



PARLIAMENT OF THE DEMOCRATIC
SOCIALIST REPUBLIC OF
SRI LANKA

INLAND REVENUE
(AMENDMENT)
ACT, No. 49 OF 1991

(Certified on 21st December, 1991)

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Inland Revenue (Amendment)
Act, No. 49 of 1991

[Certified on 21st December, 1991]

L. D.—O.112/90

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. 49 of 1991.

Short
title.

2. Section 8 of the Inland Revenue Act, No. 28 of 1979 (hereinafter referred to as “the principal enactment”) is hereby amended as follows:—

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

(1) in paragraph (a) of that section—

(a) by the substitution, in sub-paragraph (Lviii), of that paragraph for the words “International Committee of the Red Cross; and”, of the words “International Committee of the Red Cross;”;

(b) by the substitution, in sub-paragraph (Lix) of that paragraph for the words and figures “Institute of Policy Studies of Sri Lanka Act, No. 53 of 1988.”, of the words and figures “Institute of Policy Studies of Sri Lanka Act, No. 53 of 1988;”;

(c) by the addition immediately after sub-paragraph (Lix) of that paragraph, of the following sub-paragraphs:—

“ (Lx) the Credit Information Bureau of Sri Lanka established by the Credit Information Bureau of Sri Lanka Act, No. 18 of 1990, for any year of assessment commencing on or after April 1, 1991; and

(Lxi) Rubber Research Board established under the Rubber Research Ordinance, for any year of assessment commencing on or after April 1, 1991.”; and

(2) in paragraph (c) of that section—

(a) by the substitution for sub-paragraph (iv) of that paragraph of the following sub-paragraph:—

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“ (iv) a foreign currency banking unit from all off-shore transactions of the unit.

For the purposes of this sub-paragraph any foreign currency transaction which any foreign currency banking unit enters into, on or after April 1, 1991, with any other foreign currency banking unit, shall be deemed to be an off-shore transaction ;” ;

(b) by the addition immediately after sub-paragraph (iv) of that paragraph of the following sub-paragraph :—

“ (v) a foreign currency banking unit arising on or before March 31, 1991, from such on-shore foreign currency transactions of the unit as may be approved by the Minister having regard to the foreign exchange benefits that are likely to accrue to the country from such transactions ;” .

Amendment
of section 9
of the
principal
enactment.

3. Section 9 of the principal enactment is hereby amended, in subsection (1) of that section, as follows :—

(1) in paragraph (b) of that subsection—

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

“ (iiia) an employee of any Provincial Council or an officer of a provincial public service ;” ;

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

“ (x) the Governor for a Province appointed under Article 154B of the Constitution ;

(xi) any member of any Provincial Council ;” ;

(c) by the substitution, for the words and figures “ referred to in items (i), (ii), (iii), (iv), (v), (vi), (vii), (viii) or (ix) ;” , of the

words and figures "referred to in subparagraph (i), (ii), (iii), (iiia), (iv), (v), (vi), (vii), (viii), (ix), (x) or (xi)"; and

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

" (l) profits and income not exceeding in the aggregate—

(a) one thousand two hundred rupees, for any year of assessment ending on or before March 31, 1991, and

(b) two thousand four hundred rupees, for any year of assessment commencing on or after April 1, 1991,

from all sources other than employment, derived by or arising or accruing to, an individual or any child whose total statutory income is aggregated with the income of that individual, if the total statutory income, for that year of assessment, of that individual consists only of—

(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;

(b) forty-two thousand rupees, for the year of assessment commencing on April 1, 1986;

(c) forty-five thousand rupees, for any year of assessment commencing on or after April 1, 1987 but prior to April 1, 1991; and

(d) sixty thousand rupees, for any year of assessment commencing on or after April 1, 1991; and

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(ii) profits and income not exceeding—

(a) one thousand two hundred rupees, for any year of assessment ending on or before March 31, 1991; and

(b) two thousand four hundred rupees, for any year of assessment commencing on or after April 1, 1991,

from all sources of profits and income other than employment,

and accordingly, where any income tax has been paid, by deduction or otherwise, by such individual in any year of assessment, in respect of any profits and income which are exempt under this paragraph, such tax shall, on an application in that behalf being made in writing by such individual within three years of the end of that year of assessment, be refunded to him;”.

