



PARLIAMENT OF THE DEMOCRATIC
SOCIALIST REPUBLIC OF
SRI LANKA

INLAND REVENUE (AMENDMENT)

ACT, No. 16 OF 1985

[Certified on 25th April 1985]

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Inland Revenue (Amendment)

Act, No. 16 of 1985

[Certified on 25th April, 1985]

L.D.—O. 70/84

AN ACT TO AMEND THE INLAND REVENUE ACT,

No. 28 OF 1979

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

1. This Act may be cited as the Inland Revenue (Amendment) Act, No. 16 of 1985.

Short title.

2. Section 8 of the Inland Revenue Act, No. 28 of 1979 (hereinafter referred to as the "principal enactment") is hereby amended in paragraph (a) of that section, by the insertion, immediately after sub-paragraph (xLiii) of that paragraph, of the following:—

Amendment of section 8 of Act No. 28 of 1979.

" (xLiv) the Sri Lanka Institute of Printing established by the Sri Lanka Institute of Printing Act, No. 18 of 1984 ;

(xLv) the Energy Conservation Fund established by the Energy Conservation Fund Act, No. 2 of 1985 ;

(xLvii) the Tea Small Holdings Development Authority established by the Tea Small Holdings Development Law, No. 35 of 1975 ;

(xLviii) the Co-operative Development Fund established under the Finance Act, No. 11 of 1963 ;

(xLvi) the Tea Small Holdings Development Authority established by the Tea Small Holdings Development Law, No. 35 of 1975 ;

3. Section 10 of the principal enactment is hereby amended in paragraph (e) of that section by the substitution, for the words "six years", of the words "ten years".

Amendment of section 10 of the principal enactment.

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

Amendment of section 11 of the principal enactment.

(a) in paragraph (c) of that section by the substitution for the words "within one year thereafter." of the words "within one year thereafter ;" ; and

(b) by the insertion immediately after paragraph (c) of that section, of the following paragraph:—

" (d) such part of the income of any individual for any year of assessment commencing on or after April 1, 1985, as consists of the aggregate of the gross dividends, not exceeding twelve thousand rupees received by such individual. "

Amendment
of section
13 of the
principal
enactment.

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

(a) by the substitution, in paragraph (g) of that section, for the words “any other agricultural product.”, of the words “any other agricultural product;”; and

(b) by the addition, at the end of that section, of the following paragraph:—

“(h) out of the Mill Development Fund administered by the Coconut Development Authority established under the Coconut Development Act, No. 46 of 1971, for the modernisation of machinery.”

Amendment
of section
20 of the
principal
enactment.

6. Section 20 of the principal enactment is hereby amended in paragraph (b) of subsection (1) of that section as follows:—

(a) in sub-paragraph (ii) of that paragraph by the substitution for the expression “but prior to March 31, 1983,”, of the expression “but prior to March 31, 1983; or”; and

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

“(iii) the provision for payment in foreign currency, of the services of ship repair, ship breaking, repair and re-furbishment of marine cargo containers, provision of computer soft ware, computer programmes, computer systems or recording computer data, if such company commences to provide such services on or after April 1, 1984, but prior to March 31, 1989, and is approved by the Minister, by Order published in the *Gazette*.”

Amendment
of section
20A of the
principal
enactment.

7. Section 20A of the principal enactment is hereby amended in paragraph (d) of the definition of “export turnover” by the substitution for the words “not exceeding that quota;”, of the words “not exceeding that quota for the year of assessment commencing on April 1, 1984;”.

Amendment
of section
23 of the
principal
enactment.

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

(a) in paragraph (o) of that subsection, by the substitution for the words “formation of that company; and”, of the words “formation of that company;”;

(b) in paragraph (p) of that subsection by the substitution for the words "from their place of work.", of the words "from their place of work ; and " ; and

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

" (q) the expenditure incurred by such person in the payment of gratuity to an employee on the termination of employment of such employee due to cessation of the trade, business, profession or vocation carried on by such person. "

9. Section 24 of the principal enactment is hereby amended in subsection (3) of that section by the substitution, for the words "of letting commercial buildings.", of the words "of letting premises for commercial purposes."

