on approval by the Commissioner-General;”.

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

- (1) in item (i) of that Schedule, by the substitution for the words “supply of coconuts, desiccated coconuts, coconut fibre, coconut poonac, copra, rubber” of the words “supply or import of coconuts, desiccated coconuts, coconut poonac, unprocessed forestry products”;
- (2) in item (ii) of that Schedule by the substitution for the words “The import” of the words “the supply or import”;
- (3) by the repeal of item (iv) of that Schedule and the substitution therefor of the following item :—
“(iv) The supply or import of bread of any description”;
- (4) in item (vi) of that Schedule, by the substitution for the words “The supply” of the words “The supply or import”;
- (5) in item (xii) of that Schedule, by the substitution for the words “and liquid petroleum gas” of the words “liquid petroleum, gas and petrol” ; ;
- (6) in item (xv) of that Schedule, by the substitution for the words “The import” of the words “The supply or import” ; ;
- (7) in item (xix) of that Schedule, by the substitution for the words “Republic of Sri Lanka” of the words “Republic of Sri Lanka or of a Provincial Council;”;
- (8) in item (xxii) of that Schedule, by the substitution for the words “The import” of the words “The supply or import” ;
- (9) by the repeal of item (xxv) of that Schedule;

(10) in item (xxvi) of that Schedule, by the substitution for the words and figures "upto 75 kwh. per consumer" of the words and figures "upto 90 kwh. per consumer";

(11) by the repeal of item (xxix) of that Schedule;

(12) by the repeal of item (xxx) of that Schedule, and by the substitution therefor of the following item :—

(xxx) The 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;

(13) by the addition at the end of that Schedule of the following items :—

(xxxii) The supply, lease or rent of residential accommodation;

(xxxiii) The supply or import of timber;

(xxxiv) The supply of all health care services provided by medical institutions or professionally qualified persons providing such care;

(xxxv) The supply of hotel accommodation to tourists during the period of two years commencing from the appointed date;

(xxxvi) the supply of inbound services to tourists by travel agents registered with the Tourist Board established by Ceylon Tourist Board, Act, No. 10 of 1966 during the period of two years commencing from the appointed date ;

(xxxvii) The supply and import of pearls, diamonds, natural or synthetic precious or semi-precious stones, diamond and other powder, precious metals or metals clad with precious metal, and gold coins;

(xxxviii) The supply and import of machinery, Medical and Surgical instrument, apparatus and accessories including medical and dental equipment and ambulances for the provision of Health Services.

31. 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. 17 OF 1998

[Certified on 9th April, 1998]

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. 17 of 1998, and shall come into operation on April 1, 1998.
2. Section 2 of the National Security Levy Act, No. 52 of 1991 is hereby amended in subsection (1) of that section as follows :—
 - (1) in paragraph (c) of that subsection, by the substitution, for the words “ insurance or banking or finance. ” , of the words “ insurance or banking or finance ; or ” ; and
 - (2) by the addition, at the end of that subsection of the following paragraph :—

“ (d) carries on the business of providing telecommunication services. ” .
3. In the event of any inconsistency between the Sinhala and Tamil text of this Act, the Sinhala text shall prevail.

FINANCE (AMENDMENT) ACT, NO. 22 OF 1998

[Certified on 15th May, 1998]

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

1. This Act may be cited as the Finance (Amendment) Act, No. 22 of 1998.
2. Section 11 of the Finance Act, No. 11 of 1963 (hereinafter referred to as the "principal enactment") is hereby repealed and the following section substituted therefor :—

"Audit of Accounts. 11. Article 154 of the Constitution relating to the audit of the accounts of public corporations shall apply to the audit of the accounts of the Fund of the Board."

3. Section 14 of the principal enactment is hereby repealed and the following section substituted therefor :—

"National lotteries. 14. (1) The Board may conduct lotteries for the purposes of this Part of this Act.
(2) The Board may enter into agreements with any other person, for the conduct by such other person, of lotteries for the purposes of this Part of this Act, on behalf of the Board.
(3) The Board may by licence issued in that behalf, authorize the conduct by any other person, of lotteries for the purposes of this Part of this Act,
(4) Every lottery conducted by the Board under subsection (1) or conducted on behalf of the Board under an agreement entered into under subsection (2) or conducted under the authority of a licence issued under subsection (3) is in this Part of this Act referred to as a "national lottery".

4. The following new section is hereby inserted after section 14 and shall have effect as section 14A of the principal enactment :—

"Terms and conditions &c. of licence issued under section 14. 14A. (1) Every licence issued by the Board under subsection (3) of section 14 shall be subject to such terms and conditions as may be determined by the Board and approved by the Minister.
(2) There shall be paid in respect of every licence issued under subsection (3) of section 14, a fee of such amount as may be prescribed. The fee shall be paid to the Board by the person to whom the licence is issued and shall be credited by the Board to the Consolidated Fund.
(3) It shall be lawful for the Board to cancel a licence issued by it under subsection (3) of section 14, if the holder of the licence fails to comply with, any term or condition to which the licence is subject or any provision of this Act."

5. Section 15 of the principal enactment is hereby amended by the substitution, for the words "conducted in", of the words "conducted or authorized to be conducted in".

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

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

"(1) The number of prizes to be awarded in a national lottery and the value of each such prize shall—

- (a) in the case of a lottery conducted by the Board, be as prescribed ;
- (b) in the case of a lottery conducted on behalf of the Board under an agreement entered into under subsection (2) of section 14, be as specified in such agreement ;
- (c) in the case of a lottery conducted under the authority of a licence issued under subsection (3) of section 14 be as specified in the terms and conditions of such licence."

(2) by the repeal of subsection (3) of that section and the substitution of the following subsection therefor :—

“(3) The prize winners in every national lottery shall be determined—

- (a) in the case of a lottery conducted by the Board, in such manner as may be prescribed ;
- (b) in the case of a lottery conducted on behalf of the Board, under an agreement entered into under subsection (2) of section 14, in such manner as may be specified in such agreement ; and
- (c) in the case of a lottery conducted under the authority of a licence issued under subsection (3) of section 14, in such manner as may be specified in the terms and conditions of such licence.”.

(3) in subsection (4) of that section :—

- (a) by the substitution, for the words “the date of the drawing of lots for the prizes in”, of the words “the date of the determination of the winners of ;”;
- (b) by the substitution, for the words “the Board shall grant such prize”, of the words “the Board or the person conducting such national lottery on behalf of the Board or the person conducting such national lottery under the authority of a licence issued under subsection (3) of section 14, as the case may be, shall grant such prize”.

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

- (1) in subsection (1) of that section, by the substitution, for the words “every national lottery shall”, of the words “every national lottery conducted by the Board shall”.
- (2) by the substitution immediately after subsection (1) of that section of the following subsection :—

“(1A) Where the prize consisting of money in a national lottery conducted by the Board, is not won by any person, such prize money shall notwithstanding anything to the contrary in this section, be credited to a Prize Reserve Account and the monies accumulated in such account shall be used for the award of prizes at subsequent national lotteries conducted by the Board.”.

- (3) in subsection (2) of that section, by the substitution for the words “approved by the Permanent Secretary”, of the words “approved by the Secretary to the Ministry of the Minister.”.
- (4) by the addition, at the end of that section of the following subsections :—

“(3) The Board shall pay to the Consolidated Fund through the Secretary to the Ministry of the Minister, the proceeds of every national lottery conducted on behalf of the Board under an agreement entered into under subsection (2) of section 14, after a deduction from such proceeds, the value of the prizes awarded in such national lottery and of any management fees payable, under the terms of that agreement, to the person conducting such national lottery and of an amount approved by the Secretary as being an amount necessary for the purposes of meeting any payments and liabilities referred to in paragraphs (b), (c), (d) and (e) of subsection (2).

(4) All prizes in a national lottery which have been forfeited and paid to the Fund of the Board, under section 16, shall be credited by the Board to the Consolidated Fund.”.

8. Section 18 of the principal enactment is hereby repealed.

9. Section 23 of the principal enactment is hereby amended as follows :—

- (1) by the repeal of the definition of “financial year”, and the substitution, of the following definition therefor :—

“financial year” means the period commencing on January 1 in any year and ending on December 31 of that year; and

- (2) by the repeal of the definition of “Minister” and the substitution, of the following definition therefor :—

“Minister” means the Minister to whom the subject of Finance has been assigned.

