



PARLIAMENT OF THE DEMOCRATIC
SOCIALIST REPUBLIC OF
SRI LANKA

TAX AMNESTY

ACT, No. 5 OF 1989

[Certified on 11th May, 1989]

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Tax Amnesty Act, No. 5 of 1989

[Certified on 11th May, 1989]

L.D.—O. 10/89.

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

BE it enacted by the Parliament of the Democratic Socialist Republic of Sri Lanka as follows:—

1. This Act may be cited as the Tax Amnesty Act, No. 5 of 1989, and shall come into operation on April 1, 1989.

Short
title and
date of
operation.

2. (1) This Act shall, subject to the provisions of subsection (2), apply to any person who under the law for the time being applicable to the imposition of income tax or surcharge on income tax was liable to pay such tax for any year of assessment ending on or before March 31, 1988, in respect of any profits or income which arose or accrued on or before March 31, 1988, and who has not furnished a return of income under the provisions of such law for any such year of assessment or who has not disclosed such profits or income in any return furnished by him under the provisions of such law for any such year of assessment.

Person to
whom this
Act
applies.

(2) The provisions of this Act shall not apply to any person in relation to whom investigations have been commenced by the Commissioner-General or by any other officer of the Department of Inland Revenue for any alleged or suspected evasion of any tax payable under the provisions of the law for the time being applicable to the imposition of income tax or surcharge on income tax, or business turnover tax under the Finance Act, No. 11 of 1963 or turnover tax under the Turnover Tax Act, No. 69 of 1981, in respect of profits or income or turnover which arose or accrued on or before March 31, 1988.

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

Persons to whom this Act applies may deposit moneys in special accounts in the Bank.

3. Where any person to whom this Act applies has moneys which represent accumulated profits or income in respect of which such person has not made a return of income or which such person has not disclosed in the returns of income made by him under the law for the time being applicable to the imposition of income tax or surcharge on income tax, then such person may, on or before June 30, 1989 deposit such moneys to his credit in any such special account as may be opened by him for that purpose in the Bank.

Charge of a tax equal to 20 per centum of the moneys deposited in a special account in the Bank.

4. (1) Every person who deposits moneys in a special account in the Bank under the provisions of section 3 shall—

- (a) make a declaration to the Bank in the Form set out in the Schedule to this Act; and
- (b) be liable to pay to the Commissioner-General a tax of an amount equal to 20 per centum of the moneys so deposited.

(2) The tax payable by any person under subsection (1) shall, notwithstanding anything in any written law, be paid to the Commissioner-General by the Bank on or before July 31, 1989, out of moneys lying to the credit of such person in any such special account as is referred to in section 3.

(3) The payment by the Bank of the tax to the Commissioner-General under subsection (2) from the moneys lying to the credit of any person in any such special account as is referred to in section 3 shall be deemed to be authorized by such person, and such tax shall be deemed to have been paid by such person to the Commissioner-General.

Restrictions on withdrawal of moneys deposited in special accounts.

5. Notwithstanding anything in any other law the Bank shall not permit any person who has deposited any moneys in any such special account as is referred to in section 3 to withdraw, prior to July 1, 1991, the whole or any part of the balance amount lying to the credit of such person in such special account after payment of the tax referred to in section 4 (other than the interest accruing on such balance amount), except for the purposes specified in section 6.

6. (1) Any person who has deposited any moneys in any such special account as is referred to in section 3, may withdraw the balance amount lying to his credit in such special account after payment of the tax referred to in section 4, after June 30, 1991 :

Purposes for which moneys deposited in special accounts may be withdrawn.

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

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

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

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

(3) Notwithstanding anything in any other law, in computing the taxable income for any year of assessment commencing on or after April 1, 1989, of any person who withdraws after July 31, 1989, moneys lying to his credit in any such special account as is referred to in section 3 and applies such moneys to any of the purposes specified in the proviso to section 6, no deduction shall be allowed from the assessable income of that person for that year of assessment, in respect of the moneys so applied.

7. The Bank shall pay interest on the balance amount lying to the credit of any person in any such special account as is referred to in section 3, after payment of the tax referred to in section 4, at the current rate of interest payable by the Bank on moneys lying to the credit of savings accounts. The interest so accruing may be withdrawn by such person after July 31, 1989.

Interest on moneys deposited in special accounts.

Indemnification of a person deemed to have paid the tax referred to in section 4 from certain taxes and prosecutions.

8. Any person to whom this Act applies, who has deposited moneys in any such special account as is referred to in section 3 and who is deemed under section 4, to have paid the tax referred to in that section, shall not be liable—

(a) to pay—

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

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

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

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

(i) the law for the time being relating to the imposition of income tax or surcharge on income tax or wealth tax or surcharge on wealth tax in relation to any year of assessment ending on or before March 31, 1988, in respect of, or in connection with, the whole or any part of the amount of the accumulated profits or income, referred to in section 3 ; or the wealth in the acquisition of which the whole or any part of the amount of the accumulated profits or income, referred to in section 3, has been utilized ; or

- (ii) the Finance Act, No. 11 of 1963 or the Turnover Tax Act, No. 69 of 1981, in relation to any period prior to April 1, 1988, in respect of the turnover from which the amount of the accumulated profits or income, referred to in section 3 arose or was derived.

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

The preceding provisions of this Act not to be construed as authorizing the revision of any assessment previously made.

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

Maintenance of secrecy.

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

- (a) name of the holder of the account and income tax file number ;
- (b) name of business, if any, and income tax file number ;
- (c) date of deposit or withdrawal ;
- (d) amount deposited or withdrawn ;
- (e) such other particulars as are referred to in any declaration made under section 4 (1) (a) in relation to such special account.

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

Sinhala text to prevail in case of inconsistency.

Interpretation.

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

12. In this Act, unless the context otherwise requires—
the expressions “Commissioner-General”, “profits”, “income”, “wealth”, and “year of assessment” shall have the same meanings respectively as in the Inland Revenue Act, No. 28 of 1979;

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

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

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

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

(section 4(I) (a).

SCHEDULE.

TAX AMNESTY ACT No. 5 OF 1989

Declaration under Section 4(1) (a)

Income Tax File No.

if any.....

Special Amnesty Savings Deposit

Account No.....

Name of business

if any.....

Date.....

I, Mr./Mrs./Miss/We

(full name)

of.... do hereby:—

(Address)

(1) request you—

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

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

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

Amount tendered	Rs.
Less 20 per cent tax deductible	Rs.
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Balance to be held in Special Amnesty Savings Deposit Account by the National Savings Bank

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

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

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

Signature of Depositor.

Signed in my presence.

Signature of Branch Manager.