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

**MEDICAL (AMENDMENT)
ACT, No. 1 OF 2017**

[Certified on 21st February, 2017]

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Medical (Amendment) Act, No. 1 of 2017

[Certified on 21st February, 2017]

L.D.—O. 64/2007

AN ACT TO AMEND THE MEDICAL ORDINANCE
(CHAPTER 105)

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

1. This Act may be cited as the Medical (Amendment) Act, No. 1 of 2017.

Short title.

2. Section 20 of the Medical Ordinance (Chapter 105) (hereinafter referred to as the “principal enactment”) is hereby amended, by the insertion immediately after subsection (5B) thereof of the following subsection:—

Amendment of section 20 of Chapter 105.

“(5C) The registrar shall enter in a separate part of the register mentioned in paragraph (b) of subsection (1) the name of every person who proves his claim to be provisionally registered as a dentist under section 43A, and, if that person is registered thereafter as a dentist under section 43, the registrar shall strike off the name of that person from such part of the aforesaid register, which contains the names of the persons provisionally registered as dentists.”.

3. Section 43 of the principal enactment is hereby amended as follows:—

Amendment of section 43 of the principal enactment.

(1) in subsection (1) thereof, by the substitution for the words “by a Degree Awarding Institute.” of the words and figures “by a Degree Awarding Institute and holds a certificate granted by the Medical Council under subsection (3) of section 43A.;

(2) in subsection (1A) by the repeal of paragraph (c) thereof and the substitution therefor of the following paragraphs:—

“(c) has passed the special examination prescribed in that behalf by the Medical Council; and

(d) holds a certificate granted by the Medical Council under subsection (3) of section 43A,”;

(3) by the substitution for subsection (2) thereof of the following:—

“(2) The fee for registration as a dentist shall be a prescribed amount payable on application to the registrar.”.

Insertion of new sections 43A and 43B in the principal enactment.

4. The following new sections are hereby inserted immediately after section 43 of the principal enactment and shall have effect as sections 43A and 43B thereof:—

“Provisional registration of dentists.

43A. (1) A person shall make an application to the Medical Council for provisional registration as a dentist, solely for the purpose of acquiring experience required by the Medical Council for obtaining a certificate under subsection (3), if he—

(a) is of good character;

(b) is a citizen of Sri Lanka; and

(c) (i) holds a Degree of Bachelor of Dental Surgery of the University of Ceylon or a corresponding University or a Degree Awarding Institute; or

(ii) has passed the examination necessary for obtaining the Degree of Bachelor of Dental Surgery of the University of Ceylon or a corresponding University or a Degree Awarding Institute, but has

not obtained that degree owing to a delay on the part of that University or Degree Awarding Institute in conferring that degree on him or has not obtained that degree, owing to the fact that he has not completed the period of internship required for obtaining that degree; or

- (d) (i) holds a Degree of Bachelor of Dental Surgery or an equivalent qualification from any university or dental school of any country other than Sri Lanka, which is recognized by the Medical Council for the purposes of this section having regard to the standard of education in dentistry of such university or dental school; or
- (ii) has passed the examination necessary for obtaining the Degree of Bachelor of Dental Surgery or an equivalent qualification from any university or dental school of any country other than Sri Lanka, which is recognized by the Medical Council for the purposes of this section, having regard to the standard of education in dentistry of such university or dental school but has not obtained that degree, owing to the fact that he has not completed the period of internship required for obtaining that degree and the

Director-General of Health Services has permitted him to complete the period of internship in Sri Lanka; and

- (iii) has passed the special examination prescribed in that behalf by the Medical Council.

(2) The prescribed fee for provisional registration as a dentist shall be paid to the registrar on application for registration.

(3) (a) Where a person who is provisionally registered as a dentist applies to the Medical Council for a certificate under this subsection and the Medical Council is satisfied, on production of a certificate of internship and an evaluation certificate acceptable to the Medical Council, that he—

- (i) has been engaged in employment for the prescribed period in one or more approved hospitals or institutions;
- (ii) has during his employment as mentioned in sub-paragraph (i), been engaged for an approved period in the practice of dentistry in any approved field; and
- (iii) has rendered satisfactory service while so employed,

the Medical Council shall grant, in the prescribed form a certificate to the effect that the Council is satisfied, that such person has obtained necessary experience for registration as a dentist under section 43.

(b) Any person who holds a degree specified in subsection (1) of section 43 and has been employed in the practice of dentistry in one or more approved hospitals or institutions, within Sri Lanka or outside for a prescribed period, may be granted a certificate under paragraph (a) by the Medical Council, if the Medical Council is satisfied that such person has, during his employment, been engaged in the practice of dentistry in any approved field, as is required by this Ordinance.

(c) For the purposes of this section—

“an approved hospital or institution” means a hospital or institution approved by the Medical Council from among a list of hospitals and institutions, submitted to it by the Director-General of Health Services;

“approved period” in relation to the practice of dentistry in approved fields, means a period approved by the Medical Council having regard to the medical needs of the country, in relation to those fields;

“approved fields” mean Oral and Maxillofacial Surgery, Restorative Dentistry and Orthodontics;

“certificate of internship” in relation to a person provisionally registered as a dentist, means a certificate signed by the head of

the approved hospital or institution in which he was employed in a resident capacity which specifies the period for which he was so employed;

“evaluation certificate” in relation to a person who is provisionally registered as a dentist, means a certificate signed by the head of the approved hospital or institution in which he was employed in a resident capacity which specifies the period for which he was engaged in the practice of dentistry in any approved field and includes an evaluation of the performance of such person in each such field.

Rights of persons provisionally registered as dentists.

43B. Every person provisionally registered as a dentist under section 43A shall have the right to—

- (a) practice dentistry in the approved fields, for the purpose only of such employment as is mentioned in subsection (3) of section 43A;
- (b) recover in a court of law such remuneration or charges as he may be entitled to under the terms of such employment; and
- (c) use any name or title implying a qualification to practice dentistry,

but shall not be entitled to any of the other rights, privileges or immunities of a dentist registered under section 43.”.

Sinhala text to prevail in case of inconsistency.

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

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**PARLIAMENT OF THE DEMOCRATIC
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**DIVINEGUMA (AMENDMENT)
ACT, No. 2 OF 2017**

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Divineguma (Amendment) Act, No. 2 of 2017

[Certified on 21st February, 2017]

L. D.—O. 58/2015.

AN ACT TO AMEND THE DIVINEGUMA
ACT, NO. 1 OF 2013

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

- 1.** This Act may be cited as the Divineguma (Amendment) Act, No. 2 of 2017. Short title.
- 2.** The Long title to the Divineguma Act, No. 1 of 2013 (hereinafter referred to as the “principal enactment”) is hereby amended as follows:— Amendment of the Long title to Act, No. 1 of 2013.

 - (1) by the substitution for the expression “DEPARTMENT OF DIVINEGUMA DEVELOPMENT” of the expression “DEPARTMENT OF SAMURDHI DEVELOPMENT”; and
 - (2) by the substitution for the word “DIVINEGUMA” of the word “SAMURDHI”.
- 3.** The second paragraph of the Preamble of the principal enactment is hereby amended by the substitution for the words “AND WHEREAS, Divineguma intends” of the words “AND WHEREAS, Samurdhi intends”. Amendment of the Preamble of the principal enactment.
- 4.** (1) In the principal enactment and any other written law there shall be substituted— General amendments to the principal enactment and other written law.

 - (a) for the expression “Department of Divineguma Development” of the expression “Department of Samurdhi Development”;

2 *Divineguma (Amendment) Act, No. 2 of 2017*

- (b) for the expression “Divineguma National Council” of the expression “Samurdhi National Council”;
- (c) for the expression “divineguma community based organizations” of the expression “samurdhi community based organizations”;
- (d) for the expression “divineguma regional organizations” of the expression “samurdhi regional organizations”;
- (e) for the expression “divineguma district committees” of the expression “samurdhi district committees”;
- (f) for the expression “Divineguma National Federation” of the expression “Samurdhi National Federation”;
- (g) for the expression “divineguma community based banks” of the expression “samurdhi community based banks”;
- (h) for the expression “divineguma community based banking societies” of the expression “samurdhi community based banking societies”;
- (i) for the expression “Board of Management of the Divineguma Community Based Banks and Divineguma Community Based Banking Societies” of the expression “Board of Management of the Samurdhi Community Based Banks and Samurdhi Community Based Banking Societies”;
- (j) for the expression “Divineguma Community Based Banking Union” of the expression “Samurdhi Community Based Banking Union”;
- (k) for the expression “Divineguma Development Fund” of the expression “Samurdhi Development Fund”;

- (l) for the expression “Divineguma Revolving Fund” of the expression “Samurdhi Revolving Fund”;
- (m) for the expression “divineguma beneficiary” of the expression “samurdhi beneficiary”; and
- (n) for the word “divineguma” of the word “samurdhi”,

wherever such expressions or words appear in the principal enactment and other written laws.

(2) Every reference to the “Divineguma Act”, “Department of Divineguma Development”, “Divineguma National Council”, divineguma community based organizations”, “divineguma regional organizations”, “divineguma district committees”, “Divineguma National Federation”, “divineguma community based banks”, “divineguma community based banking societies”, “Board of Management of the Divineguma Community Based Banks and Divineguma Community Based Banking Societies”, “Divineguma Community Based Banking Union”, “Divineguma Development Fund”, “Divineguma Revolving Fund”, “divineguma beneficiary” and “divineguma”, in any notice, notification, contract, communication or other document, shall be read and construed as a reference respectively to the “Samurdhi Act”, “Department of Samurdhi Development”, “Samurdhi National Council”, “samurdhi community based organizations”, “samurdhi regional organizations”, “samurdhi district committees”, “Samurdhi National Federation”, “samurdhi community based banks”, “samurdhi community based banking societies”, “Board of Management of the Samurdhi Community Based Banks and Samurdhi Community Based Banking Societies”, “Samurdhi Community Based Banking Union”, “Samurdhi Development Fund”, “Samurdhi Revolving Fund”, “samurdhi beneficiary” and “samurdhi”.

5. 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.