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

TURNOVER TAX (AMENDMENT) ACT, NO. 46 OF 1998

[Certified on 31st August, 1998]

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

1. This Act may be cited as the Turnover Tax (Amendment) Act, No 46 of 1998.
2. Section 2 of the Turnover Tax Act, No. 69 of 1981 (hereinafter referred to as "the principal enactment") is hereby amended in paragraph (b) of that section as follows:—
 - (a) by the repeal of sub-paragraph (iii) of that paragraph; and
 - (b) by the re-numbering of sub-paragraph (iv) of that paragraph as sub-paragraph (iii) of that paragraph.
3. Section 5 of the principal enactment is hereby amended as follows:—
 - (1) in sub-paragraph (i) of paragraph (d) of subsection (1) of that section, by the substitution, for the words, "increased by twenty-five *per centum*", of the words "increased by ten *per centum*"; and
 - (2) by the addition, at the end of that section, of the following subsection:—

"(6) In ascertaining the turnover, for any quarter, of any business of exhibiting cinematograph films, there shall be deducted an amount equivalent to any "increase" within the meaning of regulation 2 of the regulations made under section 5 and section 61 of the National Film Corporation of Sri Lanka Act, No. 47 of 1971 and published in *Gazette Extraordinary* No. 946/9 of October 24, 1996, collected in that quarter, in respect of that business."
4. Section 12 of the principal enactment is hereby amended in subsection (1) of that section, by the substitution for the words, "every person who imports any article", of the words "every person who imports, prior to the date on which the Goods and Services Tax Act, No. 34 of 1996 comes into operation, any article".
5. Section 47 of the principal enactment is hereby amended as follows:—
 - (1) by the re-numbering of that section as subsection (1) of that section;
 - (2) by the addition, immediately after the re-numbered subsection (1) of the following subsections:—

"(2) Notwithstanding the preceding provisions of this section, where there remains any residue of the turnover tax which is deductible in accordance with the provisions of subsection (1), for each of the quarters preceding the last quarter, such residue shall be deducted, to the extent it can be so deducted, from the turnover tax payable by any person, in respect of the turnover referred to in subsection (1) for the last quarter, and any balance of the residue after such deduction shall, subject to the provisions of section 49, be refunded after the expiry of six months reckoned from the date on which the Goods and Services Tax Act, No. 34 of 1996 comes into operation.

For the purposes of this subsection "last quarter" means the quarter ending on the day immediately preceding the date on which the Goods and Services Tax Act, No. 34 of 1996 comes into operation.
 - (3) The provisions of subsection (2) shall not apply to any business referred to in paragraph (b) of section 2."
6. Section 48 of the principal enactment is hereby amended as follows:—
 - (1) by the re-numbering of that section as subsection (1) of that section;
 - (2) by the addition, immediately after the re-numbered subsection (1) of the following subsections:—

"(2) Notwithstanding the preceding provisions of this section, where there remains any residue of the turnover tax which is deductible in accordance with the provisions of subsection (1), for each of the

quarters preceding the last quarter, such residue shall be deducted, to the extent it can be so deducted, from the turnover tax payable by any person, in respect of the turnover referred to in subsection (1) for the last quarter, and any balance of the residue after such deduction shall, subject to the provisions of section 49, be refunded after the expiry of six months reckoned from the date on which the Goods and Services Tax Act, No. 34 of 1996 comes into operation.

For the purposes of this subsection "last quarter" means the quarter ending on the day immediately preceding then date on which the Goods and Services Tax Act, No. 34 of 1996 comes into operation.

- (3) The provisions of subsection (2) shall not apply to any business referred to in paragraph (b) of section 2".
7. The rate of turnover tax payable in respect of the turnover of any person who carried on business as a manufacturer or importer of any article falling within the description in the entry specified in column 3 of Part I of the Order made under section 7 of the principal enactment and published in *Gazette Extraordinary* No. 869/2 of May 1, 1995, and corresponding to the entry relating to Harmonized System Code No. 8424.81 under Heading No. 84 specified in Column 2 of that Part of that Order, shall, notwithstanding anything to the contrary in the Order made under that section of that Act and published in the *Gazette Extraordinary* No. 751/20 of January 29, 1993, be—
- (i) five *per centum* for the period commencing on January 29, 1993 and ending on February 7, 1995; and
 - (ii) six *per centum* for the period commencing on February 8, 1995 and ending on April 30, 1995.
8. Every business for the supply of the services for—
- (i) converting grey fabric into finished fabric; or
 - (ii) improving the quality and character of garments by chemical washing or dyeing, or by embroidery, smocking or screen printing,
- to any business engaged in the export of garments shall, notwithstanding anything to the contrary in an Order made under section 4 of the principal enactment, be deemed to be and to have been exempt from turnover tax for every quarter commencing on or after January 1, 1992 but prior to October 1, 1995 and for the period commencing on October 1, 1995 and ending on November 8, 1995.
9. The amendment made to section 5 of the principal enactment—
- (a) by section 3(1) of this Act, shall be deemed, for all purposes, to have come into force on November 6, 1997; and
 - (b) by section 3(2) of this Act, shall be deemed, for all purposes, to have come into force on July 1, 1997.
10. In the event of any inconsistency between the Sinhala and Tamil texts of this Act, the Sinhala text shall prevail.

TAX AND FOREIGN EXCHANGE AMNESTY ACT, NO. 47 OF 1998

[Certified on 14th September, 1998]

AN ACT TO ENABLE THE INVESTMENT IN CERTAIN COMPANIES APPROVED BY THE BOARD OF INVESTMENT OF SRI LANKA, OR THE DEPOSIT IN ANY BANK, OF MONEYS REPRESENTING ACCUMULATED PROFITS AND INCOME, RETAINED IN OR OUTSIDE SRI LANKA, AND IN RESPECT OF WHICH A PERSON HAS NOT FURNISHED A RETURN OF INCOME OR WHICH HAVE NOT BEEN DISCLOSED IN A RETURN FURNISHED BY SUCH PERSON UNDER THE LAW RELATING TO THE IMPOSITION OF INCOME TAX, OR OF RELEVANT FOREIGN CURRENCY HELD BY ANY PERSON OUTSIDE SRI LANKA ; TO REDUCE THE LIABILITY OF PERSONS TO PAY TAX ON SUCH DEPOSITS ; TO INDEMNIFY PERSONS AGAINST LIABILITY TO PAY CERTAIN TAXES AND AGAINST PROSECUTIONS OR PENALTIES FOR OFFENCES IN RELATION TO SUCH TAX LAWS OR EXCHANGE CONTROL LAW, WITH A VIEW TO SECURING FULL COMPLIANCE, IN THE FUTURE, BY SUCH PERSONS, WITH TAX LAWS, AND THE LAW RELATING TO EXCHANGE CONTROL ; AND FOR MATTERS CONNECTED THEREWITH OR INCIDENTAL THERETO

1. This Act may be cited as the Tax and Foreign Exchange Amnesty Act, No. 47 of 1998.

2. (1) This Act shall, subject to the provisions of subsection (2), apply to any person who—

(a) under law for the time being applicable to the imposition of income tax or surcharge on income tax, was liable to pay income tax for any year of assessment ending on or before March 31, 1996, in respect of any profits or income which arose, or accrued, on or before March 31, 1996, and who has not furnished a return of income under the provisions of such law for any such year of assessment or who has not disclosed such profits or income in any return furnished by him under the provisions of such law for any such year of assessment ; or

(b) holds any relevant foreign currency outside Sri Lanka.

(2) This Act shall not apply to any person in relation to whom any investigation was pending on November 6, 1997, for—

(a) any alleged or suspected evasion of any tax payable under, the law for the time being applicable to the imposition of income tax or the Finance Act, No. 11 of 1963 or the Turnover Tax Act, No. 69 of 1981, or the National Security Levy Act, No. 52 of 1991, in respect of any profits and income or turnover, as the case may be, which arose or accrued to, or was derived by, such person on or before March 31, 1996 ; or

(b) any alleged or suspected violation, of any provision of the Exchange Control Act or the Prevention of Terrorism (Temporary Provisions) Act, No. 48 of 1979.

(3) Every person referred to in subsection (1), not being a person referred to in subsection (2), shall, hereafter in this Act, be referred to as “a person to whom this Act applies”.

3. (1) Any person to whom this Act applies and who—

(a) has any relevant moneys ; or

(b) holds any relevant foreign currency may—

(i) invest, after November 5, 1997 but on or before June 30, 1999, such relevant moneys or moneys obtained by the conversion of such relevant foreign currency, in the purchase of any share, other than any existing share, in any company which is engaged only in any specified undertaking ;

(ii) deposit, after November 5, 1997 but on or before December 31, 1998, such relevant moneys or moneys obtained by the conversion of such relevant foreign currency in any Bank, and pay to the Commissioner General and amount (hereinafter in this Act referred to as the ‘amnesty tax’) equivalent to fifteen *per centum* of the moneys so deposited.

(2) For the purposes of this section "specified undertaking" means any undertaking for—

- (i) the manufacture or assembly of electronic products or components for such products ;
- (ii) the manufacture of ceramic products or glassware ;
- (iii) the manufacture of rubber products using rubber produced in Sri Lanka ;
- (iv) the manufacture of jewellery ;
- (v) the cutting and polishing of gems or diamonds ;
- (vi) light or heavy engineering ;
- (vii) the construction and sale of houses ; or
- (viii) the manufacture of any articles or goods or the provision of any service, being in either case an industry or a service designated by the Board of Investment of Sri Lanka, as being of a pioneering nature,

carried on by 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.

