



PARLIAMENT OF THE DEMOCRATIC
SOCIALIST REPUBLIC OF
SRI LANKA

TURNOVER TAX
(AMENDMENT)

ACT, No. 31 OF 1992

[Certified on 27th May, 1992]

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L.D.—O. 65/91

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. 31 of 1992.

Short
title.

2. The following new section is hereby inserted, immediately after section 48 of the Turnover Tax Act, No. 69 of 1981, and shall have effect as section 48A of that Act:—

Insertion
of a new
section
in the
Turnover
Tax Act,
No. 69 of
1981.

' Deduction
by manu-
facturer
of turnover
tax
paid on
machinery or
equipment.

48A. (1) Where any registered manufacturer (hereinafter in this section referred to as the "first-mentioned manufacturer"), has during any quarter commencing on or after October 1, 1991, paid,—

(i) to another registered manufacturer (hereinafter in this section referred to as the "second-mentioned manufacturer"), in respect of any transaction entered into during that quarter, any sum which includes turnover tax, or

(ii) to the Director-General of Customs under section 12, during that quarter, any turnover tax,

in respect of machinery or equipment used by the first-mentioned manufacturer in his business of manufacture of any article, the turnover tax so included, or, so paid, as the case may be, shall, notwithstanding the provisions of section 47 or section 48, be deducted, to the extent it can be so deducted, from any turnover tax payable by the first-mentioned manufacturer in respect of his turnover arising from the sale of such article :

Provided that—

(a) the amount of the deduction shall not exceed five per centum of the turnover tax so included or so paid ;

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(b) the deduction shall, subject to the provisions of paragraph (d), be made first from the turnover tax payable in respect of such turnover for the quarter immediately succeeding the quarter in which the use of such machinery or equipment for such manufacture commenced, and then from the turnover tax payable in respect of such turnover, for the next succeeding quarter and so on ;

(c) the deduction of the turnover tax so included or so paid shall not be made—

(i) if such turnover tax is in respect of machinery or equipment used in any business of manufacture of excepted articles or in any business which is exempt from turnover tax under section 4 ;

(ii) unless the first-mentioned manufacturer has obtained a voucher, as required by section 46(2), from the second-mentioned manufacturer, or, a voucher from the Director-General of Customs, in respect of such sum so paid or of turnover tax so paid, as the case may be, and

(iii) from the turnover tax payable in respect of such turnover for any quarter if the use of such machinery or equipment in such business ceases in such quarter,

(d) any turnover tax so included or so paid, as the case may be, by any person prior to his registration as a registered manufacturer, shall be deducted first from the turnover tax in respect of such turnover payable for the quarter in which such person becomes chargeable to turnover tax, and then from the turnover tax in respect of such turnover payable for the next succeeding quarter and so on.

(2) The residue of the turnover tax which is deductible in accordance with the provisions of subsection (1), after its deduction from the turnover tax in respect of the turnover referred to in subsection (1) for each of the twenty quarters reckoned from the quarter for which the deduction was first made shall, subject to the provisions of section 49, be refunded :

Provided that no refund shall be made unless the machinery or equipment referred to in subsection (1) has been used in the business of manufacture referred to in subsection (1), in each of the twenty quarters referred to in this subsection. '

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

Sinhala
text to
prevail in
case of
inconsistency.