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**PARLIAMENT OF THE DEMOCRATIC
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**LAND (RESTRICTIONS ON ALIENATION)
(AMENDMENT) ACT, No. 3 OF 2017**

[Certified on 22nd February, 2017]

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*Land (Restrictions on Alienation) (Amendment)
Act, No. 3 of 2017*

[Certified on 22nd February, 2017]

L.D.—O. 14/2016

AN ACT TO AMEND THE LAND (RESTRICTIONS ON ALIENATION)
ACT, No. 38 OF 2014

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

1. This Act may be cited as the Land (Restrictions on Alienation) (Amendment) Act, No. 3 of 2017 and shall be deemed to have come into operation with effect from January 8, 2017.

Short title and date of operation.

2. The following new section is hereby inserted immediately after section 5 of the Land (Restrictions on Alienation) Act, No. 38 of 2014 and shall have effect as section 5A of that Act:—

Insertion of new section 5A in Act, No. 38 of 2014.

“Land Lease Tax not to be levied with effect from January 8, 2017.

5A. Notwithstanding anything to the contrary in any of the provisions of this Act, the provisions relating to the Land Lease Tax shall not apply to a lease of any land—

- (a) to a foreigner; or
- (b) to a company incorporated in Sri Lanka under the Companies Act, where any foreign shareholding in such company, either direct or indirect, is fifty *per cent* or above; or
- (c) to a foreign company,

under and indenture of lease executed on or after January 8, 2017, and accordingly the Land Lease Tax shall not be charged, levied or collected from any such person or company on or after such date.”.

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.

Annual subscription of English Bills and Acts of the Parliament Rs. 885 (Local), Rs. 1,180 (Foreign), Payable to the SUPERINTENDENT, GOVERNMENT PUBLICATIONS BUREAU, DEPARTMENT OF GOVERNMENT INFORMATION, No. 163, KIRULAPONA MAWATHA, POLHENGODA, COLOMBO 05 before 15th December each year in respect of the year following.



**PARLIAMENT OF THE DEMOCRATIC
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**ENGINEERING COUNCIL, SRI LANKA
ACT, No. 4 OF 2017**

[Certified on 9th March, 2017]

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*Engineering Council, Sri Lanka
Act, No. 4 of 2017*

[Certified on 9th March, 2017]

L.D.—O. 35/2011

AN ACT TO PROVIDE FOR THE ESTABLISHMENT OF THE ENGINEERING COUNCIL, SRI LANKA WHICH SHALL BE RESPONSIBLE FOR THE MAINTENANCE OF PROFESSIONAL STANDARDS AND CONDUCT OF ENGINEERING PRACTITIONERS; REGISTRATION OF DIFFERENT CATEGORIES OF ENGINEERING PRACTITIONERS; AND TO PROVIDE FOR MATTERS CONNECTED THEREWITH OR INCIDENTAL THERETO.

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

1. This Act may be cited as the Engineering Council, Sri Lanka Act, No. 4 of 2017. Short title.

PART I

ESTABLISHMENT OF THE ENGINEERING COUNCIL, SRI LANKA

2. (1) There shall be established a Council which shall be known as the Engineering Council, Sri Lanka (hereinafter referred to as the “Council”). Establishment of the Engineering Council, Sri Lanka.

(2) The Council shall by the name assigned to it by subsection (1) be a body corporate and shall have a perpetual succession and a common seal and may sue and be sued in that name.

3. The Council shall consist of the following:- Constitution of the Council.

(a) four *ex-officio* members, namely-

(i) three Deans of the Faculties of Engineering or their representatives not below the rank of a Professor, nominated by each University and appointed by the University Grants Commission established under the Universities Act, No. 16 of 1978;

- (ii) Director - General of Tertiary and Vocational Education Commission established under the Tertiary and Vocational Education Commission Act, No. 20 of 1990 or his representative;
- (b) thirteen members appointed by the Minister (hereinafter referred to as the “appointed members”) in following manner:-
 - (i) seven Chartered Engineers representing different engineering disciplines in rotation for every two years, nominated by the Institution of Engineers, Sri Lanka established by the Institution of Engineers, Sri Lanka Act, No. 17 of 1968;
 - (ii) four members representing different engineering disciplines in rotation for every two years, nominated by the Institution of Incorporated Engineers of Sri Lanka established by the Institution of Incorporated Engineers of Sri Lanka (Incorporation) Act, No. 64 of 1992;
 - (iii) one Chartered Engineer nominated by the Sri Lanka Engineering Service; and
 - (iv) one representative from the Engineering Technicians nominated by the Tertiary and Vocational Education Commission established under the Tertiary and Vocational Education Act, No. 20 of 1990.

Chairman of the Council.

4. (1) The Minister shall appoint one of the Chartered Engineers from among the appointed members to be the Chairman of the Council.

(2) The Chairman shall not engage in any paid employment outside the duties of his office, without the approval of the Minister.

(3) The Chairman may resign from the office of Chairman by letter addressed to the Minister and such resignation shall be effective from the date on which it is accepted by the Minister.

(4) The Minister may for reasons assigned remove the Chairman from the office of Chairman.

(5) Subject to the provisions of subsections (3) and (4) the term of office of the Chairman shall be the period of his membership of the Council.

(6) Where the Chairman is temporarily unable to perform the duties of the office due to ill health, other infirmity, absence from Sri Lanka or any other cause, the Minister may appoint any other Chartered Engineer from among the appointed members to act as the Chairman in addition to his normal duties as an appointed member.

5. (1) The Minister shall, prior to appointing a person as a member of the Council, satisfy himself that such person has no financial or other interest in the affairs of Council, as is likely to affect prejudicially, the discharging of his functions as a member of the Council.

Financial interest
of the members.

(2) The Minister shall also satisfy himself, from time to time, that no member of the Council has since being appointed acquired any such interest.

(3)(a) a member of the Council who is in anyway, directly or indirectly, interested in any contract made or proposed to be made by the Council shall disclose the nature of his interest at a meeting of the Council; and

(b) such disclosure shall be recorded in the minutes of the Council and the member shall not participate in any deliberation or decision of the Council with regard to that contract.

(4) For the purposes of this section “a member of the Council” includes the Chairman, an appointed member and an *Ex-officio* member.

Disqualifications
to be a member.

6. A person shall be disqualified from being appointed or continuing as a member of the Council, if such person—

- (a) is or becomes a Member of Parliament, any Provincial Council or of any Local Authority;
- (b) is not, or ceases to be, a citizen of Sri Lanka;
- (c) directly or indirectly holds or enjoys any right or benefit under any contract made by or on behalf of the Council;
- (d) has any financial or other interest as is likely to affect prejudicially the discharge by him of his functions as a member of the Council;
- (e) absents himself from three consecutive meetings of the Council without obtaining prior approval from the Council;
- (f) is under any law in force in Sri Lanka or any other country, found or declared to be of unsound mind;
- (g) is a person who having been declared as insolvent or bankrupt under any law in force in Sri Lanka or in any other country, is an undischarged insolvent or bankrupt; or
- (h) is serving or has served a sentence of imprisonment imposed by any court in Sri Lanka or any other country.

Ex-officio
members.

7. Every *ex-officio* member of the Council shall hold office as long as such officer holds office by virtue of which such officer has been appointed to the Council.

Provisions
relating to
appointed
members.

8. (1) Every appointed member of the Council shall, unless he vacates office earlier by death, resignation, or removal, hold office for a period of two years, and shall be eligible for re-appointment, unless removed on disciplinary grounds.

(2) The Minister may for reasons assigned remove any appointed member from office.

(3) Any appointed member may resign from office at any time by letter addressed in that behalf to the Minister and such resignation shall take effect upon it being accepted by the Minister.

(4) (a) In the event of the death, resignation or removal from office of any appointed member, the Minister may having regard to the provisions of this Act in relation to the appointment of that particular appointed member, appoint another person to act in his place.

(b) The Minister shall appoint a member for the purposes of paragraph (a) within one month occurrence of the vacancy.

(c) The member appointed under paragraph (a) shall hold office for the unexpired period of the term of office of the member whom he succeeds.

(5) Where any appointed member is temporarily unable to perform the duties of the office due to ill health or absence from Sri Lanka or for any other reason, the Minister may having regard to the provisions of section 3(b) appoint another person to act in his place.

(6) Subject to the preceding provisions an appointed member may continue to hold office, after lapse of the period of two years referred to in subsection (1), until he is reappointed or a new member is appointed by the Minister.

9. (1) The Chairman shall preside at every meeting of the Council. Where the Chairman is absent, the members present shall elect a Chairman for that meeting from among themselves.

Meetings of the Council.

(2) (a) All matters for decision by the Council shall be dealt with at a meeting of the Council and shall be determined by the majority of the members present and voting.

(b) In the event of an equality of votes on any question considered at a meeting the Chairman of that meeting shall have a casting vote in addition to his original vote.

(c) All decisions of the Council supported by reasons, shall be in writing and the seal of the Council affixed thereto.

(3) Any member of the Council may by written notice, request the Chairman to call a meeting and the Chairman shall not otherwise than for reasons assigned refuse to do so.

(4) No act, decision or proceeding of the Council, shall be deemed to be invalidated by reason only of the existence of any vacancy of the Council or any defect in the appointment of any member thereof.

(5) The quorum for any meeting of the Council shall be nine members.

(6) Subject to the preceding provisions of this section, the Council may regulate the procedure in regard to the meetings of the Council and the transaction of business at such meeting.

The Seal.

10. (1) The seal of the Council shall be as determined by the Council.

(2) The seal of the Council –

- (a) may be altered in such manner as may be determined by the Council;
- (b) shall be in the custody of such person or persons as the Council may, determine;
- (c) shall not be affixed to any instrument or document without the sanction of the Council and except in the presence of two members of the Council, both of whom shall sign the instrument or document in token of their presence.

(3) The Council shall maintain a register of documents to which the seal of the Council has been affixed.

11. The members of the Council may be paid such remuneration for attendance at meetings of the Council, as may be determined by the Minister with the concurrence of the Minister assigned the subject of Finance.

Remuneration for attending meetings of the Council.

PART II

POWERS AND FUNCTIONS OF THE COUNCIL

12. The Council shall be charged with the function of registering engineering practitioners holding such qualifications as set out in the Schedule A hereto, and also-

Functions of the Council.

- (a) accept, approve or reject any application submitted for registration under this Act;
- (b) cancel any registration granted by the Council;
- (c) keep, maintain and publish from time to time the list of the engineering practitioners registered under this Act;
- (d) hold inquires on any matter relating to the professional misconduct of the engineering practitioners;
- (e) determine the remuneration payable to the staff of the Council; and
- (f) make representations to the Government and relevant bodies on matters relating the practice of engineering profession in Sri Lanka.

