



**PARLIAMENT OF THE DEMOCRATIC
SOCIALIST REPUBLIC OF
SRI LANKA**

**INLAND REVENUE (AMENDMENT)
ACT, No. 56 OF 1985**

[Certified on 31st December, 1985]

Printed on the Orders of Government

Published as a Supplement to Part II of the Gazette of the Democratic
Socialist Republic of Sri Lanka of January 03, 1986

PRINTED AT THE DEPARTMENT OF GOVERNMENT PRINTING, SRI LANKA

TO BE PURCHASED AT THE GOVERNMENT PUBLICATIONS BUREAU, COLOMBO

Price : Re. 1.65

Postage : Re. 1.15

Inland Revenue (Amendment)
Act, No. 56 of 1985

[Certified on 31st December, 1985]

L. D.—O. 60/85

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. 56 of 1985. Short title.

2. Section 9 of the Inland Revenue Act, No. 28 of 1979 (hereinafter referred to as the “principal enactment”) is hereby amended in subsection (1) of that section as follows :— Amendment of section 9 of Act No. 28 of 1979.
 - (1) in paragraph (b) of that subsection by the substitution for all the words and figures from “and any such pension” to the end of that paragraph, of the following :—

“ (viii) an employee of a Regional Rural Development Bank, established under the Regional Rural Development Banks Act, No. 15 of 1985,

and any such pension, or any such profits from employment referred to in paragraph (c) of section 4, as are received by any person in respect of past services performed by such person or by any other person, whether before or after the commencement of this Act, as an officer or employee referred to in items (i), (ii), (iii), (iv), (v), (vi), or (viii) ;” ; and
 - (2) by the repeal of sub-paragraph (i) of paragraph (1) of that subsection, and the substitution of the following sub-paragraph therefor :—

“ (i) profits and income from employment not exceeding—

 - (a) thirty thousand rupees, in any year of assessment commencing on or after April 1, 1979 but prior to April 1, 1986, and
 - (b) forty-two thousand rupees, in any year of assessment commencing on or after April 1, 1986 ; and ”.

Amendment
of
section 23 of
the principal
enactment.

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

(1) by the insertion, immediately after paragraph (h) of that subsection, of the following new paragraph:—

“ (hh) in respect of any year of assessment commencing on or after April 1, 1985, any sum not exceeding forty *per centum* of its profits and income for that year of assessment, transferred by—

(i) the Development Finance Corporation of Ceylon established by the Development Finance Corporation of Ceylon Act (Chapter 165) ; or

(ii) the National Development Bank established by the National Development Bank of Sri Lanka Act, No. 2 of 1979,

to a special reserve for bad and doubtful debts ;” ;

(2) by the substitution, in paragraph (q) of that subsection, for the words “ carried on by such person. ”, of the words “ carried on by such person ; ” and

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

“ (r) any annual payment made by such person to any fund, approved for the purposes of this paragraph, by the Commissioner-General and maintained for the purpose of payment, under the Payment of Gratuity Act, No. 12 of 1983, of gratuities to employees on the termination of their services. ”.

Amendment
of
section 29 of
the principal
enactment.

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

(1) by the substitution, in sub-paragraph (ii) of that proviso, for the words “ next year of assessment and so on. ” of the words “ next year of assessment and so on ; ”, and

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

“ (iii) no deduction shall be made under this paragraph or under subsection (3) (b) or subsection (4) (c) in respect of a loss incurred by the company, in which there has been a change of ownership on or after November 15, 1985, except against the statutory income of such trade or business of the company as that in which the loss was incurred.

For the purposes of this paragraph, a change of ownership of a company is deemed to have occurred where more than one-third of the issued share capital of the company is held, at any time in the year of assessment in which the claim for deduction is made, either directly or through nominees, by persons who did not hold such share capital, at any time in the year of assessment in which the losses were incurred.”

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

**Amendment of
section 30 of
the principal
enactment.**

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

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

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

(b) by the insertion immediately after paragraph

“ (aaa) an allowance of twenty-four
paragraph:—

“ (aaaa) an allowance of twenty-seven thousand rupees in respect of any year of assessment commencing on or after April 1, 1986, and ” ; and

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

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

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

(b) by the insertion, immediately after paragraph (d) of that proviso, of the following paragraph :—

“ (e) an allowance of twenty-seven thousand rupees in respect of any year of assessment commencing on or after April 1, 1986.”.