4. Any person to whom this Act applies and who has—

- (a) made any investment in accordance with the provisions of section 3(1)(b)(i) ; or
- (b) made any deposit in accordance with the provisions of section 3(1)(b)(ii) and paid the amnesty tax, thereon ;

and made the appropriate declaration referred to in section 5, shall not be liable—

(a) to pay—

- (i) any income tax or surcharge on income tax payable respectively, under the law for the time being applicable to the imposition of income tax or the law for the time being applicable to the imposition of surcharge on income tax, as the case may be, in respect of such part of his profits and income for any year of assessment ending on or before March 31, 1996, as is represented by the moneys invested in accordance with the provisions of section 3(1)(b)(i) or deposited in accordance with the provisions of section 3(1)(b)(ii) and in relation to which the amnesty tax has been paid ;
- (ii) any wealth tax or surcharge on wealth tax payable respectively, under the law for the time being applicable to the imposition of wealth tax or the law for the time being applicable to the imposition of surcharge on wealth tax, as the case may be, in respect of such part of his net wealth for any year of assessment ending on or before March 31, 1992, as had been acquired by the utilization of such part of his profits and income as is referred to in sub-paragraph (i) ; or
- (iii) any business turnover tax under the Finance Act, No. 11 of 1963 or any turnover tax under the Turnover Tax Act, No. 69 of 1981 or any National Security levy under the National Security Levy Act, No. 52 of 1991, in respect of the turnover from which such part of the profits and income as is referred to in sub-paragraph (i) arose or was derived ; or

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

- (i) the law for the time being applicable to the imposition of income tax or surcharge on income tax or wealth tax or the surcharge on wealth tax in relation to any year of assessment ending on or before March 31, 1996, in respect of, or in connection with, such part of his profits and income as is referred to in sub-paragraph (i) of paragraph (a) or such part of his net wealth as is referred to in sub-paragraph (ii) of paragraph (a) ;
- (ii) the Finance Act, No. 11 of 1963 or the Turnover Tax Act, No. 69 of 1981 or the National Security levy Act, No. 52 of 1991 in respect of, or in connection with, such part of his turnover as is referred to in sub-paragraph (iii) of paragraph (a) ;

(iii) the Exchange Control Act, in respect of such part of the moneys so invested or so deposited as consists of moneys obtained by the conversion of any relevant foreign currency.

5. (1) Every person who invests moneys in accordance with the provisions of section 3(1)(b)(i) or deposits moneys in accordance with the provisions of section 3(1)(b)(ii) and pays the amnesty tax thereon may make a declaration in the appropriate form set out in the Schedule to this Act, to the Commissioner-General.
- (2) Where any declaration made under subsection (1) discloses that such investment or deposit consists wholly or partly, of moneys obtained by the conversion of any relevant foreign currency, the Commissioner-General shall cause a copy of such declaration to be transmitted to the Controller of Exchange.
6. Nothing in the preceding provisions of this Act shall be read and construed as authorizing the revision of—
- (a) any assessment made under the provisions of—
- (i) the laws for the time being in force relating to the imposition of, income tax or surcharge on income tax or wealth tax or surcharge on wealth tax ; or
- (ii) the Finance Act, No. 11 of 1963, the Turnover Tax Act, No. 69 of 1981, or the National Security Levy Act, No. 52 of 1991.
- (b) any requirement imposed before march 31, 1996, on any person to whom this Act applies and in relation to any violation by him of any provision of the Exchange Control Act; or
- (c) any other matter,

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

7. Notwithstanding anything to the contrary in any other law, no deductions shall, for the purposes of section 30 of the Inland Revenue Act, No. 28 of 1979, be allowed to any person to whom this Act applies in respect of any investment made by him in accordance with the provisions of section 3 (1)(b)(i).
8. (1) Except in the performance of his duties under this Act and subject to the provisions of subsection (2), every officer or employee of, the Department of Inland Revenue, the Department of Exchange Control and every Bank shall preserve, and aid in preserving, secrecy with regard to all matters that may come to his knowledge in the administration of this Act and shall not give, divulge or reveal, any information whatsoever regarding any such investment or deposit as is referred to in section 3, to any individual, corporation, bank, court, institution, entity, department, official , agent, representative of the Government of Sri Lanka or to any other legal or natural person.
- (2) Notwithstanding the provisions of subsection (1), the Commissioner-General, the Controller of Exchange, or any Bank, as the case may be, shall, if required to do so—
- (i) by the person to whom such matter or information relates;
- (ii) by any provision of any law giving effect to an international convention on narcotics or hijacking, in any criminal proceedings instituted under that law in any court ;
- (iii) by the competent authority of any country with which Sri Lanka has, under the law for the time being applicable to the imposition of income tax, entered into any agreement for the avoidance of double taxation on income, in accordance with that agreement; or
- (iv) by an order of the Supreme Court, made on application therefor, on the ground that moneys represented by any investment or deposit referred to in section 3 have been, or are being used, in furtherance of an act which constituted an offence under the Prevention of Terrorism (Temporary Provisions) Act, No. 48 of 1979,

communicate to such person or court in so far as such communication is strictly necessary for the purposes of complying with such requirement or order of court, any matter or information which has come to his knowledge in the administration of this Act.

- (3) Any officer or employee of, the Department of Inland Revenue, or the Department of Exchange Control or any Bank who acts in contravention of the provisions of subsection (1) shall be guilty of an offence under this Act and shall, on conviction after summary trial before a Magistrate, be liable to a fine not exceeding one hundred thousand rupees or to imprisonment for a term not exceeding one year or to both such fine and imprisonment.

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—

“Bank” means any commercial bank licensed or deemed to be licensed under the Banking Act, No. 30 of 1988 or the National Savings Bank, established by the National Savings Bank Act, No. 30 of 1971;

“Commissioner-General”, “net wealth”, “profits and income” and “year of assessment” shall have the respective meanings assigned to them by the Inland Revenue Act, No. 28 of 1979;

“Board of Investment of Sri Lanka” means the Board of Investment of Sri Lanka established by the Board of Investment of Sri Lanka Law, No. 4 of 1978;

“Controller of Exchange” means the officer designated as the Head of the Department of Exchange Control of the Central Bank and includes an officer designated as assistant to him;

“Exchange Control Act” means the Exchange Control Act (Chapter 423);

“Foreign currency” means any currency other than Sri Lankan currency and includes any currency payable by a foreign government or institution to a person in, or resident in, Sri Lanka in respect of his pension or like payment due to him and all deposits, credits and balances payable in any currency other than Sri Lankan currency and any such drafts, travellers’ cheques, letters of credit and bills of exchange as are expressed or drawn in Sri Lankan currency but payable in any currency other than Sri Lankan currency;

“Gem” means a gem within the meaning of the National Gem and Jewellery Authority Act, No. 50 of 1993.

“Jewellery” means Jewellery within the meaning of the National Gem and Jewellery Authority Act, No. 50 of 1993.

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

“relevant foreign currency” in relation to a person means foreign currency held on March 31, 1996 by such person outside Sri Lanka in violation of the provisions of the Exchange Control Act, being or being attributable to, profits and income or not being or not being attributable to profits and income, and which was acquired by him outside Sri Lanka by way of gift, donation, inheritance or any other manner whatsoever;

“relevant money” in relation to a person means any moneys (not being relevant foreign currency), held by such person on March 31, 1996 in or out side Sri Lanka, and which represent accumulated profits or income which arose or accrued to or was derived by such person in any year of assessment ending on or before March 31, 1996, and in respect of which such person has not made a return of income, or which such person has not disclosed in any return of income made by him, under the law for the time being applicable to the imposition of, income tax;

“the law for the time being applicable to the Imposition of income tax” means the Inland Revenue Act, No. 28 of 1979;

“the law for the time being applicable to the imposition of surcharge on income tax” means the Surcharge on Income Tax Act, No. 26 of 1982, the Surcharge on Income Tax Act, No. 12 of 1984, the Surcharge on Income Tax Act, No. 7 of 1989;

“the law for the time being applicable to the imposition of wealth tax or surcharge on wealth tax” means the Inland Revenue Act, No. 28 of 1979, the Surcharge on Wealth Tax Act, No. 25 of 1982 and the Surcharge on Wealth Tax Act, No. 8 of 1989;

“turnover” and “quarter” shall have the respective meanings assigned to them by the Turnover Tax Act, No. 69 of 1981.

SCHEDULE

[section 5]

Part I – to be furnished by persons investing in shares Tax and Foreign Exchange Amnesty Act, No.....of 1998.

DECLARATION UNDER SECTION 5

Income Tax File No. (if any)
Turnover Tax File No. (if any)
National Identity Card Number (if Individual)
Company/Partnership Registration Number
I, Mr./Mrs./Miss./We (full name/names)
of being (address)
of (designation) (name of company or partnership)
declare that I/We have in terms of the Tax and Foreign Exchange Amnesty Act, No. of 1998, invested a sum of Rupees
..... (Rs.)
consisting entirely of—

- (i) Rs. being other moneys held by me/ by the company/partnership in Sri Lanka;
(ii) Rs. obtained by the conversion of relevant foreign currency

in the purchase, on of shares (other than existing shares) of being a company identified by the Board of Investment of Sri Lanka as a specified undertaking and which has on entered into Agreement No. with the Board of Investment of Sri Lanka established under the Board of Investment of Sri Lanka Law, No. 4 of 1978.

.....
Signature/Signatures of Declarant/Declarants

Designation if declaration is other than as an individual

Date:

Part II — to be furnished by persons depositing in banks.
Tax and Foreign Exchange Amnesty Act, No. of 1998.

DECLARATION UNDER SECTION 5

Income Tax File No. (if any)
Turnover Tax File No. (if any)
National Identity Card Number (if Individual)
Company/Partnership Registration Number
I, Mr./Mrs./Miss./We (full name/names)
of being (address)
of (designation) (name of company or partnership)
declare that I/We have in terms of the Tax and Foreign Exchange Amnesty Act, No. of 1998, deposited a sum of Rupees
..... (Rs.)
consisting entirely of—

- (i) Rs. being other moneys held by me/ by the company/partnership in Sri Lanka;
(ii) Rs. obtained by the conversion of relevant foreign currency

in my/our/company's Account bearing No. at the branch of, and that I/we have paid the tax thereon, in terms of section 3 of that Act.