13. The Council shall have the power to-

Powers of the Council.

- (a) acquire, hold, take or give on lease or hire, mortgage, pledge, sell or otherwise dispose of, any movable or immovable property;

- (b) borrow, with or without security, moneys, on such terms and conditions as may be imposed in that behalf, by the Minister to whom the subject of Finance has been assigned for the purpose of discharging the functions of the Council;
- (c) accept gifts, grants or donations, whether in cash or otherwise, except and to apply them for discharging its functions;
- (d) determine the fees payable in respect of registration by rules made in that behalf;
- (e) determine the terms and conditions of registration of engineering practitioners;
- (f) determine the form and manner of issuing of certificate of registration, by rules made in that behalf;
- (g) maintain registers of the engineering practitioners;
- (h) prepare a Code of Professional Conduct for the engineering practitioners;
- (i) determine the procedure for the purpose of carrying out disciplinary inquiries in respect of professional misconduct of the engineering practitioners; and
- (j) appoint, employ, transfer, dismiss and exercise disciplinary control against officers and employees of the Council and to prescribe their terms and conditions of services.

PART III

REGISTRATION AS ENGINEERING PRACTITIONERS

Engineering practitioners to register under this Act.

14. (1) No engineering practitioner shall engage in the practice of engineering profession unless such engineering practitioner is registered under section 15 or 18:

Provided however, that any engineering practitioner who is engaged in the practice of engineering profession on the date of commencement of this Act shall, within six months from the date of commencement of this Act, register himself under section 15.

(2) Any engineering practitioner who contravenes the provisions of subsection (1) commits an offence.

15. (1) Any engineering practitioner who satisfies the respective qualifications and experience specified in the Schedule A hereto, may apply to be registered as an engineering practitioner, in such form and manner as the Council may determine by rules made in that behalf.

Application for registration as an engineering practitioner.

(2) Any engineering practitioner who has duly applied under subsection (1), shall be registered on the payment of the fee determined by the Council by rules made in that behalf.

(3) The Council shall not register any person as an engineering practitioner, other than Engineering Technicians, unless the application for registration has been authorized by the relevant professional body to which such person belongs.

16. (1) The Council shall cancel the registration of an engineering practitioner, if the Council is satisfied that such engineering practitioner-

Cancellation or suspension of registration.

- (a) has contravened any of the provisions of this Act or any regulation made thereunder or any term and condition of such registration;
- (b) has been adjudged by a competent court whether in or outside Sri Lanka to be of unsound mind;
- (c) has been found guilty of professional misconduct after an inquiry held by the Council; or
- (d) has been convicted for an offence under this Act.

(2) Where by reasons of the provisions of subsection (1) the Council is empowered to cancel the registration of an

engineering practitioner, the Council may, in lieu of exercising that power, suspend the registration for such period as the Council may deem fit.

(3) The Council shall, before cancelling or suspending a registration, cause a notice of cancellation or suspension to be issued to such engineering practitioner.

(4) Any such notice shall specify the grounds on which the Council's opinion is based, and shall indicate that such engineering practitioner may within one month after the receipt thereof submit to the Council in writing any reason as to why the registration shall not be cancelled or suspended.

(5) Where such engineering practitioner fails to submit the reasons within the time stipulated thereof or after consideration of any reason submitted, the Council may suspend or cancel the registration of such engineering practitioner and inform such person in writing about such suspension or cancellation.

(6) The Minister shall prescribe by regulations the acts or omissions which amount to professional misconduct.

Use of
abbreviated
designations.

17. (1) Every engineering practitioner who is registered under section 15, shall have the right to use, if he is—

- (a) a Chartered Engineer, the abbreviated designation "CEng";
- (b) an Associate Engineer, the abbreviated designation "AEng";
- (c) an Affiliate Engineer, the abbreviated designation "AflEng";
- (d) an Incorporated Engineer, the abbreviated designation "IEng";
- (e) an Engineering Diplomate, the abbreviated designation "EngDip";

(f) an Engineering Technician, the abbreviated designation “EngTec”.

(2) No engineering practitioner shall use any abbreviated designation referred to in subsection (1) unless such engineering practitioner is registered in that category.

18. (1) Notwithstanding anything to the contrary in any other provisions of this Act, a foreign engineering practitioner shall apply for temporary registration if he satisfies the Council that he possesses the prescribed qualifications and expertise and of his physical presence in Sri Lanka, or that he is a resident representative of the foreign component of a joint venture programme implemented in Sri Lanka.

Registration of foreign engineers.

(2) The Council may subject to the conditions imposed by the Council, upon payment of a prescribed fee issue a temporary registration to a foreign engineering practitioner for a period of four months. Such registration shall be renewed at the end of that period on application made in that behalf.

PART IV

APPEALS

19. (1) Any engineering practitioner whose registration has been refused by the Council or whose registration has been cancelled or suspended under section 16(5) by the Council, may within thirty days of being notified of such decision, appeal to the Appeals Board established under section 20.

Appeals.

(2) The Appeals Board may, after taking into consideration all the relevant factors and where it is appropriate and reasonable-

(a) allow or vary the appeal; or

(b) disallow the appeal.

Appeals Board. **20.** (1) (a) The Minister shall appoint an Appeals Board which shall consist of -

- (i) one member who shall be a Chartered Engineer nominated by the University Grants Commission;
- (ii) two other Chartered Engineers; and
- (iii) two Incorporated Engineers.

(b) The Minister when appointing the Appeals Board may consult the Council.

(2) The members of the Appeals Board shall hold office for a term of three years from the date of appointment and shall be eligible for reappointment.

(3) The Minister may make regulations specifying the manner in which the meetings and business of the Appeals Board shall be carried out.

(4) The Appeals Board shall inform its decision to the Council.

(5) Upon receiving the decision of the Appeals Board, the Council shall inform the appellant the decision of the Appeals Board forthwith and act in accordance with the decision of the Appeals Board.

(6) The members of the Appeals Board may be paid such remuneration out of the Fund of the Council with the concurrence of the Minister assigned of the subject of Finance.

PART V

APPOINTMENT OF THE CHIEF EXECUTIVE OFFICER AND STAFF OF THE COUNCIL

Appointment of
the Chief
Executive
Officer of the
Council.

21. (1) The Council may in consultation with the Minister appoint to the Staff of the Council a Chief Executive Officer (hereinafter referred to as the “Chief Executive Officer”) from among persons who hold a degree from a recognized University in Engineering, Business Administration, Management or any other related discipline.

(2) The Chief Executive Officer shall, unless he vacates office earlier by death, resignation or removal, hold office for a period of three years, and shall be eligible for re-appointment, unless removed on disciplinary grounds.

(3) The Chief Executive Officer shall subject to the general directions and supervision of the Council -

- (a) be charged with the administration of the affairs of the Council including the administration and control of the staff;
- (b) be responsible for the execution of all decisions of the Council; and
- (c) carry out all such functions as may be assigned to him by the Council.

(4) The Chief Executive Officer shall be entitled to be present and speak at any meetings of the Council, but shall not to be entitled to vote at such meetings.

(5) The Chief Executive Officer may with the written approval of the Council, delegate in writing to any officer of the Council, any of his powers or functions and the officer to whom any such power or function is delegated shall exercise or perform them subject to the directions of the Chief Executive Officer.

(6) The Council may remove the Chief Executive Officer from office –

- (a) if he becomes permanently incapable of performing his duties;
- (b) if he has done any act which, in the opinion of the Council, is of a fraudulent or illegal character or is prejudicial to the interests of the Council; or

(c) has failed to comply with any directions issued by the Council.

(7) The office of the Chief Executive Officer shall become vacant upon the death, removal from office under subsection (6) or resignation by letter in that behalf addressed to the Council.

(8) If any vacancy occurs in the office of the Chief Executive Officer, the Minister may appoint a member of the Council to perform the duties of the Chief Executive Officer until an appointment is made under subsection (1).

Staff of the Council.

22. (1) The Council may appoint such officers and employees as may be necessary for the efficient discharge of its functions.

(2) The Council may, in respect of the officers and employees appointed to the Council under subsection (1) –

- (a) exercise disciplinary control over or dismiss such officers and employees;
- (b) fix the rates at which such officers and employees shall be remunerated in keeping with related guidelines of the Government;
- (c) determine the terms and conditions of employment of such officers and employees; and
- (d) establish a staff welfare and social security schemes for the benefit of such officers and employees and make contribution to any such schemes.

(3) The Council may make rules in respect of all or any of the matters referred to in subsection (2).

(4) The Council shall not however appoint any person who has been dismissed from any previous position held by such person in the public or private sector as an officer or an employee of the Council.

23. (1) At the request of the Council any officer in the public service may, with the consent of that officer and the Secretary to the Ministry under which that officer is employed, and the Secretary to the Ministry of the Minister assigned the subject of Public Administration, be temporarily appointed to the staff of the Council for such period as may be determined by the Council or with like consent, be permanently appointed to such staff.

Public officers
to be appointed
to
the Staff of the
Council.

(2) Where any officer in the public service is temporarily appointed to the staff of the Council, the provisions of section 14(2) of the National Transport Commission Act, No.37 of 1991 shall, *mutatis mutandis*, apply to and in relation to such officer.

(3) Where any officer in the public service is permanently appointed to the staff of the Council, the provisions of section 14(3) of the National Transport Commission Act, No.37 of 1991 shall, *mutatis mutandis*, apply to and in relation to such officer.

(4) Where the Council employs any person who has entered into a contract with the Government by which he has agreed to serve the Government for a specified period, any period of service with the Council by that person shall be regarded as service to the Government for the purpose of discharging the obligations of such contract.

24. (1) The Council shall appoint one of the Chartered Engineers as the Registrar, who shall be the Secretary of the Council.

Registrar.

(2) The Registrar appointed under this section shall not be a member of the Council.

25. The Registrar shall, in accordance with the provisions of this Act and regulations made thereunder maintain the registers of the engineering practitioners substantially in the Form specified in the Schedule B hereto.

Registers to be
kept by
Registrar.

PART VI

FINANCE

Fund of the
Council.