Amendment
of section
24 of the
principal
enactment

10. Section 29 of the principal enactment is hereby amended in the proviso to paragraph (a) of subsection (2) of that section as follows :—

Amendment
of section
29 of the
principal
enactment.

(a) in sub-paragraph (iv) by the substitution, for the expression "the provisions of section 149 ; and ", of the expression "the provisions of section 149 ;" ; and

(b) by the repeal of sub-paragraph (v) and the substitution therefor of the following :—

" (v) where any sum is payable by him by way of an annuity created on or before November 14, 1984 for a period not exceeding six years, no deduction shall be allowed in respect of any such sum payable by him during the year of assessment in which such annuity is created and during any year of assessment succeeding that year of assessment unless such annuity is for valuable and sufficient consideration or is for the life of the annuitant ; and

(vi) where any sum is payable by him by way of an annuity created on or after November 15, 1984, no deduction shall be allowed in respect of any such sum payable by him during the year of assessment in which such annuity is

created and during any year of assessment succeeding that year of assessment unless such annuity is—

- (a) paid under an order of Court by way of payment of alimony or maintenance ;
- (b) paid to his spouse under a duly executed deed of separation ; or
- (c) in return for full consideration in money or money's worth.

Amendment
of section
30 of the
principal
enactment.

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

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

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

“ (aa) an allowance of eighteen thousand rupees in respect of the year of assessment commencing on April 1, 1984 ; ” ; and

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

“ (aaa) an allowance of twenty-four thousand rupees in respect of any year of assessment commencing on or after April 1, 1985, and ” ; and

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

(a) by the repeal of paragraph (c) and the substitution therefor of the following paragraph :—

“ (c) an allowance of eighteen thousand rupees in respect of the year of assessment commencing on April 1, 1984 ; ” ; and

(b) by the insertion, immediately after paragraph (c), of the following paragraph :—

“ (d) an allowance of twenty-four thousand rupees in respect of any year of assessment commencing on or after April 1, 1985. ”

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

(1) in subsection (1) of that section by the substitution, for the expression “subsection (5)”, of the expression “subsection (5) and subsection (5A)”;

(2) in paragraph (k) of subsection (2) of that section by the insertion immediately after sub-paragraph (vii) of that paragraph, of the following sub-paragraph:—

“ (viii) the Sri Lanka Institute of Printing, established by the Sri Lanka Institute of Printing Act, No. 18 of 1984. ”;

(3) in paragraph (o) of subsection (2) of that section by the substitution, for the words “an individual”, of the words “a resident individual”, and for the words “of an unmarried child under twenty-five years of age”, of the words “of a married or an unmarried child under thirty years of age”;

(4) by the substitution, for subsection (5) of that section of the following subsection:—

“ (5) the deduction from the assessable income of —

(a) any person other than a company, for the year of assessment commencing on April 1, 1979, and for each of the five years of assessment immediately succeeding that year of assessment, and

(b) any company for any year of assessment commencing on or after April 1, 1979, in respect of all qualifying payments other than those referred to in paragraphs (b), (c), (m) and (n) of subsection (2) made by that person or deemed to have been made by him in that year of assessment, shall not exceed one-third of such assessable income. ”;

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

“ (5A) The deduction from the assessable income of any person other than a company, for any year of assessment commencing on or after April 1, 1985—

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

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

(iii) in respect of the aggregate of the qualifying payments referred to in paragraphs (i) and (ii) shall not exceed five hundred thousand rupees.” ;

(6) by the insertion, immediately after subsection (7) of that section, of the following subsection :—

“ (7A) 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 shares in any company, has sold such shares and has, within three months of the date of such sale, purchased other ordinary shares in respect of which he is entitled to a deduction from his assessable income under that subsection, the reduction from income tax to which he is entitled to in consequence of the second-mentioned purchase of shares shall be reduced by the amount of the reduction from income tax to which he was entitled to in consequence of the first-mentioned purchase of shares.” ;

(7) in subsection (8) of that section by the substitution for the words “in paragraph (d)”, of the words “in paragraphs (d) and (m)” ; and

- (8) in sub-paragraph (i) of paragraph (b) of subsection (9) of that section by re-lettering of item (e) as item (f) and the insertion, immediately before the re-lettered item of the following item :—

“(e) carrying on an industrial undertaking for the production or manufacture of goods or commodities being an undertaking which —

(i) commences its production or manufacture in an area which is specified as an area of high unemployment by the Minister, by notice published in the *Gazette*; and

(ii) employs more than twenty-five persons ; or”.