.....
Signature/Signatures of Depositor/Depositors

Designation if declaration is other than as an individual

Date:

INLAND REVENUE (AMENDMENT) ACT, NO. 52 OF 1998

[Certified on 24th November, 1998]

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. 52 of 1998.
2. Section 8 of the Inland Revenue Act, No. 28 of 1979 (hereinafter referred to as the "principal enactment") as amended by Act, No. 24 of 1997, is hereby further amended as follows:—
 - (1) in paragraph (a) of that section—
 - (a) by the substitution in subparagraph (XXIVA) of that paragraph for the words and figures "year of assessment commencing on or after April 1, 1989, as consist of", of the words and figures "year of assessment commencing on or after April 1, 1989 but prior to April 1, 1997 and for the period commencing on April 1, 1997 and ending on December 31, 1997, as consists of" ;
 - (b) in subparagraph (LXXIII) of that paragraph by the substitution for the words and figures "the Securities and Exchange Commission of Sri Lanka, Act, No. 36 of 1987", of the words and figures "the Securities and Exchange Commission of Sri Lanka, Act, No. 36 of 1987" ;
 - (c) by the addition immediately after sub-paragraph (LXXIII) of that paragraph, of the following subparagraphs :—
 - "(Lxxiv) the Bandaranaike Museum Committee incorporated under the Bandaranaike Museum Committee (Incorporation) Act, No. 28 of 1997." ;
 - (LXXV) the Geological Survey and Mines Bureau established under the Mines and Minerals Act, No. 33 of 1992 ;
 - (2) in paragraph (e) of that section, by the substitution for the words, "(ii) approved by the Minister", of the words, "(ii) approved by the Minister ;" ; and
 - (3) by the addition at the end of that section of the following paragraph :—

"(f) the profits and income—

 - (i) for any year of assessment, of any unit trust or mutual fund incorporated on or after December 01, 1996, if not less than seventy per centum of such profits and income are distributed to its unit holders before the expiry of one year from the end of that year of assessment ;
 - (ii) for any year of assessment commencing on or after the day immediately succeeding the last day of the year of assessment at the end of which the period of seven years referred to in section 22 DDDD expires, of any unit trust or mutual fund referred to in that section, if not less than seventy per centum of such profits and income are distributed to its unit holders before the expiry of one year from the end of the first mentioned year of assessment."
3. Section 9 of the principal enactment as amended by Act, No. 24 of 1997 is hereby amended in subsection (1) of that section as follows :—
 - (1) in sub-paragraph (viii) of paragraph (f) of that subsection, by the substitution for the words "Overseas Economic Co-operation Fund of Japan ;", of the words "Overseas Economic Co-operation Fund of Japan or the Commonwealth Secretariat in any of its programmes for technical Co-operation with Sri Lanka ;" ;
 - (2) in paragraph (o) of that subsection, by the substitution for the words "as the case may be ; and", of the words "as the case may be ;" ;

- (3) in paragraph (p) of that subsection, by the substitution for the words and figures "prior to April 1, 1997 in such public corporation", of the words and figures "prior to April 1, 1997 in such public corporation ; and" ; and
 - (4) by the addition, immediately after paragraph (p) of that subsection, of the following paragraph :—
 - "(q) any sum paid to any employee by the employer of such employee, being a sum paid as compensation for loss of any office or employment consequent to —
 - (i) the voluntary retirement by such employee on or after November, 6, 1997, in accordance with a scheme, which in the opinion of the Commissioner-General is uniformly applicable to all employees employed by such employer ;
 - (ii) the retrenchment of such employee on or after November 6, 1977 by such employer in accordance with a scheme approved by the Commissioner of Labour.
4. Section 10 of the principal enactment as amended by Act, No. 24 of 1997, is hereby further amended as follows :—
- (1) by the substitution in paragraph (g) of that section, for the words "any foreign currency banking unit.", of the words "any foreign currency banking unit ; and" ;
 - (2) by the addition, immediately after paragraph (g) of that section, of the following paragraph :—

"(h) interest accruing to any financial institution from any loan granted by it to any venture capital company established for the implementation of any entrepreneur development programme of the Government, if the proceeds of such loan are utilized by such company for the implementation of such programme.

For the purpose of this paragraph "financial institution" means any company whose business or part of whose business consists of the acceptance of money by way of deposits or loan in the form of debenture or bond or in any other form, and the payment of interest thereon."
5. Section 11 of the principal enactment as amended by Act, No. 24 of 1997, is hereby further amended as follows :—
- (1) by the insertion, immediately after paragraph (aaa) of that section, of the following new paragraphs :—
 - '(aaaa) any dividend out of the profits of any 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 from the operation by such company of a hospital with facilities for paying and non-paying patients for indoor and outdoor treatment, paid during the period of five years reckoned from the commencement of the year of assessment in which such hospital commences operations ;
 - (aaaaa) any dividend out of the profits within the meaning of section 3(a) of a company
 - (i) 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, and
 - (ii) to which a mining license issued under the Mines and Mineral Act, No. 33 of 1992, has been assigned

paid to any shareholder of such company, during the period for which the profits and income of that company are chargeable with income tax at such rate as is determined in accordance with subparagraph (a) of the further proviso to paragraph (iv) of regulation 2 of Regulations No. 1 of 1995 made under section 24 of the Board of Investment of Sri Lanka Law, No. 4 of 1978, as last amended by Regulation published in *Gazette* No. 1019/13 of March 19, 1998 and specified in such agreement or within one year thereafter.

- (2) in paragraph (b) of that section, by the substitution for the figures and letters "17KK, 18", of the figures and letters "17KK, 17L, 17M, 18".
6. Section 14 of the principal enactment as amended by Act, No. 24 of 1997, is hereby further amended in paragraph (a) of subsection (1) of that section by the insertion, immediately after sub-paragraph (xxi), of that paragraph of the following sub-paragraphs :—
- "(xii) the sale, on or after November 6, 1997, but on or before April 1, 1999 by any person, of any share held by him in any company, being a company the shares of which are quoted on or before March 31st 1999 in any official list published by any Stock Exchange licensed by the Securities and Exchange Commission of Sri Lanka ;
- (xiii) the sale, on or after November 6, 1997, by any person, of any bond, debenture or other debt instrument issued by any company and held by such person, being a bond, debenture or other debt instrument which, at the time of such sale is quoted in any official list published by any Stock Exchange licensed by the Securities and Exchange Commission of Sri Lanka ;"
7. Section 15 of the principal enactment as amended by Act, No. 16 of 1996 is hereby further amended as follows :—
- (1) by the insertion, immediately after paragraph (mm) of that section, of the following paragraph :—
- "(mmm) the profits and income within the meaning of paragraph (a) of section 3 arising to any person from the sale, on or after April 1, 1998, of gold, gems or jewellery ;"
- (2) by the insertion immediately after paragraph (w) of that section, of the following paragraph—
- "(ww) any profits and income within the meaning of paragraph (a) of section 3 derived by, or arising or accruing to any person from the sale on or after November 6, 1997, of any bond, debenture or other debt instrument issued by a company and held by him being a bond, debenture or other debt instrument which at the time of such sale is quoted in any official list published by any Stock Exchange licensed by the Securities and Exchange Commission of Sri Lanka ;"
- (3) in paragraph (y) of that section by the substitution for the words "conducted by the National Lotteries Board.", of the words "conducted by the National Lotteries Board ; and" ;
- (4) by the addition, at the end of paragraph (y) of that section of the following paragraphs :—
- '(z) any interest or discount accruing to the "Sudu Nelum Movement" established by the Government and registered under section 114 of the Trust Ordinance being interest or discount on any sum of money deposited by the Sudu Nelum Movement with any commercial bank ;
- (zz) the relevant part of the profits and income within the meaning of paragraph (a) of section 3, arising or accruing to any primary dealer on or after April 1, 1998.

For the purposes of this paragraph—

- (i) the expression "relevant part" in relation to the profits and income and to any primary dealer means the profits and income of such primary dealer from dealing, in the secondary market, in any treasury bill, treasury bond, registered stock or other security issued under the Registered Stocks and Securities Ordinance and held by such primary dealer, after deducting from such profits and income such part of the interest or discount which would have accrued in respect of such bill, bond, stock or other security had such bill, bond, stock or other security been held by such primary dealer until such bill, bond, stock or other security matured, as is attributable to the period during which such bill, bond, stock or other security is held by such primary dealer ;
- (ii) the expression "primary dealer" means any financier or bank appointed by the Monetary Board of the Central Bank of Sri Lanka under the Local Treasury Bills Ordinance or the Registered

Stocks and Securities Ordinance and functioning as a primary dealer in treasury bills, treasury bond, registered stock or other security.’.

