



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

**TURNOVER TAX (AMENDMENT)
ACT, No. 46 OF 1998**

[Certified on 31st August, 1998]

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Turnover Tax (Amendment) Act, No. 46 of 1998

[Certified on 31st August, 1998]

L. D. — O. 40/97.

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

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

1. This Act may be cited as the Turnover Tax (Amendment) Act, No 46 of 1998.

Short title.

2. Section 2 of the Turnover Tax Act, No. 69 of 1981 (hereinafter referred to as “the principal enactment”) is hereby amended in paragraph (b) of that section as follows:—

Amendment of section 2 of Act No. 69 of 1981.

(a) by the repeal of sub-paragraph (iii) of that paragraph; and

(b) by the re-numbering of sub-paragraph (iv) of that paragraph as sub-paragraph (iii) of that paragraph.

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

Amendment of section 5 of the principal enactment.

(1) in sub-paragraph (i) of paragraph (d) of subsection (1) of that section, by the substitution, for the words, “increased by twenty-five *per centum*”, of the words “increased by ten *per centum*”; and

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

“(6) In ascertaining the turnover, for any quarter, of any business of exhibiting cinematograph films, there shall be deducted an amount equivalent to any “increase” within the meaning of regulation 2 of the regulations made under section 5 and section 61 of the National Film Corporation of Sri Lanka Act, No. 47 of 1971 and published in Gazette Extraordinary No. 946/9 of October 24, 1996, collected in that quarter, in respect of that business.”

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Amendment of section 12 of the principal enactment.

4. Section 12 of the principal enactment is hereby amended in subsection (1) of that section, by the substitution for the words, "every person who imports any article", of the words "every person who imports, prior to the date on which the Goods and Services Tax Act, No. 34 of 1996 comes into operation, any article".

Amendment of section 47 of the principal enactment.

5. Section 47 of the principal enactment is hereby amended as follows:—

- (1) by the re-numbering of that section as subsection (1) of that section;
- (2) by the addition, immediately after the re-numbered subsection (1) of the following subsections:—

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

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

- (3) The provisions of subsection (2) shall not apply to any business referred to in paragraph (b) of section 2."

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

Amendment to section 48 of the principal enactment.

- (1) by the re-numbering of that section as subsection (1) of that section;
- (2) by the addition, immediately after the re-numbered subsection (1) of the following subsections :—

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

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

(3) The provisions of subsection (2) shall not apply to any business referred to in paragraph (b) of section 2”.

7. The rate of turnover tax payable in respect of the turnover of any person who carried on business as a manufacturer or importer of any article falling within the description in the entry specified in column 3 of Part I of the Order made under section 7 of the principal enactment and published in Gazette Extraordinary No. 869/2 of May 1, 1995, and corresponding to the entry relating to Harmonized System Code No. 8424.81 under Heading No. 84 specified in Column

Special provision relating to the tax rate on the business of import or manufacture of certain articles.

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2 of that Part of that Order, shall, notwithstanding anything to the contrary in the Order made under that section of that Act and published in the Gazette Extraordinary No. 751/20 of January 29, 1993, be—

- (i) *five per centum* for the period commencing on January 29, 1993 and ending on February 7, 1995; and
- (ii) *six per centum* for the period commencing on February 8, 1995 and ending on April 30, 1995.

Exemption from turnover tax of the supply of certain services to business engaged in the export of garments.

8. Every business for the supply of the services for—
- (i) converting grey fabric into finished fabric; or
 - (ii) improving the quality and character of garments by chemical washing or dyeing, or by embroidery, smocking or screen printing,

to any business engaged in the export of garments shall, notwithstanding anything to the contrary in an Order made under section 4 of the principal enactment, be deemed to be and to have been exempt from turnover tax for every quarter commencing on or after January 1, 1992 but prior to October 1, 1995 and for the period commencing on October 1, 1995 and ending on November 8, 1995.

Retrospective effect.

9. The amendment made to section 5 of the principal enactment—

- (a) by section 3(1) of this Act, shall be deemed, for all purposes, to have come into force on November 6, 1997; and
- (b) by section 3(2) of this Act, shall be deemed, for all purposes, to have come into force on July 1, 1997.

Sinhala text to prevail in case of inconsistency.

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