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

Amendment
of section
32 of the
principal
enactment.

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

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

“(iii) in respect of the year of assessment commencing on April 1, 1984, at the appropriate rates specified in Part IIA of the First Schedule to this Act ;” ;

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

“(iv) in respect of any year of assessment commencing on or after April 1, 1985, at the appropriate rates specified in Part IIB of the First Schedule to this Act ;” ; and

(c) by the repeal of sub-paragraphs (i) and (ii) of the proviso to subsection (1) of that section and the substitution therefor, of the following sub-paragraphs :—

“(i) twelve thousand rupees in respect of the year of assessment commencing on April 1, 1980, and for the three years of assessment immediately succeeding that year of assessment ;

..... (ii) eighteen thousand rupees for the year of assessment commencing on April 1, 1984; and

(iii) twenty-four thousand rupees for any year of assessment commencing on or after April 1, 1985.”; and

(2) by the repeal of sub-paragraph (ii) of subsection (2) of that section and the substitution therefor of the following sub-paragraphs:—

“ (ii) Part II of the First Schedule to this Act in respect of the year of assessment commencing on April 1, 1980, and for the next three years of assessment immediately succeeding that year of assessment; or

(iii) Part IIA in respect of the year of assessment commencing on April 1, 1984; or

(iv) Part IIB in respect of any year of assessment commencing on or after April 1, 1985.”.

Amendment
of section
34 of the
principal
enactment.

14. Section 34 of the principal enactment is hereby amended in paragraph (a) of subsection (1) of that section by the substitution, for the words “and an additional five *per centum* of the taxable income of such company for such year of assessment; and”, of the words and figures “and in respect of the year of assessment commencing on April 1, 1979, and for each of the five years of assessment immediately succeeding that year of assessment, an additional five *per centum* of the taxable income of such company for such year of assessment; and”.

Amendment
of section
37 of the
principal
enactment.

15. Section 37 of the principal enactment is hereby amended by the substitution, for the words “during any year of assessment”, of the words and figures “during the year of assessment commencing on April 1, 1979, and each of the five years of assessment immediately succeeding that year of assessment”.

16. Section 38 of the principal enactment is hereby amended by the addition immediately after subsection (5) of that section of the following subsection :—

Amendment
of section
38 of the
principal
enactment.

“ (6) For the purposes of subsection (4) and subsection (5), the assessable income of an individual shall be deemed to include such part of his income as is exempt from income tax under paragraph (d) of section 11.”.

17. Section 47 of the principal enactment is hereby amended in subsection (1) of that section, by the substitution, for all the words from “Net Wealth” means the amount’ to “on that day other than—” of the following :—

Amendment
of section
47 of the
principal
enactment.

‘ (1) “Net wealth” means the amount by which the aggregate value, computed in accordance with the provisions of this Chapter —

(i) of the wealth of a person on the first day of the year of assessment in respect of the year of assessment commencing on April 1, 1979, and for each of the four years immediately succeeding that year of assessment ; and

(ii) of the wealth of a person on the last day of the year of assessment in respect of any year of assessment commencing on or after April 1, 1984,

is in excess of the aggregate value of all the debts owed by him on that day other than—’.

18. Section 48 of the principal enactment is hereby amended by the repeal of subsection (1) of that section and the substitution therefor of the following subsection :—

Amendment
of section
48 of the
principal
enactment.

“ (1) The taxable wealth of any person other than a non-resident company shall —

(a) for the year of assessment commencing on April 1, 1979, and for each of the five years of assessment immediately succeeding that year of assessment be such part of the net wealth of that person as exceeds the sum of two hundred thousand rupees ; and

(b) for any year of assessment commencing on or after April 1, 1985, be such part of the net wealth of that person as exceeds the sum of five hundred thousand rupees,

and such person shall be liable to wealth tax in respect of such taxable wealth.”.

Amendment
of section
49 of the
principal
enactment.