8. Section 17JJ of the principal enactment inserted by Act, No. 24 of 1997, is hereby amended in subsection (2) of that section as follows :—

(1) by the substitution for paragraph (b) of that subsection, of the following paragraph :—

“(b) is approved by the Minister, to be a company to which this section applies, by Order published in the *Gazette*,—

(i) on or before March 31, 1998, on an application in writing in that behalf made on or before December 31, 1997 ;

(ii) on or before March 31, 2000, on an application in writing in that behalf made after December 31, 1997, but on or before December 31, 1999 ;”;

(2) by the substitution, for paragraph (d) of that subsection, of the following paragraph :—

“(d) has invested—

(i) before December 31, 1998, in the case of a company referred to in subparagraph (i) of paragraph (b) ; and

(ii) before December 31, 2000 in the case of a company referred to in subparagraph (ii) of paragraph (b),

not less than four million rupees, in the purchase, for the use of the undertaking carried on by that company, of any plant, machinery, fixtures or equipment.”.

9. Section 17KK of the principal enactment inserted by Act, No. 24 of 1997, is hereby amended as follows :—

(1) in subsection (2) of that section by the substitution for paragraph (b) of that subsection of the following paragraph :—

“(b) is approved by the Minister by Notice published in the *Gazette* on or before—

(i) March 31, 1998, on an application in writing in that behalf made on or before December 31, 1997 ; or

(ii) March 31, 2000, on an application in writing in that behalf made after December 31, 1997 but before December 31, 1999,

to be an undertaking to which this section applies ; and”;

(2) in subsection (3) of that section by the substitution for paragraph (b) of that subsection of the following paragraph :—

“(b) the expression “relevant date” in relation to any undertaking which is approved in accordance with—

(i) sub-paragraph (i) of paragraph (b) of subsection (2), means the first day of any calendar month not earlier than November 1996 but not later than April 1998 ;

(ii) sub-paragraph (ii) of paragraph (b) of subsection (2), means the first day of any calendar month not earlier than November 1997 but not later than April 2000—

and which is 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 in relation to any undertaking which is approved in accordance with—

- (i) sub-paragraph (i) of paragraph (b) of subsection (2), shall be deemed to be April 1, 1997 ;
- (ii) sub-paragraph (ii) of paragraph (b) of subsection (2), shall be deemed to be April 1, 1999.”.

10. The following new sections are hereby inserted, immediately after section 17KK, and shall have effect as section 17L, and section 17M respectively, of the principal enactment :—

“Exemption from income tax of the profits and income of any undertaking which provide for certain services.

17L. The profits and income within the meaning of paragraph (a) of section 3 (other than any profits and income from the sale of capital assets), of any person or partnership from any undertaking for the provision of services of refrigerated transport or cold-room-storage or other services ancillary thereto, shall be exempt from income tax for a period of five years reckoned from—

- (a) April 1, 1998 ; or
- (b) the commencement of the year of assessment in which such undertaking commences to carry on business,

whichever is later.

“Exemption from income tax of the profits and income of any company engaged in non-plantation agricultural activities.

17M. (1) The profits and income within the meaning of paragraph (a) of section 3 (other than any profits and income from the sale of capital assets), of any company from any specified undertaking referred to in subsection (2) shall notwithstanding the provisions of section 32DDDD be exempt from income tax for a period of ten years reckoned from—

- (a) April 1, 1998 ; or
- (b) the commencement of the year of assessment in which such company commences to carry on business,

whichever is later.

(2) For the purposes of subsection (1) “specified undertaking” in relation to any company is an undertaking carried on by such company and which is engaged in—

- (a) cultivating land with plants of whatever description other than tea, rubber and coconut ; or
- (b) the production of planting materials certified by the Department of Agriculture as being of high quality, for cultivation referred to in paragraph (a) ; or
- (c) carrying out research work for improving the quality and character of planting materials for cultivation of land referred to in paragraph (a)’.

11. The following new section is hereby inserted immediately after section 20C, and shall have the effect as section 20D of the principal enactment :—

“Exemption of profits and income of a company which exports fresh or processed vegetables or fruits and

20D. (1) The profits and income, within the meaning of paragraph (a) of section 3, (other than any profits from the sale of capital assets), of any company from any specified undertaking referred to in subsection (2) shall, notwithstanding anything to the contrary in Chapter VIIIA, be exempt from income tax for a period of ten years reckoned from—

- (a) April 1, 1998 ; or
- (b) the commencement of the year of assessment in which such undertaking commences to carry on business,

whichever is later.

cultivates
vegetables
or fruits.

(2) For the purpose of subsection (1), "specified undertaking" in relation to any company and to any year of assessment means an undertaking carried on by that company and which is engaged in—

(i) the export of any fresh or processed vegetables or fruits ; and

(ii) cultivation in that year of assessment, of land not less than five acres in extent with vegetables or fruits.

In this section, vegetables include betel leaves. .

12. Section 23 of the principal enactment as amended by Act, No. 24 of 1997, is hereby further amended as follows :—

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

(a) in paragraph (eee) of that subsection—

(i) by the substitution, in sub-paragraph (i a) of that paragraph, for the words and figure "(other than plant, machinery or fixtures referred to in sub-paragraph (ii))", of the words and figures "(other than plant, machinery or fixtures referred to in sub-paragraph (ii) or (iia))";

(ii) by the substitution in sub paragraph (ii) of that paragraph, for the words and figures "any motor vehicle, lorry, bus, tractor, trailer or office furniture acquired by such person on or after April 1, 1987," of the words and figures "any motor vehicle, lorry, bus, tractor, trailer or office furniture (other than any motor coach, referred to in sub- paragraph (iia)) acquired by such person on or after April 1, 1987;";

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

"(ii a) any motor coach acquired by such person on or after April 1, 1998, and used for transporting employees of such person to, or from, their place of work, at the rate of one hundred per centum on its cost of acquisition";

(b) by the substitution in paragraph (i) of that subsection, for the words "a special levy, to the Government.", of the word "a special levy to the Government ; and ;";

(c) by the addition, at the end of paragraph (i) of that subsection, of the following paragraph :—

"(u) any expenses incurred on or after November 6, 1997, but on or before March 31, 1999 by any company in obtaining quotation of the shares of such company, in any official list published by any Stock Exchange licensed by the Securities and Exchange Commission of Sri Lanka, if such quotation is so obtained, on or before March 31, 1999."

(2) in subsection (7) of that section—

(a) by the substitution in sub-paragraph (ii) of paragraph (c), of that subsection for the words "is other wise than by sale," of the following words :—

"is otherwise than by sale, after deducting from such sale price or market value, as the case may be, the amount of goods and services tax chargeable under the Goods and Services Tax Act, No. 34 of 1996, on the disposal of such capital asset if such tax is included in such sale price or market value as the case may be ;"

(b) in sub-paragraph (iii) of paragraph (f) of that subsection, by the substitution for the words "by such individual or partnership", of the words "by such individual or partnership ;" ;

(c) by the addition at the end of sub-paragraph (iii) of paragraph (f) of that subsection of the following paragraph :—

- “(iv) where any person is entitled, under the Goods and Services tax Act, No. 34 of 1996, to claim credit for input tax paid in relation to the acquisition or the construction of any capital asset, the cost of acquisition or the cost of construction, as the case may be, of such capital asset shall not include such input tax.”.

13. Section 24 of the principal enactment as amended by Act, No. 24 of 1997, is hereby amended in subsection (1) of that section as follows :—

- (1) in subparagraph (iii) of paragraph (1) of that subsection by the substitution, for the words “prescribed tax or levy.”, of the words “prescribed tax or levy.”; and”;

- (2) by the addition at the end of sub-paragraph (iii) of that paragraph, of the following paragraph :—

“(iv) input tax under the Goods and Services Tax Act No. 34 of 1996, for the period for which the profits and income are being ascertained in respect of any taxable activity, within the meaning of that Act, carried on by such person, if such person is entitled under that Act, to claim credit for such input tax”.

14. Section 29 of the principal enactment as amended by Act, No. 24 of 1997 is hereby further amended as follows :—

- (1) in paragraph (b) of subsection (2) of that section—

(a) in item (ii) (a) of that paragraph by the substitution for the words and figures “subsection (7A), a loss referred to in paragraph (b) of”, of the words and figures “subsection (7A), subsection (7B), a loss referred to in paragraph (b) of”; and

(b) in item (iv) of the proviso to paragraph (b) of that section by the substitution, for the words and figures “subsection (7) or in subsection (7A), incurred”, of the words and figures “subsection (7), subsection (7A) or subsection (7B) incurred”;

- (2) in subsection (3) of that section by the substitution in paragraph (b), of that subsection, for all the words and figures from “such entirety or portion shall be” to “the manner provided for in paragraph (b) of subsection (2)”, of the following :—

“such entirety or portion shall be deducted from his total statutory income for the next succeeding year of assessment and so on :

Provided that where such first year of assessment is any year of assessment—

(i) ending on or before March 31, 1997, the residue, if any, of such entirety or of such portion after its deduction from the total statutory income of such person for each of the years of assessment succeeding the year of assessment in which such loss was incurred but prior to the year of assessment commencing on April 1, 1997, shall be deemed to be a loss incurred by such person in such undertaking in the year of assessment ending on March 31, 1998 and may accordingly ;

(ii) commencing on or after April 1, 1997, the residue, if any, of such entirety or of such portion, after, its deduction from the total statutory income of such person for that year of assessment, shall be deemed to be a loss incurred by such person in that undertaking in the year of assessment immediately succeeding that year of assessment and may accordingly,

be deducted in the manner provided in paragraph (b) of subsection (2)” ; and

- (3) by the insertion immediately after subsection (7A) of that section of the following subsection :—

“(7B) There shall be deducted from the total statutory income of a person for any year of assessment commencing on or after April 1, 1997, where such income includes profits and income from any business of leasing, any loss for any year of assessment commencing on or after April 1, 1997

incurred from the business of leasing which if it had been a profit would have been assessable under this Act, and which has not been so deducted from his total statutory income of a previous year :

Provided that such deduction shall in no case exceed the amount of the profits and income of such business included in such total statutory income ; and shall be made as far as possible, from the total statutory income of such person for the first year of assessment after that in which the loss was incurred and so far as it cannot be so made, then from the total statutory income of the next succeeding year of assessment and so on.”.