Amendment
of section
10 of the
principal
enactment.

4. Section 10 of the principal enactment is hereby amended in paragraph (b) of that section by the substitution, for the words “for any year of assessment, by”, of the words and figures “for any year of assessment ending on or before March 31, 1991, by”.

Amendment
of section
14 of the
principal
enactment.

5. Section 14 of the principal enactment is hereby amended in paragraph (a) of that section as follows:—

(a) by the substitution, in sub-paragraph (xvii) (b) of that paragraph, for the words and figure, “referred to in section 17E, if the sum”, of the words and figure “referred to in section 17F, if the sum”; and

(b) by the substitution in sub-paragraph (xix) of that paragraph for the words and figures “referred to in section 22DDD”, of the words and figure “referred to in section 22DDDD”.

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

Amendment
of section
15 of the
principal
enactment.

- (1) in paragraph (ccc) of that section, by the addition, at the end of that paragraph, of the following:—

‘For the purposes of this paragraph, “vocation” means a vocation in the field of literature or fine arts.’; and

- (2) by the addition, immediately after paragraph (v) of that section, of the following paragraph:—

“(w) any profits and income within the meaning of paragraph (a) of section 3, derived by, or accruing to, any person, from the sale after one year from the date of acquisition by such person but before April 1, 1994, of any share in any quoted public company.”.

7. Section 17c of the principal enactment is hereby amended in paragraph (c) of subsection (2) of that section, as follows:—

Amendment
of section
17c of the
principal
enactment.

- (1) in sub-paragraph (i) of that paragraph, by the substitution for the words “industrial processes; or”, of the words “industrial processes;”;

- (2) in sub-paragraph (ii) of that paragraph, by the substitution for the words “industrial design:”, of the words “industrial design; or”; and

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

“(iii) an undertaking of a pioneering nature, based on computer technology, for the development and provision, of telecommunication services in Sri Lanka:”.

8. Section 17F of the principal enactment is hereby amended in subsection (3) of that section as follows:—

Amendment
of section
17F of the
principal
enactment.

- (1) by the substitution, for the words “For the purposes of this section and in relation to any industrial undertaking—”, of the words “For the purposes of this section—”;

- (2) by the substitution in paragraph (c) of that subsection, for the words “not to be new capital expenditure.”, of the words “not to be new capital expenditure;”;

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

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- (d) the expression "production or manufacture of goods or commodities" includes the growing of fruits, vegetables, flowers or foliage plants.'

Replacement
of section
17G of the
principal
enactment.

9. Section 17G of the principal enactment is hereby repealed and the following section substituted therefor:—

'Exemption
from income
tax, of the
profits and
income of
certain
omnibuses.

17G (1) Such part of 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 undertaking for the transport of passengers, as consist of the profits and income from the operation of any specified omnibus shall be exempt from income tax for a period of three years from the date of the first registration of that omnibus by the Registrar of Motor Vehicles.

(2) For the purposes of this section—

(i) "specified omnibus" means any omnibus which—

(a) is new;

(b) is first registered by the Registrar of Motor Vehicles on or after January 1, 1990 but prior to April 1, 1992; and

(c) has a seating capacity of not less than thirty persons excluding the driver; and

(ii) "profits and income from the operation of any specified omnibus" in relation to any undertaking for the transport of passengers and to any year of assessment, means the sum which bears to the gross receipts from the transport of passengers by that omnibus (other than any receipts from the transport of any group of passengers every member of which is transported to a common destination or common destinations, whether

such destination is determined by such group or not, for pleasure, sight seeing, performance of religious or other rites) the same proportion as the profits and income (other than any profits and income from the sale of capital assets) of the undertaking from the transport of passengers bear to the aggregated gross receipts of that undertaking from the transport of passengers.’

10. The following new section is hereby inserted immediately after section 17G of the principal enactment, and shall have effect as section 17H of that enactment:—

“Exemption from income tax of the profits and income of any new or rehabilitated cinema.