- 26.** (1) The Council shall have its own fund.
- (2) There shall be credited to the Fund of the Council—
- (a) all such sums of money as may be voted from time to time by Parliament for the use of the Council;
 - (b) all such sums of money as are received by the Council in the exercise and discharge of its powers and functions under this Act; and
 - (c) all such sums of money as are received by the Council as loans, grants and donations from sources within or outside Sri Lanka.
- (3) There shall be paid out of the Fund of the Council all such sums of money required to defray the expenditure incurred by the Council in the exercise and performance of its powers and functions under this Act.

Council to
maintain
accounts.

27. The Council may open and maintain any account with any State Bank as it may think appropriate, and such account shall be operated in accordance with prevailing financial regulations of the Government pertaining to financial transactions of public corporations.

Financial year
and audit of
accounts.

- 28.** (1) The financial year of the Council shall be the calendar year.
- (2) The Council shall cause proper books of accounts to be kept of the income and expenditure assets and liabilities and all other financial transactions of the Council.
- (3) For the purpose of presenting a true and fair view of the financial performance and financial condition of the

Council, the Council shall prepare the accounts in accordance with the Sri Lanka Accounting Standards adopted by the Institute of Chartered Accountants of Sri Lanka under the Sri Lanka Accounting and Auditing Standards Act, No. 15 of 1995.

(4) The provisions of Article 154 of the Constitution relating to the audit of accounts of public corporations shall apply to the audit of the accounts of the Council.

29. Moneys belonging to the Council may, with the approval of the Minister and with the concurrence of the Minister assigned the subject of Finance, be invested in Government approved securities. Investment of funds.

30. (1) The Council may, with the written consent of the Minister and the Minister assigned the subject of Finance and in accordance with the terms of any general authority given, borrow or obtain on credit terms such sums as the Council may require for meeting the obligations of the Council. Borrowing powers of the Council.

(2) The aggregate of the amount outstanding in respect of any loan raised by the Council under this section shall not at any time exceed such amount as may be determined by the Minister.

PART VII

GENERAL

31. (1) The Council shall within six months of the end of each financial year, submit to the Minister an annual report of the activities carried on by the Council during that financial year, and cause a copy each of the following documents relating to that year to be attached to the report— Annual Report.

(a) the audited Accounts of the Council for the year along with the Auditor-General's report;

- (b) a report of proposed activities for the year immediately following, the year to which such report and accounts relates.

(2) The Minister shall lay copies of the report and documents submitted under subsection (1) before Parliament within six months from the date of receipt of such report.

Declaration of
secrecy.

32. Every member of the Council and all officers and employees of the Council shall, before entering upon his duties, sign a declaration pledging to observe strict secrecy in respect of all matters connected with the affairs of the Council, which has come to his knowledge in the performance or exercise of his powers and functions under this Act and shall by such declaration pledge himself not to disclose any such matter, except –

- (a) when required to do so by a court of law; or
- (b) for the purpose of exercising or performing the powers and functions under this Act or any other written law.

Delegation of
powers of the
Council.

33. (1) The Council may in writing and subject to such conditions as may be specified therein, delegate to the Chief Executive Officer or any officer of the Council any of its powers or functions and any such officer shall exercise or perform such power or function in the name and on behalf, of the Council.

(2) The Council may, notwithstanding any delegation made under subsection (1), by itself exercise or perform any power or function so delegated and may at any time revoke any such delegation.

Directions by
the Minister.

34. (1) The Minister may from time to time, issue to the Council such general or special directions in writing as to the exercise, and performance of its powers and functions and it shall be the duty of the Council to give effect to such directions.

(2) The Minister may direct the Council to furnish to him in such form as he may require, returns, accounts and any other information relating to the work of the Council, and it shall be the duty of the Council to give effect to such directions.

35. The Chief Executive Officer and the officers and employees of the Council shall be deemed to be public officers within the meaning of and for the purposes of the Penal Code.

Officers and employees of the Council deemed to be public officers.

36. The Council shall be deemed to be a Scheduled Institution within the meaning and for the purposes of the Bribery Act and the provisions of that Act shall be construed accordingly.

Council deemed to be a Scheduled institution.

37. (1) Any expense incurred by the Council in any suit or prosecution brought by or against it before any court, shall be paid out of the Fund of the Council and any costs paid to or recovered by the Council in any such suit or prosecution shall be credited to the Fund of the Council.

Expenses in suit or prosecution to be paid out of the Fund.

(2) Expenses incurred by any member, the Chief Executive Officer or any officer or employee of the Council in any suit or prosecution brought against such person before any court or tribunal in respect of any act which is done or purported to be done by such person under the provisions of this Act or any other written law or on the direction of the Council shall, if the court holds that such act was done in good faith, be paid out of the Fund of the Council, unless such expenses are recoverable by such person in such suit or prosecution.

38. (1) The Minister may make regulations in respect of all matters required by this Act to be prescribed or in respect of which regulations are authorized by this Act to be made.

Regulations.

(2) Every regulation made by the Minister shall be published in the *Gazette* and shall come into operation on the date of such publication, or on such later date as may be specified in the regulations.

(3) (a) Every regulation made by the Minister shall, within three months after its publication in the *Gazette*, be brought before Parliament for approval.

(b) Any such regulation which is not so approved shall be deemed to be rescinded as from the date of its disapproval, but without prejudice to anything previously done thereunder.

(4) Notification of the date on which any regulation made by the Minister is so deemed to be rescinded shall be published in the *Gazette*.

Rules.

39. (1) Subject to the provisions of this Act, the Council may make rules in respect of all matters for which rules are authorized or required to be made under this Act.

(2) In particular and without prejudice to the generality of the powers conferred by subsection (1), the Council may make rules in respect of all or any of the following matters:—

- (a) registration fee of the engineering practitioners;
- (b) the procedure at meetings of the Council;
- (c) the appointment, suspension, removal, duties and remuneration of officers and employees of the Council;
- (d) for keeping of accounts of the receipts and expenses, in carrying out the provisions of this Act;
- (e) providing for roles, responsibilities and competence of different categories of the engineering practitioners registered under this Act taking into consideration their academic qualifications and practical experience;
- (f) for suspension and removal of names from the registers of the engineering practitioners; and

(g) the manner in which the registers to be maintained.

(3) Every rule made by the Council shall be published in the *Gazette*.

40. (1) Every person who contravenes any of the provisions of this Act or any other regulation made thereunder, commits an offence and shall on conviction after summary trial before a Magistrate be liable to imprisonment of either description for a period not exceeding one year or to a fine not exceeding one hundred thousand rupees or to both such fine and imprisonment.

Offences and penalties.

(2) Where an offence under this Act is committed by a body of persons, then, if that body of persons is –

- (a) a body corporate, every director or other officer of that body corporate;
- (b) a firm, every partner of that firm; and
- (c) an unincorporated body other than a firm, every individual who is a member of such body and every officer of that body responsible for its management and control,

shall be guilty of an offence:

Provided however, that no such person shall be deemed to be guilty an offence if he proves that the offence was committed without his knowledge or that he exercised all due diligence to prevent the commission of the offence.

41. In this Act unless the context otherwise requires –

Interpretation.

“Engineering Practitioner” means –

- (a) a Chartered Engineer;
- (b) an Associate Engineer;

- (c) an Affiliate Engineer;
- (d) an Incorporated Engineer;
- (e) an Engineering Diplomate; or
- (f) an Engineering Technician,

who possesses corresponding qualifications specified in Schedule A hereto;

“Minister” means the Minister to whom the implementation of the provisions of this Act is assigned; and

“prescribed” means prescribed by regulations made under this Act.

Sinhala text to prevail in case of inconsistency.

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

(Section 15)

SCHEDULE A

Qualifications of the Engineering Practitioners

<i>Engineering Practitioner</i>	<i>Qualifications</i>
Chartered Engineer	Chartered Engineer of the Institution of Engineers, Sri Lanka established by the Institution of Engineers, Sri Lanka Act, No.17 of 1968.
Associate Engineer	Four year Full-time degree in Engineering recognized by the Institution of Engineers, Sri Lanka established by the Institution of Engineers, Sri Lanka Act, No.17 of 1968 or an Associate Member of the Institution of Engineers, Sri Lanka

established by the Institution of Engineers, Sri Lanka Act, No.17 of 1968.

Affiliate Engineer	Three year full time degree in Engineering recognized by the Institution of Engineers, Sri Lanka established by the Institution of Engineers, Sri Lanka Act, No.17 of 1968.
Incorporated Engineer	Incorporated Engineer of the Institution of Incorporated Engineers, Sri Lanka established by the Institution of Incorporated Engineers of Sri Lanka (Incorporation) Act, No. 64 of 1992.
Engineering Diplomat	Diploma in Engineering from a recognized University or Technical or Technological Institute recognized by the Institution of Incorporated Engineers of Sri Lanka (Incorporation) Act, No. 64 of 1992.
Engineering Technician	<p>(i) National Vocational Qualification Level IV of Engineering Technology or equivalent qualification recognized by the Tertiary and Vocational Education Commission established by the Tertiary and Vocational Education Act, No. 20 of 1990.</p> <p>(ii) one year full-time academic course in Engineering Technology and has gained one year industrial experience in the relevant field or a holder of a Diploma or Certificate in Technology by a University or a Technical or Technological Institute of the Government of Sri Lanka.</p>

SCHEDULE B

Registers of the engineering practitioners

PART I

**Register of the Chartered Engineers, Associate Engineers and
Affiliate Engineers**

Registration No.	Name	Address	Date of Registration	Qualification	Registration fee

PART II

**Register of the Incorporated Engineers, and Engineering
Diplomates**

Registration No.	Name	Address	Date of Registration	Qualification	Registration fee

PART III

Register of the Engineering Technicians

Registration No.	Name	Address	Date of Registration	Qualification	Registration fee

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

**REVOCATION OF IRREVOCABLE DEEDS
OF GIFT ON THE GROUND OF GROSS
INGRATITUDE ACT, No. 5 OF 2017**

[Certified on 4th of April, 2017]

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*Revocation of Irrevocable Deeds of Gift on the
ground of Gross Ingratitude Act, No. 5 of 2017*

[Certified on 4th of April, 2017]

L.D.—O. 53/2015.

AN ACT TO PROVIDE FOR REVOCATION OF IRREVOCABLE DEEDS OF GIFT
ON THE GROUND OF GROSS INGRATITUDE AND FOR MATTERS CONNECTED
THEREWITH AND INCIDENTAL THERETO

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

1. This Act may be cited as the Revocation of
Irrevocable Deeds of Gift on the ground of Gross Ingratitude
Act, No. 5 of 2017.