15. Section 30 of the principal enactment is hereby amended in the third proviso to subsection (2) of that section by the substitution, for the words and figures “any year of assessment commencing on or after April 1, 1989”, of the words and figures “any year of assessment commencing on or after April 1, 1989, but prior to March 31, 1997 and for the period commencing from March 31, 1997 to December 31, 1997”.

16. Section 31 of the principal enactment as amended by Act, No. 16 of 1996, is hereby further amended as follows :—

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

(a) in paragraph (q) of that subsection, by the substitution, for the words and figures “Tax Amnesty Act, No. 5 of 1978.”, of the words and figures “Tax Amnesty Act, No. 5 of 1978 ;” ;

(b) by the addition immediately after paragraph (q) of that subsection of the following paragraphs :—

“(r) any sum invested by any individual, on or after November 6, 1997 but on or before March 31, 1999, in the purchase of any ordinary share, other than any existing share in any company, the shares of which are quoted as at March 31, 1999 in any official list published by any Stock Exchange licensed by the Securities and Exchange Commission of Sri Lanka ;

(s) any sum invested by any person on or after November 6, 1997 but before April 1, 2000, in the purchase of any ordinary share other than any existing share, in any company—

(A) which,

(i) is incorporated on or after November 6, 1997 ;

(ii) has 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 is engaged in accordance with that agreement in any undertaking for the development of infrastructure facilities in Sri Lanka ; and

(B) (i) of which the issued share capital as at March 31, 2000 is not less than three hundred million Rupees : and

(ii) which has, as at March 31, 2000 invested not less than five hundred million Rupees

(a) in the purchase or construction of any building or in the purchase of any land, plant, machinery or furniture ; and

(b) in the acquisition of any other asset not included in paragraph (a)

for the use of the undertaking carried on by the company ;

(t) any sum invested, on or after April 1, 1998, but prior to March 31, 2000 by any person in the purchase of any ordinary share, other than any existing share, in any company referred to in—

(i) section 11 (aaaa)” ; or

- (ii) section 17M, where the sum invested is not less than ten million Rupees and it is proved to the satisfaction of the Assessor that such sum is utilised by such company in carrying on any specified undertaking referred to in that section.
- (2) in subsection (5E) of that section—
 - (i) in paragraph (a)—
 - (a) by the substitution in paragraph (i), for the words and figure and letters “paragraphs (b), (c), (m), (n) and (q) of subsection (2),”, of the words and figure and letters “paragraphs (b), (c), (m), (n), (q), (r), (s) and (t) of subsection (2)” ;
 - (b) by the substitution in sub-paragraph (iii), for the words “such assessable income ; and”, of the words “such assessable income ;” ;
 - (c) by the insertion, immediately after sub-paragraph (iii) of that subsection of the following sub-paragraphs :—
 - “(iiia) in respect of all qualifying payments referred to in paragraph (r) of subsection (2), made by him or deemed to have been made by him, shall not exceed one-third of such assessable income ;
 - “(iiib) in respect of all qualifying payments referred to in paragraph (s) of subsection (2) made by him or deemed to have been made by him, shall not exceed one-third of such assessable income ; and
 - (ii) in paragraph (b), by the substitution for the words and letters “paragraphs (b), (c), (m) and (n) of”, of the words and letters “paragraphs (b), (c), (m), (n) and (t) of”.
- (3) in subsection (6) of that section—
 - (a) by the substitution, in paragraph (i) of that subsection for the words “in any year of assessment ; or”, of the words “in any year of assessment ;
 - (b) by the substitution, in paragraph (ii) of that subsection for the words and letters “in paragraph (q) of”, of the words and letters “in paragraph (q) or (s) of” ;
- (4) by the insertion, immediately after subsection (7A) of that section of the following subsection :—
 - “(7AA) Where any person who is entitled to a deduction from his assessable income of an allowance under subsection (1) in respect of the purchase of any share in any company, sells such share or withdraws, realizes or receives any money in respect of such share, and purchase other ordinary shares in respect of which he is entitled to a deduction from his assessable income under that subsection, the deduction from income tax to which he is entitled to in respect of the second-mentioned purchase of shares shall be reduced by the amount of the deduction from income tax to which he was entitled in consequence of the first-mentioned purchase of shares.”.

17. Section 31A of the principal enactment inserted by Act, No. 24 of 1997 is hereby amended as follows :—

- (1) in subsection (2) of that section, by the substitution for sub paragraph (i) of paragraph (a) of that subsection of the following paragraph :—
 - “(i) on or after November 6, 1996 but prior to April 1, 2000 ;”
- (2) in subsection (4) of that section, by the substitution, for the words “the entirety of such investment whichever is less” wherever those words occur in that subsection, of the words “the entirety of such investment tax allowance whichever is less” ;

- (3) in subsection (6) of that section, by the substitution in paragraph (ii) of that subsection, for the words and figures "commencing on November 6, 1996 and ending on March 31, 1999, is entitled", of the words and figures :—

"commencing on—

- (a) November 6, 1996 and ending on March 31, 1999, where such asset was acquired or deemed to have been acquired before April 1, 1998 ; or
- (b) April 1, 1998, and ending on March 31, 2001, where such asset is acquired or deemed to have been acquired on or after April 1, 1998,

is entitled."

18. Section 32CCC of the principal enactment inserted by Act, No. 16 of 1996 is hereby amended by the addition, at the end of that section of the following subsection :—

"(3) Where an individual who is employed in a company referred to in paragraph (aaaaa) of section 11, and who is deemed under subsection (7) of section 67 to be non-resident for a period of five years, continues to be employed in such company in Sri Lanka after the expiry of such period of five years, the profits from employment in that company of such individual for the period commencing from the end of such period of five years and ending on the last date of the period during which the dividends paid by such company are exempt from income tax, shall, notwithstanding anything to the contrary in Chapter VIII of this Act, be chargeable with income tax at the rate of fifteen per centum."

19. Section 32D of the principal enactment inserted by Act, No. 11 of 1989, is hereby amended in subsection (1) of that section by the substitution, for the words "held by the Central Bank of Sri Lanka" of the words "held prior to January 1, 1998, by the Central Bank of Sri Lanka."

20. The following new sections are hereby inserted, immediately after section 32DD and shall have effect as sections 32DDD, 32DDDD and 32DDDDD respectively of the principal enactment :—

"Rate of income tax on profits from certain undertakings carried on by a person other than a company.

32DDD (1) Where the taxable income of any person (other than a company) for any year of assessment commencing on or after April 1, 1998, includes any profits and income from any agricultural undertaking or any undertaking for the promotion of tourism (hereinafter in this section referred to as "specified profits") and the rate of income tax payable on a part of such income (hereinafter in this section referred to as "the relevant part of the income") exceeds fifteen per centum, then in regard to the relevant part of the income, the tax shall be computed as follows :—

- (a) if the relevant part of the income exceeds the amount of such "specified profits"—

(i) the tax payable on such portion of the relevant part of the income as is equal to the amount of such specified profits, shall be at the rate of fifteen per centum ; and

(ii) the tax payable on the balance of the relevant part of the income shall be computed according to the rates of tax above fifteen per centum as are applicable thereto under this Act;

- (b) if the relevant part of the income does not exceed the amount of such specified profits, the tax payable on the entirety of the relevant part of the income shall be at the rate of fifteen per centum, notwithstanding anything to the contrary, to the other provisions of this Chapter or Chapter VIIIA.

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

- (a) "agricultural undertaking" includes any undertaking for—

- (i) fishing ;
 - (ii) cultivating land with plants of whatever description ; and
 - (iii) provision of the services of management to any undertaking for cultivating land with plants of whatever description ;
- (b) "any undertaking for the promotion of tourism" means an undertaking for the operation of—
- (i) any hotel or guest house approved by the Ceylon Tourist Board ; or
 - (ii) any restaurant graded by the Ceylon Tourist Board as being in "Class A" or "Class B";
 - (iii) any business of a travel agent ;
 - (iv) any business of transporting tourists ;
 - (v) any business approved by the Ceylon Tourist Board for providing facilities to tourists for recreation or sports.
- (c) "profits and income from any agricultural undertaking" means—
- (i) in the case of an undertaking referred to in sub-paragraph (iii) of paragraph (a), the profits and income from fees for providing the services of management; and
 - (ii) in any other case, the profits and income from the sale of produce of such undertaking without subjecting such produce to any process of production or manufacture:

Provided that where any person carries on any undertaking for subjecting the produce of any agricultural undertaking to any process of production or manufacture, the produce of the agricultural undertaking shall for the purpose of this sub-paragraph be deemed to have been sold to such undertaking for production or manufacture at the open market price prevailing at the time of the deemed sale and the profit from the sale of the produce of such agricultural undertaking shall be the profits arising from such deemed sale.