17H. (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 undertaking referred to in subsection (2), from the exhibition of any cinematograph film in any new or rehabilitated cinema referred to in subsection (2), shall be exempt from income tax for a period of three years reckoned from the date on which the business of the exhibition of cinematograph films in such cinema commences.

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

(a) commences before April 1, 1994, the business of exhibiting cinematograph films in a cinema—

(i) the construction of which commenced on or after January 1, 1991; or

(ii) which is certified by the Secretary to the Ministry of the Minister in charge of the subject of Rehabilitation, Reconstruction and Social Welfare, as having been destroyed on or after July 23, 1983, by riot or civil commotion, and the rehabilitation or

Insertion of new section 17H in the principal enactment.

reconstruction of which commenced on or after January 1, 1991, but before April 1, 1992; and

(b) is approved by the Minister by notice, published in the *Gazette*, before April 1, 1992, to be an undertaking to which this section applies.”

Amendment of section 22DDD of the principal enactment.

11. Section 22DDD of the principal enactment is hereby amended in subsection (2) of that section by the substitution, for the words “any company approved for the purposes of this section by the Minister by notice published in the *Gazette* and”, of the words and figures “any company which commenced to carry on business on or after January 1, 1990 and which is approved for the purposes of this section by the Minister by notice published in the *Gazette*, before April 1, 1992 and”.

Amendment of section 22E of the principal enactment.

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

(1) in paragraph (a) of that section, by the substitution for the words and figures “section 20 or section 22c or section 22d has not taken any steps to commence business; or”, of the words and figures “section 17A or section 17c or section 17d or section 20, or section 22c, or section 22d, or section 22DDD, or section 22DDDD, has not taken any step to commence business or that any undertaking approved under section 17F has not taken any step to expand its productive capacity, as the case may be, or”; and

(2) in the marginal note to that section by the substitution for the words and figures “section 16, 16A, 16B, 20, 22A, 22B, 22C, or 22D”, of the words and figures “section 16, 16A, 16B, 17A, 17c, 17d, 20, 22A, 22B, 22C, 22D, 22DDD or 22DDDD”.

Amendment of section 23 of the principal enactment.

13. Section 23 of the principal enactment is hereby amended in subsection (1) of that section, by the substitution, for paragraph (k) of that subsection of the following paragraph:—

“ (k) any—

(i) business turnover tax payable under the Finance Act, No. 11 of 1963;

- (ii) turnover tax payable under the Turnover Tax Act, No. 69 of 1981, less any deduction allowable under section 47 or section 48 of that Act; or
- (iii) tax corresponding to business turnover tax or turnover tax, referred in sub-paragraph (i) or (ii) respectively and payable, on or after January 1, 1991, under any statute enacted by any Provincial Council:

Provided that where at the time of making any assessment it appears to an Assessor that any such tax so payable has not been paid, he may refuse to allow any deduction in respect of such tax:

Provided further that where it appears to an Assessor that any such tax in respect of which a deduction has been refused, has been paid within a period of six years from the end of the year of assessment to which such assessment relates, he shall, on an application made in writing within twelve months of making such payment and supported by such proof as he may require, make an amended assessment allowing such deduction notwithstanding the provisions of section 123, and any tax found to have been paid in excess as a result of such amended assessment, shall be refunded notwithstanding the provisions of section 149."

14. Section 24 of the principal enactment is hereby amended in subsection (1) of that section, by the addition, immediately after paragraph (r) of that subsection of the following paragraph:—

Amendment
of section
24 of the
principal
enactment.

(s) such part of any sum paid or payable by such person, not being any venture capital company, any unit trust or any mutual fund, as consideration for the management of any trade, business, profession or vocation carried on or exercised by him, as exceeds—

- (i) one million rupees or one *per centum* of the turnover of such trade, business, profession or vocation during the period of which profits and income are being ascertained whichever is lower; or

- (ii) such amount as may be determined by the Commissioner-General, having regard to all the circumstances of the case, as being reasonable and commercially justifiable as such consideration,

which ever is higher.