Short title.

2. An irrevocable deed of gift may be revoked on
the ground of gross ingratitude, only on an Order made
by a competent court, in an action filed by the donor
of such deed against the donee to have the said
deed revoked.

Revocation of an
irrevocable deed
of gift by a
competent court.

3. Court shall not entertain an action referred to
in section 2, unless it is filed within a period of ten years
from the date of the execution of such deed of gift and
within two years from the date on which the cause of
action arose.

Time period
within which
action shall be
filed.

4. (1) The plaintiff in an action instituted under the
provisions of this Act shall file or cause to be filed in court
with the plaint, an application for registration of *lis
pendens*—

Plaintiff to apply
for registration
of the action as a
lis pendens in
courts.

(a) addressed to the Registrar of Lands of the district in
which the deed which is sought to be revoked is
registered; or

(b) where the deed sought to be revoked is not
registered, addressed to the Registrar of Lands of
the district in which the land referred to in such
deed is situated.

2 *Revocation of Irrevocable Deeds of Gift on the ground of Gross Ingratitude Act, No. 5 of 2017*

(2) The application referred to in subsection (1), shall be in triplicate and marked “original”, “1st copy” and “2nd copy” and shall be substantially in the form set out in the Registration of Documents Ordinance (Chapter 117) and shall contain a blank space for the insertion of the number to be assigned to the action by the court.

Application of the Civil Procedure Code.

5. Every action filed under the provisions of this Act shall be proceeded with and regulated by the procedure provided for in the Civil Procedure Code (Chapter 101).

Interpretation.

6. In this Act, unless the context otherwise requires—

“Registrar of Lands” means the Registrar of Lands appointed under the Registration of Documents Ordinance (Chapter 117) and having jurisdiction over the district in which the land which forms the subject matter of an irrevocable deed of gift which is sought to be revoked is situated; and

“Land” shall have the same meaning as in the Registration of Documents Ordinance (Chapter 117).

Sinhala text to prevail in case of inconsistency.

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

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**PARLIAMENT OF THE DEMOCRATIC
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**NATIONAL TRANSPORT COMMISSION
(AMENDMENT) ACT, No. 6 OF 2017**

[Certified on 07th of April, 2017]

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*National Transport Commission (Amendment)
Act, No. 6 of 2017*

[Certified on 07th of April, 2017]

L.D.—O. 18/2016.

AN ACT TO AMEND THE NATIONAL TRANSPORT COMMISSION
ACT, NO. 37 OF 1991

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

- 1.** This Act may be cited as the National Transport Commission (Amendment) Act, No. 6 of 2017.

Short title.
- 2.** Section 40 of the National Transport Commission Act, No. 37 of 1991 is hereby amended by the substitution for the words “not exceeding ten thousand rupees” of the words “not exceeding two hundred thousand rupees”.

Amendment of section 40 of Act, No. 37 of 1991.
- 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.

Annual subscription of English Bills and Acts of the Parliament Rs. 885 (Local), Rs. 1,180 (Foreign), Payable to the SUPERINTENDENT, GOVERNMENT PUBLICATIONS BUREAU, DEPARTMENT OF GOVERNMENT INFORMATION, No. 163, KIRULAPONA MAWATHA, POLHENGODA, COLOMBO 05 before 15th December each year in respect of the year following.



**PARLIAMENT OF THE DEMOCRATIC
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**ECONOMIC SERVICE CHARGE
(AMENDMENT) ACT, No. 7 OF 2017**

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*Economic Service Charge (Amendment)
Act, No. 7 of 2017*

[Certified on 17th of May, 2017]

L. D.—O. 72/2016

AN ACT TO AMEND THE ECONOMIC SERVICE CHARGE
ACT, No. 13 OF 2006

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

1. This Act may be cited as the Economic Service Charge (Amendment) Act, No. 7 of 2017 and shall be deemed to have come into operation on April 1, 2016 unless the dates on which certain provisions shall come into operation are specified in such sections.

Short title and
date of
operation.

2. Section 2 of the Economic Service Charge Act, No. 13 of 2006 (hereinafter referred to as the “principal enactment”) is hereby further amended as follows:—

Amendment of
section 2 of Act,
No. 13 of 2006.

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

“(1) An Economic Service Charge (hereinafter referred to as the “service charge”) shall, subject to the provisions of this Act, be charged from every person and every partnership for every quarter of every year of assessment—

- (a) commencing on or after April 1, 2006 (hereinafter in this Act referred to as “a relevant quarter”) in respect of every part of the relevant turnover of such person or partnership for that relevant quarter; and

2 *Economic Service Charge (Amendment)*
Act, No. 7 of 2017

- (b) on the Cost, Insurance and Freight (CIF) value certified by the Director-General of Customs, of such person or partnership—
 - (i) on or after April 1, 2016, in respect of every consignment of imports of any article subject to Special Commodity Levy under the provisions of Special Commodity Levy Act, No. 48 of 2007;
 - (ii) on or after November 24, 2016, in respect of every consignment of imports of gold or other precious metal; or
 - (iii) on or after April 1, 2017, in respect of every consignment of imports of motor vehicles,

at the appropriate rates specified in the Schedule I, Schedule II, Schedule III or Schedule IV as the case may be, to this Act:

Provided that, notwithstanding anything to the contrary in this Act and the rates specified in the Schedule I, Schedule II, Schedule III or Schedule IV as the case may be to this Act, the rate of the service charge, chargeable in respect of the turnover arising on or after April 1, 2008, but prior to April 1, 2016 from the export of any articles or goods, shall not exceed 0.25 *per centum*.”.

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

- (a) by the substitution, for the words “the service charge shall not be charged from any person or partnership for any relevant quarter,”, of the words and figures “the

service charge shall not be charged from any person or partnership other than any person or partnership who or which becomes liable to the service charge under paragraph (b) of subsection (1), for any relevant quarter;”;

- (b) in paragraph (d)—
 - (i) by the substitution, for the words and figures “commencing on or after April 1, 2012”, of the words and figures “commencing on or after April 1, 2012 but prior to April 1, 2017”;
 - (ii) by the substitution, for the words “fifty million:”, of the words “fifty million;”;
 - (c) by the addition, immediately paragraph (d) of the following new paragraph—
 - “(e) commencing on or after April 1, 2017 does not exceed rupees twelve million and five hundred thousand:”; and
 - (d) in sub-paragraph (ii) of the proviso, by the substitution, for the words and figures “commencing on or after April 1, 2009.”, of the words and figures “commencing on or after April 1, 2009, but prior to April 1, 2016.”; and
- (3) in the proviso to paragraph (a) of subsection (3) of that section by the substitution, for the words and figures “commencing on or after April 1, 2012, where such”, of the words and figures “commencing on or after April 1, 2012 ending on or before March 31, 2016, where such”.

4 *Economic Service Charge (Amendment)*
Act, No. 7 of 2017

Amendment of
section 3 of the
principal
enactment.

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

- (1) in the proviso to subsection (3) of that section, by the substitution, for the words “tax payable by such person or such partnership for each such year of assessment.”, of the words and figures—

“tax payable by such person or such partnership for each such year of assessment:

Provided further, the balance, if any, of the amount levied for any relevant quarter commencing on or after April 1, 2016 as the service charge after the deduction in accordance with subsections (1) or (2) as the case may be, apportioned to each year of assessment within the period of two years immediately succeeding the first mentioned year of assessment and the amount so apportioned to any such year of assessment shall be deducted to the extent, it can be so deducted from the income tax payable by such person or partner of such partnership for that year of assessment.”; and

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

“(3C) The amount of service charge paid by any person or partnership who or which becomes liable to the service charge under paragraph (b) of subsection (1) of section 2—

- (a) may be credited against the service charge liability of such person or partnership which arises under paragraph (a) of subsection (1) of section 2 for any quarter in which the service charge is made under paragraph (b) of subsection (1) of section 2; and
- (b) the amount of service charge credited under paragraph (a) and the service charge which had been paid under

6 *Economic Service Charge (Amendment)*
Act, No. 7 of 2017

Validation.

7. Any person who is authorized to collect the Economic Service Charge as provided for in this Act during any period commencing from April 1, 2016 and ending on the date on which the Certificate of the Speaker is endorsed in respect of this Act shall be deemed to have acted with due authority and such collection shall be deemed to have been, and to be, validly made and such person is hereby indemnified against all actions civil or criminal, in respect of such collection:

Provided that, the aforesaid provisions shall not affect any decision or Order made by any Court or any proceedings pending in any Court in respect of any tax collected as provided for in this Act during such period.

Sinhala text to prevail in case of inconsistency.

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

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

**CIVIL PROCEDURE CODE (AMENDMENT)
ACT, No. 8 OF 2017**

[Certified on 07th of June, 2017]

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Civil Procedure Code (Amendment)
Act, No. 8 of 2017

[Certified on 07th of June, 2017]

L.D.—O. 48/2015.

AN ACT TO AMEND THE CIVIL PROCEDURE CODE (CHAPTER 101)

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

1. This Act may be cited as the Civil Procedure Code (Amendment) Act, No. 8 of 2017. Short title.

2. Section 5 of the Civil Procedure Code (Chapter 101) (hereinafter referred to as the “principal enactment”) is hereby amended as follows:— Amendment of section 5 of Chapter 101.
 - (1) by the insertion, immediately after the definition of the expression “court”, of the following definition:—

“ “court expert” shall mean a person specially skilled or knowledgeable in any subject, field or disciplines”;

 - (2) by the insertion, immediately after the definition of the expression “legal document”, of the following new definition:—

“ “local authority” means any Municipal Council, Urban Council or Pradeshiya Sabha and includes any Authority created and established by or under any law to exercise, perform and discharge powers, duties and functions corresponding to or similar to the powers, duties and functions exercised, performed and discharged by any such Council or Sabha;”;

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- (3) by the insertion, immediately after the definition of the expression “original court”, of the following new definitions:—

“Provincial Council” shall mean a Provincial Council established under Article 154A of the Constitution of the Democratic Socialist Republic of Sri Lanka 1978;

“Public Corporation” means any corporation, board or other body which was or is established by or under any written law other than the Companies Act, No. 7 of 2007, with funds or capital wholly or partly provided by the Government by way of grant, loan or otherwise;

“Public Office” shall have the same meaning as defined in the National Archives Law No. 48 of 1973;”.