"Rate of income tax on profits from certain undertakings carried on by a company.

- 32DDDD. (1) Where the taxable income of any company for any year of assessment commencing on or after April 1, 1998, includes any profits and income from any agricultural undertaking or from any undertaking for the promotion of tourism, such part of such taxable income as consists of such profits and income shall, notwithstanding anything to the contrary in any provisions of this Chapter or Chapter VIIIa or Chapter IX be chargeable with income tax at the rate of fifteen per centum.
- (2) For the purposes of subsection (1) the expressions "agricultural undertaking", "any undertaking for the promotion of tourism" and "the profits and income from any agricultural undertaking", shall have the respective meanings assigned to them in section 32DDD.

Rate of income tax on dividends paid out of profits taxed in accordance with section 32 DDDD.

- 32DDDDD.(1) Where the taxable income of any person (other than a company) for any year of assessment includes any dividend—
- (a) being a dividend out of profits and income referred to in section 32DDDD; or
 - (b) being a dividend paid out of any such dividend as is referred to in paragraph (a) received by any company directly from a company referred to in section 32DDDD or through one or more intermediary companies, if the first mentioned dividend is paid during the year of assessment in which the profits and income

referred to in section 32DDDD arose or accrued or within two years from the end of that year of assessment, and the rate of income tax payable on a part of such income (hereinafter in this section referred to as the relevant part of the income) exceeds fifteen per centum, then in regard to the relevant part of the income tax shall be computed as follows :—

(i) if the relevant part of the income exceeds the amount of such dividends—

the tax payable on such part of the relevant part of the income as is equal to the amount of such dividends, shall be at the rate of fifteen per centum : and

the tax payable on the balance of the relevant part of the income shall be computed according to such of the rates of the tax above fifteen per centum as are applicable thereto under this Act;

(ii) if the relevant part of the income does not exceed the amount of such dividend, tax payable on the entirety of the relevant part of the income shall be at the rate of fifteen per centum, notwithstanding anything to the contrary in the other provisions of this Chapter or of Chapter VIIIA.

(2) Where the taxable income of any company includes any dividend referred to in subsection (1), the rate of income tax applicable to such part of such taxable income as consists of such dividend shall, subject to the provisions of section 35 be fifteen per centum”.

21. The following new sections are hereby inserted, immediately after section 32EEEE, and shall have effect as sections 32EEEE and 32EEEEEE respectively of the principal enactment :—

“Deduction from tax payable by any quoted public company under certain conditions.

32EEEE. (1) Where for any year of assessment commencing on or after April 1, 1998 the taxable income of any company referred to in subsection (2), includes any profits and income, within the meaning of section 3(a), there shall be deducted from the tax payable by that company for that year of assessment, an amount equal to five per centum of such part of such taxable income as consists of such profits and income :

Provided that where the amount so deductible exceeds such tax payable by such company for that year of assessment the excess shall not be refunded.

(2) The provisions of subsection (1) shall, in relation to the year of assessment referred to in subsection (1), apply to any company—

(a) which is a quoted public company for that year of assessment, and

(b) in respect of which the Assessor is satisfied that, the number of persons registered in the share register of such company as shareholders is, at no time during that year of assessment, less than three hundred.

(3) Where in relation to any company—

(a) which is a quoted public company for the year of assessment commencing on April 1, 1997, and

(b) in respect of which the Assessor is satisfied that as at March 31, 1998, the number of persons registered in the share register of such company as shareholders is not less than three hundred,

the deduction referred to in subsection (1) shall apply to that company for the year of assessment commencing on April 1, 1997.

Deduction from tax payable by any company which obtains a quotation of the shares and satisfies certain conditions.

32EEEE. (1) Where for any year of assessment commencing on or after April 1, 1998, the taxable income of any company referred to in subsection (2) includes any profits and income, within the meaning of section 3(a), there shall be deducted from the tax payable by that company for that year of assessment, an amount equal to five per centum of such part of such taxable income as consists of such profits and income :

Provided that where the amount so deductible exceeds the tax payable by such company for that year of assessment, the excess shall not be refunded.

(2) The provisions of subsection (1) shall, in relation to the year of assessment referred to in subsection (1), apply to any company—

(a) the shares of which are as at March 31 of that year of assessment, quoted in any official list published by any Stock Exchange licensed by the Securities and Exchange Commission of Sri Lanka consequent to an application made in that year of assessment , and

(b) in respect of which the Assessor is satisfied that as at March 31 of that year of assessment the number of persons registered in the share register of such company as shareholders is not less than three hundred.

(3) Where in relation to any company—

(a) the shares of which are quoted, as at March 31, 1999, in any official list published by any Stock Exchange licensed by the Securities and Exchange Commission of Sri Lanka consequent to an application made in that behalf on or before March 31, 1998, and

(b) in respect of which the Assessor is satisfied that as at March 31, 1998 the number of persons registered in the share register of such company as shareholders is not less than three hundred, and the deduction referred to in subsection (1), shall apply to that company for the year of assessment commencing on April 1, 1997, as an amount equal to two and one half *per centum* of such part.

22. Section 33A of the principal enactment amended by Act No. 24 of 1997 is hereby further amended in paragraph (ii) in subsection (2) of that section by the substitution for the words and figures "section 32F or section 32H", of the words and figures" section 32DDDD or section 32F or section 32H.

23. Section 33C of the principal enactment as last amended by Act No. 16 of 1996, is hereby further amended as follows :—

(1) in sub-paragraph (c) of paragraph (1) of that section—

(a) by the insertion, immediately after item (i) of that sub-paragraph of the following item :—

“(ia) dividends in relation to which advance company tax has been paid at fifty four *per centum* ; and

(b) by the repeal of items (iva) and (ivb) of that sub-paragraph and the substitution of the following items therefor:—

“(v) dividends in relation to which advance company tax has been paid at seventeen *per centum* ;

(vi) dividends in relation to which advance company tax has been paid at eleven *per centum* ;

(vii) dividends in relation to which advance company tax has been paid at eight *per centum* ; and

(viii) dividends in relation to which advance company tax has been paid at five *per centum* ; ” ;

(2) in sub-paragraph (b) of paragraph (2) of that section, by the insertion, immediately after item (iii) of that sub-paragraph, of the following item :—

“(iia) under section 32DDDD”.

24. Section 38 of the principal enactment as amended by Act, No. 16 of 1996, is hereby further amended in paragraph (d) of subsection (2) of that section as follows :—

(1) by the insertion, immediately after item (i) of that paragraph, of the following item :—

“(ia) dividends received, in relation to which advance company tax has been paid at fifty four *per centum* ;”;

(2) by the repeal of items (iva) and (ivb) of that paragraph, and the substitution, of the following items therefor :—

“(iva) dividends received, in relation to which advance company tax has been paid at seventeen *per centum* ;

(ivb) dividends received in relation to which advance company tax has been paid at eleven *per centum* ;

(ivc) dividends received in relation to which advance company tax has been paid at five *per centum* .”.

(ivd) dividends received, in relation to which advance company tax has been paid at five *per centum* .”.

25. Section 92 of the principal enactment is hereby amended by the addition at the end of that section of the following subsection :—

“(9) For the purpose of this section the expression ‘document’ includes any diskette, tape, compact disc or any other thing in which any computer programme or data is stored or recorded in codified form or electronic, magnetic or other medium.”.

26. Section 108 of the principal enactment is hereby amended in subsection (2) of that section by the substitution, for the words “amount as may be due under section 110.”, of the following :—

“amount as may be due under section 110 :

Provided that where in the opinion of the Assessor any fraud, evasion or wilful default has been committed by or on behalf of any employer in relation to any income tax deductible by such employer in any year of assessment, it shall be lawful for the Assessor to make an assessment or an additional assessment on such employer at any time after the end of that year of assessment .”.

27. Section 113F of the principal enactment is hereby amended by the substitution for all the words from “income tax which such bank” to the end of that section, of the following :—

“income tax which, in the opinion of the Assessor, such bank or financial institution should have deducted and paid to the Commissioner-General for such year of assessment, and shall by notice in writing, require such bank or financial institution to pay such amount forthwith together with such amount as may be due under section 113H :

Provided that, where in the opinion of the Assessor any fraud, evasion or wilful default, has been committed by or on behalf of any such bank or financial institution, in relation to any such income tax deductible by such bank or financial institution, it shall be lawful for the Assessor to make an assessment or an additional assessment on such bank or financial institution at any time after the end of such year of assessment .”.

28. Section 118 of the principal enactment is hereby amended by the repeal of subsection (3) of that section and the substitution therefor of the following subsection :—

“(3) There shall be a panel of not more than three legal advisors to the Board who shall be appointed by the Board. ”.

29. Section 161 of the principal enactment is hereby amended in subsection (7) of that section by the insertion, immediately after the definition of “article”, of the following definition :—

"document" includes any diskette, tape, compact disc or any other thing in which any computer programme or data is stored or recorded in codified form or in electronic, magnetic or other medium;".