19. Section 49 of the principal enactment is hereby amended as follows :—

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

‘ (1) The value of any immovable property shall—

(a) for the year of assessment commencing on April 1, 1979, and for each of the four years of assessment immediately succeeding that year of assessment, be its market value on the first day of such year of assessment ; and

(b) for any year of assessment commencing on or after April 1, 1984, be its market value on the last day of such year of assessment :

Provided, however, that if such property formed on April 1, 1977, part of the wealth of the person whose wealth is being assessed (in this subsection referred to as the “ assessee ”) or was acquired, by way of gift or inheritance by the assessee from another person who had owned or held an interest in such property on April 1, 1977, the market value of such property—

(i) on the first day of the year of assessment commencing on April 1, 1979, and on the first day of each of the four years of assessment immediately succeeding that year of assessment ; and

(ii) on the last day of any year of assessment commencing on or after April 1, 1984, shall be deemed to be its market value on April 1, 1977, increased by an amount equal

to the cost of any improvements, additions or alterations made to that property on or after April 1, 1977, or its market value—

(a) on April 1, of that year of assessment in the case of any year of assessment referred to in sub-paragraph (i) ; or

(b) on March 31, of that year of assessment in the case of any year of assessment referred to in sub-paragraph (ii),

whichever is less.' ;

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

“ (a) the market value of any movable property shall—

(i) for the year of assessment commencing on April 1, 1979, and for each of the four years immediately succeeding that year of assessment, be its market value on the first day of such year of assessment ; and

(ii) for any year of assessment commencing on or after April 1, 1984, be its market value on the last day of such year of assessment.” ; and

(3) by the substitution in paragraph (b) of subsection (2) of that section for the words “on the first day of the year of assessment after deducting therefrom”, of the words “on the first day of the year of assessment in respect of the year of assessment commencing on or after April 1, 1979, and each of the four years of assessment next succeeding that year of assessment and on the last day of the year of assessment in respect of any year of assessment commencing on or after April 1, 1984, after deducting therefrom”.

20. Section 56 of the principal enactment is hereby amended in subsection (2) of that section, by the substitution, for the expression “their value on April 1, of that year of assessment”, of the expression “their value on the date of the gift”.

Amendment
of section
56 of the
principal
enactment.

Amendment
of section
73 of the
principal
enactment.

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

(a) in paragraph (i) of that subsection by the substitution for the words “immediately succeeding that year of assessment; and”, of the words “immediately succeeding that year of assessment;”; and

(b) by the repeal of paragraph (ii) of that subsection and the substitution therefor, of the following paragraphs:—

“ (ii) eighteen thousand rupees for the year of assessment commencing on April 1, 1984; and

(iii) twenty-four thousand rupees for any year of assessment commencing on or after April 1, 1985.”.

Amendment
of the
sub-
heading J of
Chapter XII
of the
principal
enactment.

22. Sub-heading J of Chapter XII of the principal enactment is hereby amended by the substitution for the word “Tourism”, of the words “Tourism and Exports”.

Insertion
of new
section 85A
in the
principal
enactment.

23. The following section is hereby inserted immediately after section 85, and shall have effect as section 85A of the principal enactment:—

‘Relief
from
income tax
in respect
of certain
profits and
income of
companies
engaged in
exports.

85A. Where the net foreign exchange earnings of a company from the export turnover of an undertaking referred to in section 20 (1) or section 20A(1) is certified by the Export Development Board to be seventy-five *per centum* or more of the value (before charging freight and insurance) of such exports for each year for a period of ten years immediately succeeding the last date of the year for which the whole or any part of the profits and income of that company is exempt from income tax under the provisions of those sections, such company shall be entitled to a deduction from the

income tax payable by the company on the export profits and income for any of the aforementioned ten years of a sum equal to fifty *per centum* of the specified sum.

For the purposes of this section—

(a) “export turnover” and “export profits and income” shall have the same meaning as in section 20 ;

(b) “specified sum”, in relation to any year of assessment means—

(i) in the case of a resident company, a sum which bears to the income tax payable by that company for that year of assessment under paragraph (a) of subsection (1) of section 33 after the deduction of any relief granted under section 82 or section 83, the same proportion as the export profits and income of that company bear to the total profits and income of that company for that year of assessment; and

(ii) in the case of a non-resident company, the sum which bears to the income tax payable by that company for that year of assessment under paragraph (a) of subsection (1) of section 34 after the deduction of any relief granted under section 82 or section 83, the same proportion as the export profits and income of that company bear to the total profits and income of that company for that year of assessment.’