For the purposes of this paragraph, the term "turnover" in relation to any trade, business, profession or vocation and to any period, means the total amount received or receivable from transactions entered into, or for services performed, in that period, in carrying on or exercising such trade, business, profession or vocation, excluding any amount received or receivable from the sale of capital assets.

Amendment
of section
29 of the
principal
enactment.

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

- (1) in paragraph (b) of subsection (2) of that section, by the substitution for the words and figures "the amount of a loss other than a capital loss or a loss referred to in subsection (7) incurred by him", of the words and figures "the amount of a loss (other than a capital loss, a loss referred to in subsection (7), or a loss referred to in subsection (7A)), incurred by him";

- (2) in paragraph (a) of subsection (3) of that section, by the substitution, for the words and figures "section 17A, or section 22A or section 22B, or section 22c, or section 22D, or section 22DD of this Act,", of the words and figures "section 17A, or section 17B, or section 17c, or section 17D, or section 17G, or section 17H, or section 22A or section 22B, or section 22c, or section 22D, or section 22DD, or section 22DDD, or section 22DDDD of this Act,"; and

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

"(7A) There shall be deducted from the total statutory income of a person for any year of assessment commencing on or after April 1, 1992, where such income includes profits and income of any foreign currency

banking unit arising from on-shore foreign currency transactions and which are not exempt from income tax under this Act, any loss for any year of assessment commencing on or after April 1, 1991 incurred by such foreign currency banking unit from on-shore foreign currency transactions 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 foreign currency banking unit 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."

16. Section 31 of the principal enactment is hereby amended in subsection (2) of that section as follows :—

Amendment
of section
31 of the
principal
enactment.

(1) in paragraph (b) of that subsection, by the addition, immediately after sub-paragraph (vii) of that paragraph of the following sub-paragraph :—

" (viii) a fund established by a Provincial Council and approved by the Minister ;" ; and

(2) in paragraph (k) of that subsection by the addition immediately after sub-paragraph (x), of that paragraph of the following new sub-paragraph :—

" (xi) the J. R. Jayawardena Centre established by the J. R. Jayawardena Centre Act, No. 77 of 1988."

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

Amendment
of section
32 of the
principal
enactment.

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

“(b) a sum received as a retiring gratuity, other than such part of such sum as exceeds one million five hundred thousand rupees, or”; and

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

(i) by the substitution for the words “where the taxable income of a person includes any capital gain arising from the change of ownership of any share in any quoted public company, within a period of one year from the date of acquisition of such share by such person, and the rate of income tax”, of the words and figures “where the taxable income of any person includes—

(a) any capital gain from the change of ownership, or

(b) any profits and income within the meaning of paragraph (a) of section 3 from the sale, before April 1, 1994,

of any share in any quoted public company being a share which such person has held for a period of one year or less from the date of its acquisition by such person and the rate of income tax”; and

(ii) by the substitution, in sub-paragraph (ii) of paragraph (a) of that subsection for the words “above ten *per centum* as are applicable”, of the words “above twenty *per centum* as are applicable.”

Insertion
of new
section
32DD in the
principal
enactment.

18. The following new section is hereby inserted immediately after section 32D of the principal enactment and shall have effect as section 32DD of that enactment:—

“Rate of
income tax
on the profits
of any
foreign
currency
banking unit.

32DD. The profits and income, of any foreign currency banking unit arising on or after April 1, 1991, from any on-shore foreign currency transaction, shall, notwithstanding anything to the contrary in any other provision of this Act, be liable to income tax at the rate of fifteen *per centum*.”

Amendment
of section
32E of the
principal
enactment.

19. Section 32E of the principal enactment is hereby amended by the substitution, for the words and figures “for any year of assessment commencing on or after April 1, 1990,” wherever those words and figures occur in that section, of the words and figures “for the year of assessment commencing on April 1, 1990.”

20. The following new section is hereby inserted immediately after section 32E, and shall have effect as section 32EE of the principal enactment:—

"Tax credit against tax on profits from employment for year of assessment commencing on or after April 1, 1991.