Amendment of section 31 of the principal enactment.

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

(1) in sub-paragraph (i) of paragraph (e) of subsection (2) of that section by the substitution for the words “ while he is the owner of that house or site ;”, of the words “ while he is the owner of that house or site or while the owner of that house or site is the child, under eighteen years of age, of such individual—

(a) who has acquired ownership of such house or site, by way of gift from such individual ; and

(b) whose income has been, for the purposes of this Act, aggregated with that of such individual in that year of assessment ;” ;

(2) in the proviso to subsection (3) of that section—

(a) by the substitution, in paragraph (b) of that proviso, for the words “ site in that year of assessment.”, of the words “ site in that year of assessment ; and” ;

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

“ (c) a deduction under subsection (1) shall be made for an year of assessment in respect of such qualifying payment, notwithstanding the fact that such

individual is not the owner of such house or site in that year of assessment, if the owner of that house or site in that year of assessment is a child, under eighteen years of age, of such individual—

- (i) who has acquired ownership of such house or site, by way of gift from such individual; and
- (ii) whose income has been, for the purposes of this Act, aggregated with that of such individual in that year of assessment.”;

(3) in subsection (5A) of that section, by the substitution for the words and figures “for any year of assessment commencing on or after April 1, 1985”, of the words and figures “for the year of assessment commencing on April 1, 1985”; and

(4) by the insertion immediately after subsection (5A) of that section, of the following new subsection :—

“ (5B) The deduction from the assessable income of any person other than a company, for any year of assessment commencing on or after April 1, 1986—

(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 one hundred and fifty 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 one hundred and fifty thousand rupees; and

- (iii) in respect of the aggregate of all qualifying payments referred to in paragraphs (i) and (ii) of this subsection, shall not exceed one hundred and fifty thousand rupees.”.

Amendment
of Section 32
of the
principal
enactment.

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

(1) in subsection (1) thereof—

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

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

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

“ (v) in respect of any year of assessment commencing on or after April 1, 1986, at the appropriate rates specified in Part IIc of the First Schedule to this Act.” ; and

(c) by the repeal of sub-paragraph (iii) of the proviso to that subsection and the substitution therefor, of the following sub-paragraphs :—

“ (iii) twenty-four thousand rupees for the year of assessment commencing on April 1, 1985 ; and

(iv) twenty-seven thousand rupees for any year of assessment commencing on or after April 1, 1986.” ; and

(2) in subsection (2) of that section, by the repeal of paragraph (iv) thereto, and the substitution, of the following paragraphs therefor :—

“ (iv) Part IIb in respect of the year of assessment commencing on April 1, 1985 ; or

(v) Part IIc in respect of any year of assessment commencing on or after April 1, 1986 :

Provided however, that where the taxable income of an individual for any year of assessment commencing on or after April 1, 1986, includes any sum referred to in paragraph (c) of this subsection, which has been paid to such individual in accordance with a scheme which, in the opinion of the Commissioner-General, is not uniformly applicable to all individuals employed by the employer of that individual such sum shall be treated as a capital gain, within the meaning of this Act, and such individual shall be taxed for that year of assessment, in accordance with subsection (3) of this section."

8. Section 33 of the principal enactment is hereby amended in subsection (1) of that section as follows:—

Amendment
of section 33
of the
principal
enactment.

(1) by the substitution, in the proviso to paragraph (b) of that subsection, for the words "each of the three years of assessment immediately succeeding that year of assessment.", of the words "each of the three years of assessment immediately succeeding that year of assessment; and"; and

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

"(c) in the case of a public corporation, for any year of assessment commencing on or after April 1, 1986, an amount equal to twenty-five *per centum* of the balance of its profits, after deduction therefrom of the tax payable under paragraph (a)."

9. Section 50 of the principal enactment is hereby repealed and the following section substituted therefor:—

Replacement
of
section 50 of
the principal
enactment.