Insertion
of new
section 92AA
in the
principal
enactment.

24. The following new section is hereby inserted immediately after section 92A and shall have effect as section 92AA of the principal enactment:—

'Returns and other documents to contain the national identity card number or passport number.

92AA. Every individual who is chargeable with income tax, wealth tax or gifts tax under this Act, for any year of assessment commencing on or after April 1, 1985, shall, for the purposes of this Act,—

(a) indicate in his return of income, wealth or gift for such year of assessment—

(i) his identity card number if he is a person liable for registration under the Registration of Persons Act, No. 32 of 1968 :
or

(ii) the number in his current passport if he is not liable to registration under the aforesaid Act ;

(b) indicate in the documents relating to any transaction specified by the Minister by notice published in the *Gazette*, having regard to the need to ensure the equitable administration of the provisions of this Act,—

(i) his identity card number if he is a person liable to registration under the aforesaid Act ; or

(ii) the number in his current passport if he is not liable to registration under the aforesaid Act.'

Amendment
of section
97 of the
principal
enactment.

25. Section 97 of the principal enactment is hereby amended by the insertion immediately after subsection (2) of that section of the following subsection:—

“(3) Notwithstanding anything contained in subsection (1) and subsection (2) of this section, the entirety of the tax payable by any company resident in Sri Lanka under paragraph (b) of subsection (1) of section 33 in respect of dividends distributed by such company in any

year of assessment, commencing on or after April 1, 1985, shall be paid on or before the thirtieth day succeeding the date of distribution of such dividends.”.

26. Section 125 of the principal enactment is hereby amended as follows:—

Amendment
of section
125 of the
principal
enactment.

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

“ (1A) Where the entirety of the tax or part of such tax payable by a company on or before the date specified in section 97 (3), is not so paid, such tax or part thereof shall be deemed to be in default and such company shall be deemed to be a defaulter for the purposes of this Act.” ; and

(b) by the substitution in paragraph (ii) of the proviso to subsection (2) of that section, for the words “such quarterly instalment of tax become due;”, of the words and figures ‘such quarterly instalment of tax become due.

For the purpose of this paragraph “income tax” in relation to a company for any year of assessment commencing on or after April 1, 1985, shall not include tax payable by that company under paragraph (b) of subsection (1) of section 33 in that year of assessment;’.

27. Section 131 of the principal enactment is hereby amended by the insertion, at the end of subsection (1) of that section, of the following subsection:—

Amendment
of section
131 of the
principal
enactment.

‘ (1A) Where a person holds money for or on account of the defaulter and any other person or persons jointly (in this section referred to as the “joint account holder or holders”) the Commissioner-General may give a notice under subsection (1) to such person requiring him to pay the amount of the tax in default or part thereof to the officer named in such notice out of the moneys, or such part of such moneys’ in the joint account which the Commissioner-General is satisfied is attributable to the contri-

contributions made by the defaulter and is so certified by the Commissioner-General :

Provided that—

- (a) every person remitting money in compliance with a notice issued under subsection (1), shall intimate such fact to every other joint account holder ;
- (b) every joint account holder other than the defaulter, may, within two weeks of the date on which he receives an intimation under paragraph (a), make a claim to the Commissioner-General in respect of any part of such remittance which represents his net contribution to the balance in such joint account as at the date of notice issued by the Commissioner-General and the Commissioner-General shall consider such claim and make his order thereon ;
- (c) every joint account holder who is aggrieved by the order of the Commissioner-General made under paragraph (b) may institute an action in the District Court seeking an order for the recovery of such money or part of money which he claims to be attributable to the contributions made by him.