32EE. There shall be deducted from the income tax payable for any year of assessment commencing on or after April 1, 1991, by any individual, not being an individual to whom the provisions of subsection (7) of section 67 apply, whose assessable income for that year of assessment includes profits from employment, an amount equal to one thousand five hundred rupees or the amount of income tax which is attributable to profits from employment, whichever is less.

For the purposes of this section the amount of income tax which is attributable to profits from employment of any individual for any year of assessment shall be the sum which bears to the income tax (other than such part of such tax as is charged at the appropriate rates specified in Part IV of the First Schedule to this Act), payable by that individual for that year of assessment, the same proportion as the proportion which the profits from employment (other than such part of such profits as consists of any sum referred to in section 32(2)) of that individual for that year of assessment bears to the assessable income (other than such part of the assessable income as consists of any sum referred to in section 32(2)), of that individual for that year of assessment."

Insertion of new section 32EE in the principal enactment.

21. Section 33 of the principal enactment is hereby amended in subsection (1c) of that section by the substitution, for the words and figures "the provisions of subsections (3A) and (3B) of section 32," of the words and figures "the provisions of subsections (3A), (3B) and (3BB) of section 32".

Amendment of section 33 of the principal enactment.

22. Section 45 of the principal enactment is hereby amended as follows:—

Amendment of section 45 of the principal enactment.

(1) in paragraph (v) of that section by the substitution for the words and figures "referred to in section 10 (e)," of the words and figures "referred to in section 10(e)";

(2) by the addition immediately after paragraph (v) of that section of the following new paragraph:—

“(w) any share in any quoted public company held by such person.”

Amendment
of section
65 of the
principal
enactment.

23. Section 65 of the principal enactment is hereby amended in subsection (4) of that section by the substitution, for the words from “The precedent partner of a partnership”, to “a notice in such form as may be specified by the Commissioner-General”, of the following:—

“The precedent partner of a partnership or where no active partner is resident in Sri Lanka, the agent in Sri Lanka of the partnership shall—

(a) in respect of any year of assessment ending on or before March 31, 1991, issue to each partner of that partnership on or before the thirty-first day of July, October and January of that year of assessment and the thirtieth day of September immediately succeeding the end of that year of assessment; and

(b) in respect of any year of assessment commencing on or after April 1, 1991, issue to each partner of that partnership on or before the thirty-first day of July, October and January of that year of assessment and the thirtieth day of April immediately succeeding the end of that year of assessment,

a notice in such form as may be specified by the Commissioner-General”.

Amendment
of section
73 of the
principal
enactment.

24. Section 73 of the principal enactment is hereby amended in subsection (3) of that section by the substitution for the words “any sum received by a non-resident person”, of the words and figures “any sum received, in any year of assessment commencing on or before April 1, 1990, by a non-resident person”.

Insertion
of a new
section
of new
principal
enactment.

25. The following new section is hereby inserted immediately after section 84 of the principal enactment and shall have effect as section 84A of that enactment:—

“Relief in
respect of
Sri Lanka
income tax.

84A. (1) Where any person or any partner of any partnership, referred to in subsection (2) proves to the satisfaction of the Commissioner-General that in respect of his income referred to in subsection (2), he has paid or is likely to pay for any year of assessment commencing on or after April 1, 1991, income tax in Sri Lanka and income tax for

the corresponding period in any other country, then, such person shall be entitled to relief from income tax payable by him in Sri Lanka of an amount equal to the excess, if any, of the income tax, in respect of such income, payable by him in Sri Lanka (before granting any relief under this section), over the income tax, in respect of such income, payable by him in such other country.

(2) The provisions of subsection (1) shall apply—

(a) to any non-resident person, or, to any partner of any partnership registered outside Sri Lanka, being a person or partnership who or which provides, in Sri Lanka, management consultancy services in areas specified by the Commissioner-General, by notice published in the *Gazette*; and

(b) in respect of the profits and income arising in or derived from Sri Lanka on or after April 1, 1991, from the provision of management consultancy services referred to in paragraph (a).