"Wealth tax payable not to exceed certain amount.

50. The wealth tax payable by any person—

(a) for the year of assessment commencing on April 1, 1979 or any of the six years of assessment immediately succeeding that year of assessment, shall not exceed eighty *per centum*;

(b) for any year of assessment commencing on or after April 1, 1986, shall not exceed sixty *per centum*,

of the aggregate of the assessable income of that person for that year of assessment and of any profits and income (other than the net annual value of a residence and of any

subsidy exempt from income tax under this Act), being profits and income exempt from income tax under this Act or any other enactment, and which, but for this exemption, would have been taken into account in computing the assessable income, of that person for that year of assessment.”.

Replacement
of section 51
of the
principal
enactment.

10. Section 51 of the principal enactment is hereby repealed and the following section substituted therefor :—

‘ Charge of
the gifts
tax.

51. Subject to the other provisions of this Chapter, there shall be charged from every individual, other than an individual referred to in section 42, and from every company, for every year of assessment commencing on or after April 1, 1979, but before April 1, 1986, a tax which is hereafter in this Act referred to as the “ gifts tax ” in respect of taxable gifts made by such individual or company in that year of assessment and in the case of the year of assessment commencing on April 1, 1985, before November 13, 1985, at the appropriate rates specified in the Fifth Schedule to this Act.’.

Amendment
of
section 55 of
the principal
enactment.

11. Section 55 of the principal enactment is hereby amended in subsection (2) of that section, by the substitution, in paragraph (a) of that subsection, for the words “ but before the end of that year of assessment, ”, of the words “ but before the end of that year of assessment or in the case of the year of assessment commencing on April 1, 1985, before November 13, 1985, ”.

Amendment
of section 73
of the
principal
enactment.

12. Section 73 of the principal enactment is hereby amended in subsection (1A) of that section, by the repeal of paragraph (iii) of that subsection, and the substitution, of the following paragraphs therefor :—

“ (iii) twenty-four thousand rupees for the year of assessment commencing on April 1, 1985 ; and

(iv) twenty-seven thousand rupees for any year of assessment commencing on or after April 1, 1986. ”.

13. Section 86 of the principal enactment is hereby amended as follows :—

Amendment
of section 86
of the
principal
enactment.

(1) by the renumbering of that section as subsection (1) of that section ;

(2) by the substitution, in the renumbered subsection (1) of that section, for the words and figures “commencing on or after April 1, 1979, and”, of the words and figures “commencing on or after April 1, 1979, but before April 1, 1986, and ” ; and

(3) by the insertion, immediately after the renumbered subsection (1) of that section, of the following new subsection :—

“(2) where the aggregate of—

(a) the wealth tax to which a person is liable for any year of assessment commencing on or after April 1, 1986, and

(b) the income tax to which such person is liable for that year of assessment, exceeds sixty *per centum* of the aggregate of the assessable income of that person for that year of assessment and of any profits and income (other than the net annual value of a residence and any subsidy exempt from income tax under this Act), being profits and income exempt from income tax under this Act or under any other enactment, and which but for that exemption would have been taken into account in computing the assessable income of that person for such year of assessment, such excess shall be set off against the wealth tax to which he is liable for that year of assessment.”

14. Section 92AA of the principal enactment is hereby amended as follows :—

Amendment
of section
92AA of
the principal
enactment.

(1) by the renumbering of that section as subsection (1) of that section ; and

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

“ (2) Every company or partnership or body of persons which is chargeable with income tax under this Act, for any year of assessment commencing on or after April 1, 1986, shall, for the purposes of this Act, indicate its registration number under the Business Names Ordinance or the Companies Act, No. 17 of 1982, as the case maybe, in—

(a) its return of income for that year of assessment; and

(b) all such documents relating to all such transactions as are specified by the Minister under paragraph (b) of subsection (1).”

Insertion of
Chapter XVA
in the
principal
enactment.

15. The following new Chapter is inserted immediately after Chapter XV, and shall have effect as Chapter XVA of the principal enactment:—

‘CHAPTER XVA

DEDUCTION OF INCOME TAX FROM INTEREST PAID BY BANKS AND FINANCIAL INSTITUTIONS

Banks and
financial
Institutions
to deduct
income tax.