Notwithstanding any provision in the Prescription Ordinance (Chapter 68), no action shall be instituted for the recovery of such money or part of such money after the expiration of three months from the date of notice issued by the Commissioner-General. '

**Amendment
of section
149 of the
principal
enactment**

28. Section 149 of the principal enactment is hereby amended, by the insertion immediately after subsection (5) of that section, of the following subsection :—

“ (6) Notwithstanding anything to the contrary in section 35 and section 38, any tax deducted in accordance with section 38 in respect of a dividend paid by a resident company to a non-resident shareholder, in excess of the rate of tax on dividends specified in an agreement referred to in section 82(1), between the Government of Sri Lanka and the Government of the country in which such shareholder is resident, shall be refunded to such shareholder, on a claim duly made in writing within three

years of the end of the year in which such tax was deducted or within one year of the date on which such agreement comes into force, whichever is later.”

29. Section 151 of the principal enactment is hereby amended in paragraph (d) of subsection (1), by the substitution for the expression “or section 92(1) or section 127(2)”, of the expression “or section 92(1) or section 92AA or section 127(2)”.

Amendment
of section
151 of the
principal
enactment.

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

Insertion of
new section
158A in the
principal
enactment.

Inland
Revenue
Incentive
Fund.

158A. (1) There shall be established a Fund called the Inland Revenue Incentive Fund (hereinafter in this section referred to as “the Fund”).

(2) There shall be paid into the Fund in respect of each year commencing on or after January 1, 1985, such sums as may be appropriated annually by Parliament for the purpose of the Fund.

(3) There shall be paid out of the Fund—

(a) all sums required for the welfare of officers of the Department of Inland Revenue in accordance with any scheme approved by the Minister; and

(b) group incentive allowances to any class or category of officers of the Department of Inland Revenue in accordance with such scheme as may be approved by the Minister to ensure efficiency in the administration of any Act administered by the Commissioner-General.

(4) The Commissioner-General or any officer of the Department of Inland Revenue specially authorized by him in that behalf shall administer the Fund in accordance with the prescribed procedure.’

Amendment
of section
163 of the
principal
enactment.

31. Section 163 of the principal enactment is hereby amended as follows:—

- (1) by the substitution in paragraph (2) of the definition "authorized representative" for the words "being an individual registered as an Auditor under the Companies (Auditors) Regulations, is approved by the Commissioner-General", of the words "is an individual approved by the Commissioner-General under regulations made in that behalf"; and
- (2) in the definition of "business" by the substitution for the words "the letting of commercial premises by a company", of the words "the letting of premises for commercial purposes by a company".

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

Amendment
of the
First
Schedule
to the
principal
enactment.

- (a) in Part IIA of that Schedule by the substitution, for the expression "for any year of assessment commencing on or after April 1, 1984", of the expression "for the year of assessment commencing on April 1, 1984";
- (b) by the insertion, immediately after Part IIA of that Schedule, of the following Part:—

"PART IIB

The rate of income tax for any year of assessment commencing on or after April 1, 1985, shall be as follows:—

	RATE OF TAX
On the first Rs. 9,000 of the taxable income	.. 7½ per centum
On the next Rs. 9,000 of the taxable income	.. 10 per centum
On the next Rs. 9,000 of the taxable income	.. 15 per centum
On the next Rs. 9,000 of the taxable income	.. 20 per centum
On the next Rs. 9,000 of the taxable income	.. 25 per centum
On the next Rs. 9,000 of the taxable income	.. 30 per centum
On the next Rs. 9,000 of the taxable income	.. 35 per centum
On the next Rs. 9,000 of the taxable income	.. 40 per centum
On the next Rs. 15,000 of the taxable income	.. 45 per centum
On the next Rs. 15,000 of the taxable income	.. 50 per centum
On the balance of the taxable income	.. 55 per centum"; and

- (c) by the repeal of Part IV of the Schedule and the substitution therefor of the following:—

"PART IV

The rates of income tax applicable to certain profits from employment specified in subsection (2) of section 32—

(a) for the year of assessment commencing on April 1, 1979, and for the next five years of assessment immediately succeeding that year of assessment—

On the first Rs. 50,000	..	Nil
On the next Rs. 25,000	..	5 per centum
On the next Rs. 25,000	..	10 per centum
On the balance	..	15 per centum

(b) for the year of assessment commencing on or after April 1, 1985—

On the first Rs. 100,000	..	Nil
On the next Rs. 50,000	..	5 per centum
On the next Rs. 50,000	..	10 per centum
On the balance	..	15 per centum

33. The Third Schedule to the principal enactment is hereby amended by the repeal of item 3 of that Schedule and the substitution therefor of the following item:—

"(3) *Executors (other than trustees under last wills) and Receivers (other than liquidators).*

Taxable income of executors (other than trustees under last wills) and receivers (other than liquidators)—

- (i) for the year of assessment commencing on April 1, 1979, and each of the five years immediately succeeding that year of assessment .. 30 per centum
- (ii) for any year of assessment commencing on or after April 1, 1985 .. 40 per centum."