(3) For the purposes of subsection (1), the income tax in Sri Lanka or in any other country, payable by any person or by any partner of any partnership, referred to in subsection (2), in respect of his profits and income referred to in subsection (2), shall be computed at the rate equivalent to the quotient obtained by dividing the income tax payable by such person or such partner, (before granting any relief under this section) in Sri Lanka, or in such other country, as the case may be, in respect of his taxable income ascertained for the purposes of income tax in Sri Lanka, or, in such other country, as the case may be, by his taxable income ascertained for the purposes of income tax in Sri Lanka, or, in such other country, as the case may be. ”.

Amendment
of section
85A of the
principal
enactment.

26. Section 85A of the principal enactment is hereby amended, by the substitution, for all the words and figures from "Where the net foreign exchange earnings" to "fifty *per centum* of the specified sum.", of the following words and figures:—

"Where the net foreign exchange earnings of a person from the export turnover of an undertaking referred to in section 20 (1) or section 20A (1)—

(a) is certified by the Export Development Board to be—

(i) seventy five *per centum*, in the case of any year of assessment commencing prior to April 1, 1987 and,

(ii) fifty *per centum*, in the case of any year of assessment commencing on or after April 1, 1987, but prior to April 1, 1991, or

(b) is twenty-five *per centum*, in the case of any year of assessment commencing on or after April 1, 1991,

or more of the value (before charging freight and insurance) of such exports for each year for a period of—

ten years, in the case of any year of assessment commencing prior to April 1, 1987, or

five years, in the case of any year of assessment commencing on or after April 1, 1987,

immediately succeeding the end of the last year for which the whole or any part of the profits and income of that person is exempt from income tax under the provisions of those sections, such person shall be entitled to a deduction from the income tax payable by him on the export profits and income for any of the aforementioned ten or five years, of a sum equal to fifty *per centum* of the specified sum :

Provided that for any year of assessment commencing on or after April 1, 1991, the Minister may, specify by notice published in the *Gazette*, the manner in which such net foreign exchange earnings of any person form the export turnover of any undertaking referred to in section 20 (1) or section 20A (1) are to be computed."

27. Section 92A of the principal enactment is hereby amended as follows:—

Amendment
of section
92A of the
principal
enactment.

- (1) in subsection (1) of that section, by the substitution, for the words from “requiring such person to furnish for any year of assessment”, to the end of that subsection of the following:—

“requiring such person to furnish within the period specified in such notice, in respect of any year of assessment, a statement of accounts and any schedules containing such particulars as may be specified in the notice of such trade, business, profession or vocation, for that year of assessment or for any period in respect of which the statutory income for that year of assessment is computed:

Provided that where the turnover of such trade, business, profession or vocation exceeds five million rupees for any year of assessment commencing on or after April 1, 1991 or for any period in respect of which the statutory income of such trade, business, profession or vocation for any such year of assessment is computed, such partner or such person shall, notwithstanding that a notice under this section has not been given to him, furnish in respect of such year of assessment or period such statement of accounts and such schedules.”;

- (2) in paragraph (b) of subsection (2) of that section, by the substitution, for the words “specified by the Commissioner-General.”, of the words and figures “specified by the Commissioner General:

Provided that where the turnover of any trade, business, profession or vocation exceeds five million rupees for any year of assessment commencing on or after April 1, 1991, or for any period in respect of which the statutory income of such trade, business, profession or vocation for that year of assessment is computed, a statement of accounts furnished for that year of assessment or period, by the person carrying on such trade, business or vocation shall be prepared by an approved accountant.”; and

- (3) by the substitution for subsection (3) of that section, of the following subsection:—

‘ (3) For the purposes of this section—

(i) “approved accountant” means—

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- (a) an accountant who is a member of the Institute of Chartered Accountants of Sri Lanka ;
 - (b) an accountant who is approved by the Commissioner-General for the purpose of the definition of authorised representative ; or
 - (c) any individual who is registered as an auditor under the Companies (Auditors) Regulations and approved by the Commissioner-General for the purpose of the definition of "authorised representative" ; and
- (ii) "turnover" in relation to any trade, business, profession or vocation and to any period, means the total amount received or receivable from transactions entered into, or, for services performed, during that period in carrying on or exercising such trade, business, profession or vocation (excluding any amount received or receivable from the sale of capital assets)

Amendment
of section
99 of the
principal
enactment.