113A. (1) Every bank and financial institution shall, subject to the other provisions of this Chapter, deduct from the interest payable by it in any year of assessment commencing on or after April 1, 1986, on any sum of money deposited with it by a person in his own name or in the name of some other person, being in either case a person chargeable with income tax under this Act, income tax at the rate of twenty *per centum* of the interest so payable.

For the purposes of a deduction under this section, “interest” means such part of the interest received by a person chargeable with income tax from a bank or financial institution in any year of assessment as is not exempt from income tax or in respect of which no deduction has been made under section 81.

(2) Every bank or financial institution which deducts income tax in accordance with the provisions of subsection (1) from any interest paid by it in any year of assessment,

to a person chargeable with income tax under this Act, shall issue to such person a statement setting out the following particulars:—

- (a) the gross amount of the interest due in such year of assessment,
- (b) the rate and amount of tax deducted, and the period for which it is deducted, and
- (c) the net amount of interest actually paid.

113B. Where the assessable income of a person for any year of assessment included a payment referred to in section 113A, then—

Credit for
tax deducted.

- (a) if the income tax payable by him for that year of assessment exceeds the total of the deductions made under section 113A, he shall be entitled, on production of a statement relating to such payment made in accordance with that section, to deduct from the income tax payable by him for that year of assessment, the amount of tax set out in such statement;
- (b) if the income tax payable by him for that year of assessment is less than the total of the deductions made under section 113A, he shall be entitled, on production of a statement relating to such payment made in accordance with that section and subject to the provisions of Chapter XXIII, to a refund of the amount of the difference between the income tax payable by him for that year of assessment and the amount set out in such statement.

113c. (1) Any person from whose interest, income tax is deductible by a bank or financial institution, in accordance with the provisions of section 113A, may, if the amount of income tax payable by him for any year of assessment is less than the income tax deductible for that year of assessment under section 113A, make an application to the Commissioner-General in such form, and containing such particulars, as may be specified by the Commissioner-General that a direction be issued to that bank or financial institution to make the necessary adjustments in the deduction of income tax for that year of assessment.

Issue of
directions.

(2) The Commissioner-General or any officer authorized by the Commissioner-General may, on an application, made by any person under subsection (1) issue to the bank or financial institution specified in such application, the necessary directions in writing (a copy of which shall be issued to the applicant) and such bank or financial institution shall deduct income tax from the interest payable to such person in accordance with such direction :

Provided that any such direction issued may at any time be varied.

(3) Any person who is dissatisfied with a direction issued under this section in respect of any year of assessment may, within a period of thirty days after the date of such direction, appeal to the Commissioner-General in writing setting out precisely the grounds of such appeal. The decision of the Commissioner-General on any such appeal shall be final and conclusive :

Provided that the Commissioner-General shall on a request made in writing by such person, cause an assessment to be made under section 115 on such person for that year of assessment for the purpose of enabling such person to prefer an appeal under section 117 against such assessment.

(4) Every bank and financial institution shall—

(a) keep a proper record of the interest paid by it, in an year of assessment, to persons chargeable with income tax under this Act, and the date or dates on which such interest is paid, in such manner as may be specified by the Commissioner-General ; and

(b) permit any officer authorized in writing by the Commissioner-General to inspect any record maintained by it and referred to in paragraph (a).

Duties of banks and financial institutions following deductions of income tax.

113D. Every bank or financial institution which is required to deduct income tax from the interest paid by it in any year of assessment to persons chargeable with income tax under this Act, shall deduct such income tax at the time when such interest is paid to such person in accordance with any agreement entered into between it and such person, with respect to such payment, and shall remit the amount so

deducted to the Commissioner-General before the fifteenth day of the month following the month in which the deduction was made and at the same time furnish to the Commissioner-General, a declaration in such form and in such manner as may be specified by the Commissioner-General.