Amendment
of the
Third
Schedule
to the
principal
enactment.

34. The Fourth Schedule to the principal enactment is hereby amended by the repeal of item 1 and the substitution therefor of the following item:—

"1 *For any person other than a charitable institution or a non-resident company having immovable property in Sri Lanka—*

(a) for the year of assessment commencing April 1, 1979, and for the next five years of assessment immediately succeeding that year of assessment—

On the first Rs. 200,000 of the taxable wealth	..	$\frac{1}{2}$ per centum
On the next Rs. 500,000 of the taxable wealth	..	$\frac{3}{4}$ per centum
On the next Rs. 1,000,000 of the taxable wealth	..	1 per centum
On the balance of the taxable wealth	..	2 per centum;

Amendment
of the
Fourth
Schedule
to the
principal
enactment.

(b) for any year of assessment commencing on or after April 1, 1985—

On the first Rs. 500,000 of the taxable wealth	.. ½ per centum
On the next Rs. 1,000,000 of the taxable wealth	.. ¾ per centum
On the next Rs. 1,500,000 of the taxable wealth	.. 1 per centum
On the balance of all taxable wealth	.. 2 per centum”.

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

“ FIFTH SCHEDULE

(Section 51)

RATES OF GIFTS TAX

1A For individuals, for the year of assessment commencing on or after April 1 1979 and for each of the five years of assessment next succeeding that year of assessment,

On the first Rs. 50,000 of the value of all taxable gifts	Nil
On the next Rs. 100,000 of the value of all taxable gifts	5 per centum
On the next Rs. 100,000 of the value of all taxable gifts	10 per centum
On the next Rs. 100,000 of the value of all taxable gifts	15 per centum
On the next Rs. 100,000 of the value of all taxable gifts	20 per centum
On the next Rs. 100,000 of the value of all taxable gifts	25 per centum
On the next Rs. 200,000 of the value of all taxable gifts	30 per centum
On the next Rs. 200,000 of the value of all taxable gifts	35 per centum
On the next Rs. 200,000 of the value of all taxable gifts	40 per centum
On the next Rs. 200,000 of the value of all taxable gifts	45 per centum
On the next Rs. 200,000 of the value of all taxable gifts	50 per centum
On the next Rs. 500,000 of the value of all taxable gifts	55 per centum
On the next Rs. 500,000 of the value of all taxable gifts	60 per centum
On the balance of the value of all taxable gifts	.. 70 per centum

1B For individuals for any year of assessment commencing on or after April 1, 1985—

On the first Rs. 250,000 of the value of all taxable gifts	Nil
On the next Rs. 250,000 of the value of all taxable gifts	5 per centum
On the next Rs. 250,000 of the value of all taxable gifts	10 per centum
On the next Rs. 250,000 of the value of all taxable gifts	15 per centum
On the next Rs. 250,000 of the value of all taxable gifts	20 per centum
On the next Rs. 250,000 of the value of all taxable gifts	25 per centum
On the next Rs. 500,000 of the value of all taxable gifts	30 per centum
On the next Rs. 500,000 of the value of all taxable gifts	35 per centum
On the next Rs. 500,000 of the value of all taxable gifts	40 per centum
On the next Rs. 500,000 of the value of all taxable gifts	45 per centum
On the balance of the value of all taxable gifts	.. 50 per centum

(2) For companies—

On the value of all taxable gifts—50 per centum.”.

Retrospective effect to the amendment with regard to Greater Colombo Economic Commission in section 2.

36. The amendment made in the principal enactment by section 2 of this Act exempting the Greater Colombo Economic Commission established under the Greater Colombo Economic Commission Law, No. 4 of 1978, shall be deemed, for all purposes, to have come into force on the date of commencement of the principal enactment.