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

(1) Every employer who employs—

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

who has not given notice to the Commissioner-General under section 107C(1) of the Inland Revenue Act, No. 4 of 1963 or under this Chapter of this Act, shall give notice to the Commissioner-General not later than March 15, 1992, that he has in his employ such individual (hereinafter in this Chapter referred to as a "specified employee").

29. Section 109 of the principal enactment is hereby amended by the insertion, immediately after subsection (2) of that section, of the following new subsections:—

Amendment
of section
109 of the
principal
enactment.

“(2A) Every employer preferring an appeal under subsection (1) against the amount of an assessment for any pay period falling within any year of assessment commencing on or after April 1, 1991, shall (unless such employer has already done so,) remit to the Commissioner-General the whole or any part of the income tax which such employer was required, under the provisions of this Chapter, to deduct, from the remuneration paid to his employees in respect of such pay period and to remit to the Commissioner-General but which has not been remitted together with any penalty, under section 110 which accrued thereon upto the date of the notice of such assessment, and shall attach to the petition of appeal a receipt in proof of such remittance.

(2B) A petition of appeal which does not conform to the provisions of subsections (2) and (2A) shall not be valid.”

30. Section 113G of the principal enactment is hereby amended, by the insertion, immediately after subsection (2) of that section, of the following subsections:—

Amendment
of section
113G of the
principal
enactment.

“(2A) Every bank or financial institution preferring an appeal under subsection (1) against the amount of an assessment for any year of assessment commencing on or after April 1, 1991, shall, (unless such bank or financial institution has already done so), remit to the Commissioner-General the whole or any part of the income tax (which such bank or financial institution was required, under the provisions of this Chapter, to deduct from the interest paid by such bank or financial institution in respect of that year of assessment, and to remit to the Commissioner-General but which has not been remitted together with any penalty under section 113H which has accrued thereon upto the date of the notice of such assessment, and shall attach, to the petition of appeal, a receipt in proof of such remittance.

(2B) A petition of appeal which does not conform to the provisions of subsection (2) and (2A) shall not be valid.”

Amendment
of section
117 of the
principal
enactment.

31. Section 117 of the principal enactment is hereby amended as follows:—

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

“ (3A) Every person preferring an appeal under subsection (1) against the amount of an assessment for any year of assessment commencing on or after April 1, 1991, shall, (unless such person has done so already), pay to the Commissioner-General the amount of the tax payable by such person on the basis of the return furnished by him for that year of assessment together with any penalty thereon accrued upto the date of such notice of assessment, and shall attach, to the petition of appeal, a receipt in proof of such payment :

Provided that the Commissioner-General, upon being satisfied that owing to serious financial hardship suffered by the appellant at or about the time of such notice of assessment or, owing to other reasonable cause, the appellant was prevented from paying such tax and such penalty, may grant an extension of time for the payment of such tax and penalty thereon accrued upto the date of payment, and accordingly a receipt in proof of payment of such tax and penalty thereon accrued upto the date of payment, furnished within such extended time shall, for the purposes of this subsection, be deemed to have been attached to the petition of appeal.” ;

(2) in subsection (4) of that section, by the substitution, for the words and figures “ provisions of subsections (2) and (3) shall not be valid. ”, of the words and figures “ provisions of subsections (2), (3) and (3A) shall not be valid. ”.

Amendment
of section
125 of the
principal
enactment.

32. Section 125 of the principal enactment is hereby amended in paragraph (ii) of the proviso to subsection (2) of that section, by the substitution for all the words from

“the preceding provisions of this section until”, to “instalment of tax become due.”, of the following words and figures:—

“the preceding provisions of this section—

(a) where such year of assessment is an year of assessment ending on or before March 31, 1991, until the thirtieth day of November, and

(b) where such year of assessment is an year of assessment commencing on or after April 1, 1991, until the thirtieth day of September, immediately succeeding the end of the year of assessment in respect of which such quarterly instalment of tax became due.”