113E. (1) Where any bank or financial institution fails to deduct income tax from the interest paid by it in any year of assessment to a person chargeable with income tax under this Act in accordance with section 113D or where the bank or financial institution fails to remit to the Commissioner-General, any amount so deducted, such bank or financial institution shall be liable for the entire amount of the tax it was required to deduct under the provisions of this section but has not so deducted or, as the case may be, for the entire amount or part of the amount of the tax deducted and not remitted, to the Commissioner-General, and the amount not deducted or deducted and not remitted, as the case may be, shall be deemed to be in default from the day following the day on or before which such amount should have been remitted to the Commissioner-General, and such bank or financial institution shall be deemed to be a defaulter, and such amount may be recovered from such bank or financial institution in the manner provided in this Act.

Default
in the
deduction
of income
tax.

(2) Notwithstanding the provisions of subsection (1), the Commissioner-General may recover from the person from whom such deduction should have been made the amount of the income tax or any part thereof which the bank or financial institution has failed to deduct from the interest paid to such person.

(3) Nothing in this section shall be read and construed as preventing the Commissioner-General from taking such steps as he thinks fit to recover the amount of income tax referred to in subsection (2) wholly from the bank or financial institution or wholly from the person from whom such deduction should have been made or partly from the bank or financial institution and partly from that person.

113F. Where any bank or financial institution which is required to deduct income tax from the interest paid in any year of assessment to any person chargeable with income tax under this Act—

Issue of
assessments
on banks
and
financial
institutions.

(a) fails to deduct the whole or any part of the income tax which it is required to deduct under this Chapter ;

(b) fails to remit to the Commissioner-General the whole or any part of the income tax so deducted ; or

(c) fails to furnish any declaration under section 113D, an assessor may at any time within three years from the end of that year of assessment, assess the amount of income tax or the additional amount of income tax which 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.

Appeals.

113G. (1) Any bank or financial institution aggrieved by the amount of any assessment made under the provisions of section 113F may appeal in writing against such assessment to the Commissioner-General within a period of thirty days after the date of the notice of such assessment :

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

(2) Where the assessment appealed against under subsection (1) has been made in the absence of a declaration required to be furnished under section 113D, the petition of appeal shall be preferred together with such declaration.

(3) The amount of income tax charged by an assessment made under section 113F shall be paid by the bank or financial institution notwithstanding that an appeal against such assessment has been preferred under subsection (1).

(4) The provisions of section 117 (5) to 122 shall, *mutatis mutandis*, apply to any appeal preferred under subsection (1).

(5) Where no valid appeal has been preferred within the period specified in subsection (1) against an assessment made in accordance with the provisions of this Chapter, or where an agreement is reached under section 117 (5) as regards the assessment, or where an assessment has been determined on appeal, the assessment as made or agreed or determined on appeal, as the case may be, shall be final and conclusive for all purposes of this Act.

113H. Where any income tax payable by a bank or financial institution under the provisions of this section is in default, such bank or financial institution shall pay in addition to such tax—

Penalty for default.

- (a) a penalty of a sum equivalent to ten *per centum* of such tax; and
- (b) where such tax is not paid before the expiry of six months after tax has begun to be in default, a further penalty of a sum equivalent to fifteen *per centum* of such tax:

Provided that the Commissioner-General may waive or reduce the amount of any such penalty payable by the defaulter if such defaulter proves to the satisfaction of the Commissioner-General that the failure to pay was due to circumstances beyond his control and that he has paid the amount of the tax in default and has furnished the declaration required to be furnished at the time of such payment.

113J. In this Chapter, "financial institution" means any person or body of persons, corporate or unincorporate, whose business or part of whose business consists in the acceptance of money by way of deposit and the payment of interest thereon.

Interpretation.

16. Section 115 of the principal enactment is hereby amended in subsection (5) of that section, by the repeal of all the words and figures from "Subject to the provisions of section 62," to "three years from the end of that year of assessment:", and the substitution therefor of the following:—

Amendment of section 11 of the principal enactment.