Replacement of section 27 of the principal enactment.

3. Section 27 of the principal enactment is hereby repealed and the following section, substituted therefor:—

”Appointment of registered Attorney. 27. (1) The appointment of a registered attorney to make any appearance or application, or to do any act as aforesaid, shall:—

- (a) be substantially in such form specified in Form No. 7 of the First Schedule to this Code and shall be filed in court;
- (b) contain an address at which service of any process under the provisions of this Chapter may be served on such registered attorney, instead of the party whom he represents; and
- (c) include an electronic mail address if any, to which service of any process,

notice or any other relevant information may also be served on a registered attorney.

(2)(a) Where a party who appoints a registered Attorney is a natural person, a memorandum nominating a legal representative for the purpose of the legal proceedings in the event of the death of such party before the final determination of the proceedings, shall also be submitted.

(b) The memorandum referred to above shall, substantially be in the form specified in Form No.7A of the First Schedule hereto.

(c) The provisions of section 393 shall apply in regard to the nomination of such legal representatives and filing of such memorandum.

(3) When an appointment under subsection (1) is filed, an appointment of a registered attorney shall be in force until –

- (a) revoked by the client in writing with the leave of the court and after notice to the registered attorney in writing signed by the client and filed in court;
- (b) revoked by the registered attorney-
 - (i) in writing signed by the client and filed in Court;
 - (ii) with leave of the court having given thirty days' notice to the client;
- (c) the client dies;

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(d) the death or incapacity of registered attorney; or

(e) all proceedings in the action are ended and judgment satisfied so far as regards the client.

(4) No Counsel shall be required to present any document empowering him to make any appearance or application or to do any act. The Attorney-General may appoint a registered attorney to act specially in any particular case or to act generally on behalf of the State.”.

Amendment of section 29 of the principal enactment.

4. Section 29 of the principal enactment is hereby amended as follows:-

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

(2) by the addition immediately after the renumbered subsection (1) thereof, of the following subsections which shall be numbered as subsections (2) and (3) of that section:-

“(2) Service of any process, notice or any other document at the address given under paragraph (b) of subsection (1) of section 27 and sent to the electronic mail address given under paragraph (c) of subsection (1) of section 27 shall be deemed to be sufficient delivery to the party who has appointed the registered attorney, unless the court otherwise directs.

(3) Service of process, notice or any other document at the address given in the memorandum submitted under section 27(2) shall be deemed to be sufficient delivery to the nominee or nominees appointed under section 393.”.

5. The following new chapter is hereby inserted immediately after Chapter X of the principal enactment and shall have effect as Chapter XA of that enactment:-

Insertion of new Chapter XA in the principal enactment.

“CHAPTER XA
OF FIXING DAY OF PRE-TRIAL

Date for pre-trial proceedings.

79A. (1) The court shall –

(a) forthwith on the expiration of the time allowed for the filing of the answer; or

(b) where a replication is permitted, on the last day of the time allowed for the filing of that replication,

and whether the same is filed or not, appoint a date not earlier than three weeks and not exceeding two months from such date for pre-trial hearing to be commenced, either in the presence of all parties to the action or such parties as are present.

(2) The court shall, prior to appointing a date, satisfy itself that the absent parties have been duly notified of the proceedings.”.

6. Section 80 of the principal enactment is hereby repealed and the following section is substituted therefor:-

Replacement of section 80 of the principal enactment.

“Fixing date of trial.

80. On the date fixed for the case to be called to fix the date of trial of the action in the trial court, the court shall appoint a date for the trial of the action and shall give notice thereof in writing by registered post to all parties who have furnished a registered address and tendered the cost of service of such notice as provided by subsection (2) of section 55.”.

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Insertion of new section 80A.

7. The following new section is hereby inserted immediately after section 80 of the principal enactment and shall have effect as section 80A of that enactment :-

“No applications for pre-trial steps after fixing the date of trial.

80A. (1) (a) On or after the date fixed for the trial of the action, no application for pre-trial steps shall be allowed, unless the court is satisfied for reasons to be recorded, that a grave and irremediable injustice would be caused if such steps are not permitted.

(b) In such event, the court may impose such terms as to costs or otherwise as it thinks fit against the party who makes such application.

(2) Where the issues upon which the trial of the action is to proceed have been settled by the Judge conducting the Pre-Trial hearing, no amendment thereto shall be made at the trial, save in special circumstances and unless the court is satisfied that a refusal to permit such amendment would result in manifest injustice to the party applying for the amendment.

(3) Where issues both of law and facts arise in the same action, and the court is of the opinion that the case may be disposed of on the issues of law only, it shall try those issues first, and for that purpose may, if it thinks fit, postpone the settlement of the issues of fact until after the issues of law have been determined.”.

Amendment of section 93 of the principal enactment.

8. Section 93 of the principal enactment is hereby amended, as follows:-

- (1) by the substitution, in subsection (1) thereof, for the words “first fixed for trial” of the words “first fixed for Pre-Trial”; and

- (2) by the substitution, in subsection (2) thereof, for the words “first fixed for the trial” of the words “first fixed for the Pre-Trial”.

9. The following new chapter is hereby inserted immediately after Chapter XVII of the principal enactment and shall have effect as Chapter XVIII of that enactment:-

Insertion of new Chapter XVIII in the principal enactment.

“CHAPTER XVIII
OF THE PRE TRIAL

Admissions and Issues. 142A. The parties shall tender their proposed admissions and issues in writing to the court registry, fourteen days prior to the date fixed for the pre-trial hearing with the proof of service by the submission of a copy of such admissions and issues to all other parties.

Advancement or postponement of pre-trial hearing. 142B. Subject to the provisions of section 142A the Judge conducting the Pre-Trial hearing may either on his own motion or on the application of any party and for sufficient cause shown, advance or postpone the date fixed for the pre-trial hearing:

Provided that, the Judge conducting the Pre-Trial hearing shall conclude the hearing within three months from the commencement of such hearing, unless the Judge conducting the Pre-Trial hearing is prevented from acting accordingly for reasons to be recorded by him and no adjournment in excess of four weeks may be granted, unless in exceptional circumstances.

When parties fail to appear. 142C. (1) If any party—
(a) fails to diligently prosecute his or her case; or

- (b) fails to appear on the day fixed for the pre-trial hearing or on any other day to which it is adjourned,

the Judge conducting the Pre-Trial hearing may, taking into consideration all appropriate circumstances -

- (i) proceed to dispose of the action in one of the methods specified in Chapter XII of this Code; or
- (ii) make such other order as he may think fit.

(2) In the event, the Judge conducting the Pre-Trial hearing proceeds to dispose of the action adopting any one of the methods specified in Chapter XII, the provisions of that Chapter, shall *mutatis mutandis* apply to and in relation to such proceedings.

Pre-Trial.

142D. At the Pre-Trial hearing, the Judge conducting the Pre-Trial hearing shall have power to question the parties or call upon them to state their respective cases with a view to –

- (a) ascertaining jurisdictional issues;
- (b) elucidating the matters in dispute;
- (c) obtaining admissions of facts and of documents;
- (d) consolidating two or more pending cases;
- (e) identifying the number of witnesses based on admissibility and relevancy inclusive of expert witnesses;

- (f) appointing a court Expert;
- (g) assisting the parties to arrive at an adjustment, settlement, compromise or other agreement, with regard to the matter in issue in such action and may, for that purpose, suggest terms of settlement which in his view is reasonable, having regard to all the circumstances of the case;
- (h) ascertaining and recording any other matters which would be helpful in the speedy disposal of the action; and
- (i) to take all steps and make all such orders as may appear to him to be necessary or desirable, for the expeditious and inexpensive disposal of the action.

Judge
conducting
the Pre-Trial
hearing may
make orders.

142E. At the Pre-Trial, the Judge conducting the Pre-Trial hearing may exercise the powers conferred on him by section 142b and shall make an order –

- (a) regarding any question of fact determined by a written report from a person having special and independent knowledge of that fact;
- (b) for the issue of a commission under Chapter XXIX of the Code inclusive of an order for the appointment of an independent expert to inquire and report on any question of fact or opinion; and
- (c) an order to issue certified copies of any documents in the custody of any

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Public Office, Public Corporation,
Provincial Council or any Local
Authority.

Matters
which Judge
conducting
the Pre-Trial
hearing shall
record.

142F. (1) At the Pre-Trial, the Judge
conducting the Pre-Trial hearing shall record:-

- (a) the admissions by the parties of facts
or documents or contents of
documents;
- (b) the agreement of the parties with
regard to any matter;
- (c) the agreement of parties to accept
and to abide by:-
 - (i) any decision of the Judge
conducting the Pre-Trial
hearing arrived at in such
manner as may be agreed
upon between the parties and
entering of judgment in
accordance with such
decision;
 - (ii) any decision of the Judge
conducting the Pre-Trial
hearing on any or all issues of
fact or law and entering of the
judgment in accordance with
such decision;
- (d) any agreement of the parties:-
 - (i) with regard to the mode of
proof of any fact or document;
 - (ii) as to the number of witnesses
to be called;

- (iii) to consolidate two or more pending actions;
- (e) withdrawal of actions; and
- (f) adjustment, settlement or compromise of actions.

(2) When the Judge conducting the Pre-Trial hearing records an agreement of the parties under paragraph (c) of subsection (1) such Judge shall also read out and explain the effect of such agreement to the parties concerned and record the fact that the parties do understand the contents of such agreement and the effect thereof. The parties shall be required to sign the agreement.

Judge conducting the Pre-Trial hearing to determine issues.

142G. At the Pre-Trial hearing, issues may be determined taking into consideration proposed admissions and issues submitted in writing under section 142A, pleadings, interrogatories and any agreement.

Judge conducting the Pre-Trial hearing may adjourn framing of issues.

142H. Where the Judge conducting the Pre-Trial hearing is of the opinion that the issues cannot be correctly framed without the examination of some persons not present at the pre-trial proceedings, or without the inspection of some documents not produced in the action, such Judge may adjourn framing of issues to a future day to be fixed by the court and may compel the attendance of such person or the production of such document by summons or other process.

When Pre-Trial steps have been taken, date to be appointed.