33. Section 151 of the principal enactment is hereby amended in subsection (1) of that section as follows:—

Amendment
of section
151 of the
principal
enactment.

(1) by the substitution, in paragraph (a), of that subsection for the words and figures “or section 92 (5) or section 93”, of the words and figures “or section 92(5) or section 92A(1) or section 93”; and

(2) by the substitution, in paragraph (d) of that subsection for the words and figures “or section 92(1) or section 92AA”, of the words and figures “or section 92 (1) or section 92A (1) or section 92AA”.

34. Section 158 of the principal enactment is hereby amended in subsection (4) of that section, by the insertion, immediately after paragraph (a) of that subsection of the following paragraph:—

Amendment
of section
158 of the
principal
enactment.

(aa) the Commissioner of Revenue of any Provincial Council, being a matter which relates to the turnover, for any period commencing on or after January 1, 1991, of any wholesale or retail trade or business carried on by any person or partnership within the Province for which such Provincial Council is established to such an extent as the Commissioner-General may deem necessary to enable such Commissioner to ascertain such turnover.

For the purposes of this paragraph, the expression, "turnover" has the meaning assigned to it by paragraph (s) of subsection (1) of section 24, ";

Insertion
of new
section
161A in the
principal
enactment.

35. The following new section is hereby inserted immediately after section 161, of the principal enactment and shall have effect as section 161A of that enactment:—

"Power to
search
business
premises.

161A. (1) The Commissioner-General or any other officer of the Department of Inland Revenue who is specially authorized in that behalf by the Commissioner-General in writing, may do all or any of the following acts:—

- (a) enter and inspect for the purposes of this Act any place or building where any trade, business, profession or vocation is carried on or exercised by any person or partnership ;
- (b) open and examine any receptacle where any book of account, register, record or any other document may be found and make an inventory of the articles found therein ;
- (c) examine and take copies of, or make extracts from, any book of account, register, record or other document found in such place or building ;
- (d) take possession of any such book of account, register, record or other document or place marks of identification thereon ;
- (e) count and make a record immediately of the cash found in such place or building ;
- (f) require any person whom he finds in such place or building to give such information as is in his power to give with respect to any matter under this Act ;
- (g) examine either alone or in the presence of any other person, as he thinks fit, with respect to any matter under this Act, any person whom he finds in such place or building.

(2) Where an officer authorized by the Commissioner-General under subsection (1), takes into his possession any book of account, register, record or other document from any person or partnership, such officer shall issue to that person or partnership, as the case may be, a memorandum specifying the book, register, record or document he has taken into his possession.

(3) Any book of account, register, record or other document taken into his possession under subsection (1) by any officer may be retained in the possession of such officer as long as may be necessary for the examination of such book, register, record or document or for the institution of legal proceedings against the person to whom such book, register, record or other document belongs.

(4) For the purposes of this section—

“article” has the same meaning assigned to it by section 161.’

36. Section 163 of the principal enactment is hereby amended by the insertion, immediately after the definition of “property”, of the following definition:—

“Provincial Council” means any Provincial Council established for a Province, under Article 154A of the Constitution;’

Amendment
of section
163 of the
principal
enactment.

37. (1) The amendment to section 9 of the principal enactment made by section 3(1) of this Act shall be deemed for all purposes to have come into force on November 14, 1987;

(2) The amendment to section 14(a) of the principal enactment made by section 5 of this Act, shall be deemed for all purposes to have come into force on November 29, 1990.

(3) Amendment to section 15 of the principal enactment made by section 6(2) of this Act shall be deemed, for all purposes, to have come into force on November 29, 1990.

(4) The amendments to section 17F and section 17G of the principal enactment made respectively by section 8 and section 9 of this Act, shall be deemed for all purposes to have come into force on November 29, 1990.

Retrospective
effect.

(5) The amendment to section 32 (3BB) of the principal enactment made by section 17 of this Act, shall be deemed for all purposes to have come into force on November 29, 1990.

(6) The amendment to section 33(1c) of the principal enactment made by section 21 of this Act, shall be deemed for all purposes to have come into force on November 29, 1990.

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

Sinhala
text to
prevail
in case of
inconsis-
tency.