30. Section 161A of the principal enactment is hereby amended as follows :—

- (1) in subsection (1) of that section by the insertion immediately after paragraph (c) of that subsection of the following paragraph—

"(cc) operate any computer found in any such building and take print outs of the whole or part of any entries recorded or stored therein ;";

- (2) subsection (4) of that section is hereby amended by the substitution for the definition of "article" of the following :— "Article" and "document" shall have the respective meanings assigned to them by section 161. ".

31. Section 163 of the principal enactment as amended by the Act, No. 27 of 1995, is hereby further amended in paragraph (B) of the definition of "qualifying distribution" as follows :—

- (1) in item (b) of sub paragraph (i) of that paragraph by the substitution for the words and figures "Board under section 17 of such law, or" of the words and figures "Board under section 17 of such law, being a rate which is either ten *per centum* or fifteen *per centum*, or thirty five *per centum*". ;

- (2) in sub-paragraph (ii) of that paragraph by the substitution for all the words and figures from "(ii) are taxed in accordance with the provisions of section 32F" to the end of that definition of the following words and figures :—

"(ii) are taxed in accordance with the provisions of section 32F or of section 32H or of section 32k or of section 32M or of section 32N, or of section 32DDDD,

but does not include any dividend —

(a) distributed out of —

(i) profits or income which accrued or arose to such company prior to April 1, 1988 ;

(ii) its exempt profits or income ;

(iii) any income from dividend received by such company ;

(iv) profits and income which arose or accrued to or was derived by such company from any territory outside Sri Lanka, if such company under any agreement referred to in section 82, is entitled to credit against any income tax in respect of such profits and income payable by such company under section 33(1)(a) of this Act, for any income tax payable in such other territory in respect of such profits and income ;

(v) profits and income of a company referred to in section 11(aaaaa) during the period in which dividends paid out of such profits and income, are exempt from tax ;

(b) paid to any person whose profits and income are exempt from tax under paragraph (a) of section 8 ;

(c) paid, on or after April 1, 1998, to any person who is a non-resident ; and " .

32. Sixth Schedule to the principal enactment is hereby amended by the substitution, for the words and figures "person or partnership out of Sri Lanka 33 1/3 *per centum*", of the following words and figures :—

"person or partnership out of Sri Lanka—

For any year of assessment ending before April 1, 1998 33 1/3 *per centum*

For any year of assessment commencing on or after April 1, 1998 20 *per centum* " .

33. Seventh Schedule to the principal enactment amended by Act, No. 24 of 1997 is hereby further amended as follows :—

- (1) by the substitution for the words and figures "for every year of assessment commencing on or after April 1, 1997, shall be as follows : of the words and figures "for every year of assessment commencing on or after April 1, 1997, but prior to April 1, 1998, shall be as follows :—"
- (2) by the addition at the end of that Schedule, of the following :—

"The rates of advance company tax for every year of assessment commencing on or after April 1, 1998 shall be as follows :—

- (i) on the amount equal to the amount of every qualifying distribution, made by a quoted public company—

- (a) out of the profits (other than the profits which are taxed, in accordance with the provisions, of section 32F or section 32H or section 32K or section 32M or section 32N or section 32DDDD or at a rate specified in any regulation made under the Board of Investment of Sri Lanka Law, No. 4 of 1978). 54 per centum

- (b) out of the profits which are taxed in accordance with the provisions of section 32H or section 32K or section 32M or section 32N or section 32DDDD or at the rate of fifteen per centum specified in any regulation made under the Board of Investment of Sri Lanka Law, No. 4 of 1978 and applicable to that company. 17 per centum

- (c) out of profits which are taxed in accordance with the provisions of section 32F or at the rate of ten per centum specified in any regulation made under the Board of Investment of Sri Lanka Law, No. 4 of 1978 and applicable to that company. 11 per centum

- (ii) on the amount equal to the amount of every qualifying distribution made by a unit trust or a mutual fund or any other company other than a quoted public company—

- (a) out of profits (other than profits which are taxed in accordance with the provisions of section 32F or section 32H or section 32K or section 32M or section 32N or section 32DDDD or at the rate specified in any regulation made under the Board of Investment of Sri Lanka, Law, No. 4 of 1978). 27 per centum

- (b) out of profits which are taxed in accordance with the provisions of section 32H or section 32K or section 32M or section 32N or section 32DDDD or at the rate of fifteen per centum specified in any regulations made under the Board of Investment of Sri Lanka Law, No. 4 of 1978 and applicable to that company. 8 per centum

- (c) out of profits which are taxed in accordance with the provisions of section 32F or at the rate of ten per centum specified in any regulation made under the Board of Investment of Sri Lanka Law, No. 4 of 1978 and applicable to that company. 5 per centum."

34. (1) The amendment to section 8 of the principal enactment made by section 2(2) and 2(3) of this Act, shall be deemed for all purposes to have come into force on December 1, 1996 .
- (2) The amendment to section 31A of the principal enactment made by section 17(2) of this Act, shall be deemed for all purposes to have come into force on November 6, 1996.
- (3) The amendment to section 29, of the principal enactment made by section 14 of this Act, shall be deemed for all purposes to have come into force on April 1, 1997 ;
- (4) The provisions of section 21 of this Act shall be deemed for all purposes to have come into force on April 1, 1997.
- (5) The amendment to—
 - (i) section 9 of the principal enactment made by section 3(2) to 3(4) of this Act ;
 - (ii) section 14 of the principal enactment made by section 6 of this Act ;

- (iii) section 17JJ of the principal enactment made by section 8 of this Act ;
- (iv) section 17KK of the principal enactment made by section 9 of this Act ;
- (v) section 23 of the principal enactment made by section 12(1) of this Act ;
- (vi) section 31 of the principal enactment made by section 16 of this Act, other than the insertion of paragraph (f) in subsection (2) of section 31,

shall be deemed for all purposes to have come into force on November 6, 1997.

- (6) The amendments to sections 8, 30 and 32D of the principal enactment made by sections 2(1), 15 and 19 respectively of this Act shall be deemed for all purposes to have come into force on January 1, 1998.

- (7) The amendment to—

- (i) section 10 of the principal enactment made by section 4 of this Act ;
- (ii) section 15 of the principal enactment made by section 7 of this Act ;
- (iii) section 20D of the principal enactment made by section 11 of this Act ;
- (iv) section 23 of the principal enactment made by section 12 (other than by paragraphs (b) and (c) of subsection (1), of this Act.
- (v) section 24 of the principal enactment made by section 13 of this Act ;
- (vi) section 31A of the principal enactment made by section 17(1) and 17 (3) of this Act ;
- (vii) section 163 of the principal enactment made by section 31 of this Act ;
- (viii) the Sixth Schedule and the Seventh Schedule made by section 32 and section 33 respectively of this Act.

shall be deemed for all purposes to have come into force on April 1, 1998.

- (8) The provisions of section 20 of the Act shall be deemed for all purposes to have come into force on April 1, 1998.

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

APPROPRIATION ACT, NO. 61 OF 1998

[Certified on 22nd December, 1998]

AN ACT TO PROVIDE FOR THE SERVICE OF THE FINANCIAL YEAR, 1999, TO AUTHORISE THE RAISING OF LOANS IN OR OUTSIDE SRI LANKA, FOR THE PURPOSE OF SUCH SERVICE, TO MAKE FINANCIAL PROVISION IN RESPECT OF CERTAIN ACTIVITIES OF THE GOVERNMENT DURING THAT FINANCIAL YEAR, TO ENABLE THE PAYMENT, BY WAY OF ADVANCES OUT OF THE CONSOLIDATED FUND 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. 61 of 1998.
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 forty two thousand six hundred and eighty nine million two hundred and eleven thousand for the service of the period beginning on January 1, 1999, and ending on December 31, 1999, in this Act referred to as the "financial year 1999", 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 twenty seven million. The sum of rupees two hundred and forty two thousand six hundred and eighty nine million two 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 authorising the raising of loans for and on behalf of the Government.
3. (1) The receipts of the Government during the financial year, 1999, 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, 1999.
- (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, 1999 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, 1999, 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, 1999 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 provisions of the First Schedule to this Act, have been allocated to Recurrent Expenditure under any Programme appearing under any Head specified in that Schedule, but have not been expended or are not likely to be expended, may be transferred to the allocation of Capital Expenditure within that Programme, or to the allocation of Recurrent Expenditure or Capital Expenditure under any other Programme within that Head by order of the Secretary to the Treasury or any other officer authorised by him.
- (2) No moneys allocated to Capital Expenditure under any Programme appearing under any Head specified in the First Schedule to this Act shall be transferred out of that allocation.
6. Where the Minister is satisfied—
 - (a) that receipts from taxes and other sources will be less than the amounts anticipated to finance authorised expenditure ; or
 - (b) 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, 2000 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 Order made under subsection (1) of this section 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.

APPROPRIATION (AMENDMENT) ACT, NO. 63 OF 1998

[Certified on 28th December, 1998]

AN ACT TO AMEND THE APPROPRIATION ACT, NO. 36 OF 1997

1. This Act may be cited as the Appropriation (Amendment) Act, No. 63 of 1998.
2. Section 2 of the Appropriation Act, No. 36 of 1997, is hereby amended in paragraph (b) of subsection (1) of that section, by the substitution for the words "rupees one hundred and thirteen thousand eighty nine million", of the words "rupees one hundred and twenty six thousand million".
3. In the event of any inconsistency between the Sinhala and Tamil texts of this Act, the Sinhala text shall prevail.