142I. (1) After the issues are settled, and –
(a) on the parties informing the Judge conducting the Pre-Trial hearing that all the Pre-Trial steps had been taken; and

- (b) where the Judge conducting the Pre-Trial hearing is satisfied that all such Pre-Trial steps have been taken by the parties,

the Judge conducting the Pre-Trial hearing shall forthwith appoint a date within fourteen days of such date for the case to be called in order to fix the date of trial of the action in the trial court.”.

Repeal of sections 146, 147 and 148 of the principal enactment.

10. Sections 146, 147 and 148 of the principal enactment are hereby repealed.

Insertion of new section 149A in the principal enactment.

11. The following new section is hereby inserted immediately after section 149 of the principal enactment and shall have effect as section 149A of that enactment:-

“Consolidation of actions.

149A. (1) The court may order, two or more actions in which the questions of law or fact in issue are substantially the same, to be consolidated upon such terms as the court may deem fit and on the agreement of Parties.

(2) The Court may order –

- (a) several actions to be tried at the same time and on the same evidence; or
- (b) the evidence in one action to be used as evidence in another; or
- (c) one of several actions to be tried and other actions to be stayed to abide by the result,

with the consent of the parties:

Provided that on the application of any party the court shall have power to try another of the actions so stayed where the selected action fails to be a real trial of the issues involved.”.

12. The following new section is hereby inserted immediately after section 151 of the principal enactment and shall have effect as section 151A of that enactment:-

Insertion of new section 151A in the principal enactment.

“Affidavit may be substituted.

151A. (1) Notwithstanding the provisions of section 151, the court may, on its own motion or at the request of one of the parties to the action, order that an affidavit be substituted for an oral examination in chief of a witness and direct the party calling such witness to tender such affidavit on a date fixed by the court which date shall be at least one month prior to the date of trial, to enable the opposite party to prepare for the trial.

(2) Where an order is made by the court under subsection (1), the party who is responsible for tendering the affidavit shall tender it together with the documents referred to therein, to the Registrar of the court with the proof of service of a copy of the affidavit with copies of all documents of the opposite party.

(3) On the date of the trial, the party tendering the affidavit shall produce the affidavit through the witness who has affirmed to or sworn to it, including all documents referred therein. The opposite party is entitled to object to its being received, either on the inadmissibility of such evidence or a part of the evidence or on the inadmissibility or

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authenticity of any documents annexed to such affidavit. In such event, the court may make a ruling on such objection, prior to the witness being cross examined by the opposite party:

Provided that, the court may, in appropriate circumstances, permit the leading of oral evidences, in addition to the evidence contained in the affidavit.

(4) If an affidavit contains evidence of matters of hearsay or any matter which is scandalous, the court may order deletion of such matters and may proceed with the rest of the matters in the affidavit or may order the party who filed such affidavit to tender a fresh admissible affidavit and the party filing such inadmissible affidavit shall be liable to the payment of costs.”.

Replacement of sections 393 to 398 of the principal enactment.

13. Sections 393 to 398 (both inclusive) of the principal enactment are hereby repealed and the following new sections substituted therefor:-

“Memorandum. 393. (1) A party who appoints a registered Attorney under section 27(2) (hereinafter referred to as the “nominator party”), shall nominate at least one person and not more than three persons, in order of preference, to be his legal representative for the purpose of proceeding with the action, in the event of his death pending the final determination of the action:

Provided that the court may, in the event the memorandum is not filed at any time before the final determination of an action, on its own motion or on the application made by any

party, require a party to the action or any person eligible to file a memorandum under the provisions of this Code, to file such memorandum on or before a date appointed for such purpose by the court. In the event of failure to file such memorandum the court may impose an appropriate cost on the defaulting party.

(2) (a) In the event of the death of the nominator party, pending the final determination of the action, the person nominated under subsection (1) shall, in the order of preference in which his name is set out in the memorandum, be deemed to be the legal representative of the party for the purposes of the action.

(b) In the event of the death or incapacity of the legal representative whose name is set out in the memorandum, the person nominated next in order of preference shall be deemed to be the legal representative for the purposes of the action.

(c) The person nominated as legal representative shall subscribe his or her signature to the memorandum, signifying consent to be so appointed. The signature of the nominator party and those of the nominee or nominees consenting to be appointed, shall be witnessed by an Attorney-at-law, a Justice of the Peace or a Commissioner of Oaths.

(3) A nominee may at any time with notice to the nominator party, apply to court by way of a motion to withdraw his consent to be such nominee and in such event the court shall make

an order that he ceases to be the nominee of the nominator and shall cause the name of such nominee to be removed.

(4) Subject to the provisions of subsection (1) of this section, a nominator party may at any time before the final determination of the action, make an application with notice to the nominees, to tender a fresh memorandum nominating one or more nominees. On the filing of such new memorandum, the previous memorandum of such nominator party shall be deemed revoked and the nomination contained in such fresh memorandum shall forthwith take effect.

(5) The legal representative of a deceased nominator shall be entitled to take all such steps as may be necessary, as the deceased nominator party would have been entitled to take, had he been alive, if the cause of action survives the death of the deceased nominator party.

(6) (a) A nominee shall not refuse to act as the legal representative of a deceased nominator party. He may, with the leave of the court first had and obtained, by way of petition and after giving notice to the other nominees if any, apply for permission from court to be released from the office of legal representative of such nominator party. Such application may be made not later than two months from the date of the death of the nominator party.

(b) Where the court grants permission to release from the office of legal representative, the nominee who is next in order of preference in the memorandum filed by the nominator party, shall be deemed to be the legal representative of such deceased nominator party, for the purposes of the action.

(c) Where an application under paragraph (a) of this subsection is made by a nominee who is the sole nominee or the sole remaining nominee of deceased nominator party, such nominee shall notify the heirs of such deceased nominator party regarding his application and in the event of the court granting permission as aforesaid, the court shall appoint an heir of such deceased nominator party to act as the legal representative of such deceased nominator party for the purposes of the action.

Failure to
file a
Memorandum.

394. (1) On the death of a party to the action who had failed to file a memorandum, any party to the action may apply to the court by an *ex parte* application by way of a petition supported by an affidavit, requesting that an executor or administrator or in the case of an estate which is below the administrable value, the next of kin who have adiated the inheritance of the deceased party be substituted in the place of such deceased party.

(2) The court may, on being satisfied that such appointment is necessary and the cause of action survives on the death of such party, shall appoint such person.

(3) The person so appointed shall be bound by proceedings prior to his appointment:

Provided that, the person appointed and made a substituted party in the action, may object that he is not the executor or administrator or in the case of an estate which is below the administrable value, the next of kin who have adiated the inheritance of the deceased party or make any defence appropriate to his character as such representative.

Application
for legal
representative's
removal.

395. (1) (a) An executor or administrator or in the case of an estate which is below the administrable value the next of kin who have adiated the inheritance of the deceased party may apply to court for the removal of the legal representative of such deceased nominator and for the appointment of a person named in such application or the next person named in order of preference in the memorandum filed by the deceased nominator, as such legal representative. The person who is the legal representative of the deceased nominator for the time being, shall be the respondent to such application.

(b) The court may, upon being satisfied that it is in the interests of an executor or administrator or in the case of an estate which is below the administrable value the next of kin who have adiated the inheritance of the deceased party may remove such legal representative and appoint the person named next in order of preference in the memorandum filed by the deceased nominator party or if there are sufficient grounds for doing so, appoint the person named in the application, as the legal representative of the deceased nominator party.

(c) An application under this sub-section shall be by way of petition and affidavit and the court may issue notice of the application to the other heirs, if any, of the deceased nominator party.

(2) No proceedings shall be postponed or adjourned or any step in the action postponed by reason of the death of a nominator party.

For the purposes of this Chapter-

“estate” means the gross value of the estate of the deceased; and

“legal representative” means a person who represents the estate of a deceased party or person, for the purposes of the action, by virtue of a nomination made in a memorandum filed under subsection (1).

Court to make order that action to proceed.

396. If there be more than one plaintiff or defendant and any of them dies, and if the right to sue on the cause of action survives to the surviving plaintiff alone, or against the surviving defendant alone, the court shall on the *ex-parte* application by petition supported by affidavit, make an order to the effect that the action be proceed at the instance of the surviving plaintiff or plaintiffs, or against the surviving defendant or defendants, as the case may be.

Legal representative to be made a substituted plaintiff.

397. If there are more plaintiffs than one and any one of them dies, and if the right to sue does not survive on the surviving plaintiff or plaintiffs alone, but survives on the legal heirs of the deceased plaintiff jointly, the court may cause the legal representative of the deceased plaintiff to be made a substituted plaintiff in the place of the deceased plaintiff, and shall thereupon cause an entry to that effect to be made on the record and proceed with the action.

Legal representative may apply to have name entered.

398. In case of the death of a sole plaintiff or sole surviving plaintiff, the legal representative of the deceased may, where the right to sue survives, apply to the court

to have his name substituted on the record in place of the deceased plaintiff and the court shall thereupon cause an entry to that effect to be made on the record and proceed with the action.

Where no application is made by the legal representative of a deceased plaintiff.

398A. If no application is made to the Court by any legal representative of a deceased plaintiff within six months from the death of such plaintiff, the court may make an order that the action shall abate, and award to the defendant the costs which he may have incurred in defending the action, to be recovered from the estate of the deceased plaintiff. However, the court may, if it may deem appropriate, on the application of the defendant, made any time after the death of the plaintiff, and upon such terms as to costs or otherwise as it thinks fit, make an order appointing the legal representative of the deceased plaintiff, in the place of the deceased plaintiff for the purpose of proceeding with the action in order to arrive at a final determination of the matter in dispute.

Legal representative of deceased sole plaintiff to apply to be made the plaintiff.

398B. (1) If there be more defendants than one, and any one of them die before entering a decree and the right to sue on the cause of action does not survive against the surviving defendant or defendants alone, without substitution of the legal representative of the deceased defendant and also in case of the death of a sole defendant, or sole surviving defendant, where the right to sue survives to the plaintiff, the plaintiff may apply to the court to substitute the legal representative of the deceased defendant in place of such deceased defendant for the purpose of the continuance

of the action. The court shall thereupon, enter the name of such legal representative on the record in the place of the deceased defendant, and shall issue notice on such legal representative to appear on a day to be therein mentioned, to defend the action.

(2) The legal representative of a deceased defendant nominated in the memorandum, may apply to be a defendant in place of the deceased defendant, and the provisions of this section, in so far as they are applicable, shall apply in respect of such application and to the proceedings and consequences ensuing thereon.”.