"(5) Subject to the provisions of section 62, no assessment shall be made—

(a) of—

- (i) income tax or wealth tax, payable under this Act, for any year of assessment commencing before April 1, 1986, by any person, or

- (ii) any gifts tax, payable under this Act, by any person in respect of any gift made by him in any such year of assessment but before November, 13, 1985, and included by such person in a return made by him on or before the thirtieth of November next succeeding that year of assessment,

after the expiry of three years from the end of that year of assessment ; and

- (b) of the income tax or wealth tax, as the case may be, payable under this Act for any year of assessment, commencing on or after April 1, 1986, by any person who has made a return of his income or wealth, as the case may be, on or before the thirtieth of November next succeeding the end of that year of assessment, after the expiry of three years from the end of that year of assessment : ” .

**Amendment
of section 128
of the
principal
enactment.**

17. Section 128 of the principal enactment is hereby amended in subsection (3) of that section, by the substitution, for the words “which shall be final.”, of the following :—

“ which shall be final :

Provided that where the Commissioner-General is satisfied that owing to illness, absence from Sri Lanka or other reasonable cause, the defaulter was prevented from objecting within thirty days of the notice issued under subsection (1) or subsection (2), he shall grant an extension of time for preferring such objections.”.

**Amendment
of section 129
of the
principal
enactment.**

18. Section 129 of the principal enactment is hereby amended in subsection (2) of that section, by the addition, at the end of that subsection, of the following paragraph :—

“ (e) in this subsection, the expression “movable property” includes any plant or machinery affixed to the ground of a factory.”.

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

Amendment
of the First
Schedule to
the principal
enactment.

- (1) in Part IIb of that Schedule, by the substitution, for the expression "for any year of assessment commencing on or after April 1, 1985", of the expression "for the year of assessment commencing on April 1, 1985"; and
- (2) by the insertion, immediately after Part IIb of that Schedule, of the following Part:—

"PART II c

The rate of income tax for any year of assessment commencing on or after April 1, 1986, shall be as follows:—

On the first Rs. 21,000 of the taxable income	..	10 per centum
On the next Rs. 24,000 of the taxable income	..	20 per centum
On the next Rs. 24,000 of the taxable income	..	30 per centum
On the next Rs. 24,000 of the taxable income	..	40 per centum
On the balance of the taxable income	..	50 per centum "

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

Amendment
of the Third
Schedule to
the principal
enactment.

- (1) by the repeal of item 1 of that Schedule, and the substitution, of the following item therefor:—

"1. *Hindu Undivided Families.*—

for the year of assessment commencing on April 1, 1979, and for the six years of assessment immediately succeeding that year of assessment—

		<i>Rate of tax</i>
On the first Rs. 25,000 of the taxable income	..	30 per centum
On the next Rs. 25,000 of the taxable income	..	40 per centum
On the next Rs. 25,000 of the taxable income	..	50 per centum
On the next Rs. 25,000 of the taxable income	..	60 per centum
On the balance of the taxable income	..	70 per centum
For any year of assessment commencing on or after April 1, 1986—		
On the first Rs. 25,000 of the taxable income	..	30 per centum
On the next Rs. 25,000 of the taxable income	..	40 per centum
On the balance of the taxable income	..	50 per centum "

Inland Revenue (Amendment)
Act, No. 56 of 1985

- (2) by the repeal of item 4 of that Schedule, and the substitution, of the following item therefor:—

“4. Trustees (including trustees under last wills)—
for the year of assessment commencing on April 1, 1979 and for the six years of assessment immediately succeeding that year of assessment—

- | | |
|---|--------------------|
| (a) where the trust was created before November 15, 1978 | .. 50 per centum |
| (b) where the trust was created on or after November 15, 1978 | .. 55 per centum |
| For any year of assessment commencing on or after April 1, 1986 on all trustees | .. 50 per centum”; |
| and | |

- (3) by the repeal of item 11 of that Schedule and the substitution, of the following item therefor:—

“11. Business Undertakings vested in the Government under the Business Undertakings (Acquisition) Act, No. 35 of 1971—

- | | |
|--|-----------------------|
| (a) for any year of assessment commencing on April 1, 1979 and each of the six years immediately succeeding that year of assessment, on the taxable income | .. 50 per centum |
| (b) for any year of assessment commencing on or after April 1, 1986— | |
| (i) on the taxable income | .. 50 per centum, and |
| (ii) on the balance of the profits after deduction therefrom, of the tax payable under paragraph (i) | .. 25 per centum”. |