14. Section 405 of the principal enactment is hereby repealed.

Repeal of section 405 of the principal enactment.

15. The following new sections are hereby inserted immediately after section 440A of the principal enactment and shall have effect as sections 440B and 440C of this enactment:-

Insertion of new sections 440B and 440C in the principal enactment.

“Obtaining copies of the documents maintained by any Public Office, Corporation etc.

440B. (1) Where a party to any proceedings in a civil court requires for the purposes of such proceedings a certified copy of any document, or of any register either deposited or maintained or kept in the custody, (or a certified copy of any register or book) maintained in the ordinary course of business, at any Public Office, Public Corporation, Provincial Council or Local Authority in the ordinary course of business, the Judge conducting the Pre-Trial hearing or the court, as the case may be may upon application made in that behalf by a party

by motion supported by an affidavit affirming the relevancy of such certified copy in the proceedings direct the officer in charge of such office, Public Corporation, Provincial Council or Local Authority, as the case may be to issue such certified copy. Upon production of the order of court or Judge conducting the Pre-Trial hearing and upon payment of the relevant charges, such party shall be entitled to obtain a certified copy of the document concerned.

(2) A certified copy obtained by a party under subsection (1) from any Public Office, Public Corporation, Provincial Council or Local Authority, relevant to any proceeding by such party may, without an officer from the Public Office, Public Corporation, Provincial Council or Local Authority concerned being called as a witness, be produced in such proceeding in proof of the fact that such document was made or such document is in the custody of such Public Office, Public Corporation, Provincial Council or Local Government Authority concerned and be *prima facie* proof of the contents therein:

Provided, however that the court may of its own motion or upon application made by any party to such proceedings require the production of the original document and permit any such party to examine it or require that the officer who is in charge of keeping or maintaining such document be summoned as a witness.

Proof of document unnecessary unless it is impeached.

440c. (1) Notwithstanding anything to the contrary in this Code or any other law, it shall not be necessary to adduce proof of any document which is, *ex facie*, an original document or a certified copy issued by a Public Office, Public Corporation, Provincial Council or any Local Authority, unless the authority of such document is impeached by the opposing party for reasons to be recorded and for such reasons, the court may require proof thereof.

(2) Where the genuineness of any document is impeached by a party, such party shall state the reason for impeaching its genuineness and the court shall record the same.

(3) In the event that the court, after evidence is lead as to the proof of the document, accepts the document, the party who impeached the document shall be liable to pay incurred cost of proving the document, in addition to taxed costs, unless the court for good reason directs otherwise.”.

16. Section 774 of the principal enactment is hereby amended by the insertion immediately after subsection (2) of that section of the following new subsection:-

Amendment of section 774 of the principal enactment.

“(3) A judgment, order or directive pronounced under this section by an Appellate Court shall be deemed to be a judgment, order or directive pronounced by the original court from which the appeal was preferred.”.

17. All actions and matters which have been filed in the District Court but in respect of which no date has been fixed for trial shall also be subject to the provisions of as on the date of coming into operation of this Act.

Pending actions to be subject to this Act.

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Amendment to
First Schedule to
the principal
enactment.

18. The First Schedule to the principal enactment is hereby amended as follows:-

- (1) by the insertion, immediately after Form No. 7 thereof, of the following Form which shall have effect as Form No. 7A of that enactment:-

“FORM 7A (sections 27 and 393)

FORM OF MEMORANDUM NOMINATING LEGAL REPRESENTATIVE

In the District Court of.....
Action No.

I,..... (the Plaintiff/ Defendant/
Petitioner/ Respondent/ Party seeking to be added/ substituted) hereby nominate:

Preference No.1.....(name) of.....
(address)

(address) 2.....(name) of

(address) 3.....(name) of

as my legal representative for the purpose of the action in the event of my death before the final determination of this action and I hereby further request that they be appointed in the order of the preference given above as my legal representative for the purposes of the action in the event of my death as aforesaid.

I, I,ofconsent to the above appointment.

.....
Signature

I, of..... being an Attorney-at-law/ Justice of the Peace/ Commissioner of Oaths certify that the above named person having read over and understood the contents of this memorandum/ to whom the contents of this memorandum were read and explained by me/ placed his signature in my presence at on this day of20.....

.....
Signature

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Attorney-at-law/ Justice of the Peace/ Commissioner of Oaths

2. I,ofconsent to the above appointment.

.....
Signature

I, of being an Attorney-at-law/ Justice of the Peace/ Commissioner of Oaths certify that the above named person having read over and understood the contents of this memorandum/ to whom the contents of this memorandum were read and explained by me/ placed his signature in my presence at on this day of20.....

.....
Signature

Attorney-at-law/ Justice of the Peace/ Commissioner of Oaths

3. I,ofconsent to the above appointment.

.....
Signature

I, of being an Attorney-at-law/ Justice of the Peace/ Commissioner of Oaths certify that the above named person having read over and understood the contents of this memorandum/ to whom the contents of this memorandum were read and explained by me/ placed his signature in my presence at on this day of20.....

.....
Signature

Attorney-at-law/ Justice of the Peace/ Commissioner of Oaths

.....
Signature

(Plaintiff/ Defendant/ Party/ Claimant/ Necessary Party/ Added/ Substituted Party)

I, of being an Attorney-at-law/ Justice of the Peace/ Commissioner of Oaths certify that the above named person having read over and understood the contents of this memorandum/ to whom the contents of this memorandum were read and explained by me/ placed his signature in my presence at on this day of20

.....”
Signature

26 *Civil Procedure Code (Amendment)*
Act, No. 8 of 2017

- (2) by the repeal of the form of Decree (No. 41) appearing therein and the substitution of the following form therefor:-

“FORM OF DECREE (Section 188)

COURT
NUMBER OF ACTION
PLAINTIFF (S)
DEFENDANT (S)
DATE OF JUDGMENT
AMOUNT OF DEBT COMPENSATION, INTEREST OR OTHER RELIEF GRANTED BY THIS DECREE (SPECIFY THE PARTY IN WHOSE FAVOUR AND THE PARTY AGAINST WHOM THE RELIEF IS GRANTED)
AMOUNT OF COSTS PAYABLE: Rs:/ COSTS TO BE TAXED
DESCRIPTION OF THE PROPERTY. (IF ANY) (THE DESCRIPTION CAN BE WITH REFERENCE TO THE DESCRIPTION IN ANY PLEADING OR DOCUMENT FILED OF RECORD)
SIGNATURE OF THE JUDGE
SEAL

Sinhala text to prevail in case of inconsistency.

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

Annual subscription of English Bills and Acts of the Parliament Rs. 885 (Local), Rs. 1,180 (Foreign), Payable to the SUPERINTENDENT, GOVERNMENT PUBLICATIONS BUREAU, DEPARTMENT OF GOVERNMENT INFORMATION, No. 163, KIRULAPONA MAWATHA, POLHENGODA, COLOMBO 05 before 15th December each year in respect of the year following.



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

**OFFICE ON MISSING PERSONS
(ESTABLISHMENT, ADMINISTRATION
AND DISCHARGE OF FUNCTIONS)
(AMENDMENT) ACT, No. 9 OF 2017**

[Certified on 03rd July, 2017]

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*Office on Missing Persons (Establishment,
Administration and Discharge of Functions)
(Amendment) Act, No. 9 of 2017*

[Certified on 03rd July, 2017]

L.D.—O. 10/2017

AN ACT TO AMEND THE OFFICE ON MISSING PERSONS (ESTABLISHMENT,
ADMINISTRATION AND DISCHARGE OF FUNCTIONS) ACT, NO. 14 OF
2016

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

- 1.** This Act may be cited as the Office on Missing Persons (Establishment, Administration and Discharge of Functions) (Amendment) Act, No. 9 of 2017. Short title.
- 2.** Section 11 of the Office on Missing Persons (Establishment, Administration and Discharge of Functions) Act, No. 14 of 2016 is hereby amended as follows:— Amendment of section 11 of Act, No. 14 of 2016.

 - (1) by the repeal of paragraph (a) of that section; and
 - (2) by the renumbering of paragraphs (b), (c), (d) and (e) of that section as paragraphs (a), (b), (c) and (d).
- 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.

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

**REGISTRATION OF ELECTORS (SPECIAL
PROVISIONS) ACT, No. 10 OF 2017**

[Certified on 21st of July, 2017]

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*Registration of Electors (Special Provisions)
Act, No. 10 of 2017*

[Certified on 21st of July, 2017]

L. D.—O. 56/2015.

AN ACT TO MAKE SPECIAL PROVISIONS TO EXEMPT INTERNALLY DISPLACED PERSONS FROM CERTAIN REQUIREMENTS OF THE REGISTRATION OF ELECTORS ACT, NO. 44 OF 1980; AND TO PROVIDE FOR MATTERS CONNECTED THEREWITH OR INCIDENTAL THERETO.

WHEREAS certain persons have been internally displaced as a result of any actions of a terrorist militant or other group during the recent past:

Preamble.

AND WHEREAS the State has formulated a policy to enable internally displaced persons and their children eligible to vote to exercise their right to franchise in the electoral district in which their permanent places of residence were situated prior to being internally displaced:

AND WHEREAS it has now become necessary to make special legal provision in order to give effect to such policy:

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

1. This Act may be cited as the Registration of Electors (Special Provisions) Act, No. 10 of 2017.

Short title.

2. (1) Notwithstanding anything to the contrary in the Registration of Electors Act, No. 44 of 1980, and subject to the Article 89 of the Constitution, any citizen of Sri Lanka—

Internally displaced persons eligible to be registered.

- (a) who is or had been an internally displaced person;
- (b) whose name appeared in the register of electors for any electoral district for any year, until the end of the year 2009; and

2 *Registration of Electors (Special Provisions)*
 Act, No. 10 of 2017

- (c) whose name has not been entered in any register in operation subsequent to the year 2009,

shall on proof of the matters specified in paragraphs (a), (b) and (c) and on production of a certificate issued by the Grama Niladhari of the area in which he is presently residing to the effect that he is or had been an internally displaced person, be entitled to the registering officer of the electoral district within which he was permanently resident prior to May 18, 2009, to be registered in the register of electors of such electoral district.

(2) The application referred to in subsection (1), shall be made on or before the date specified by the Election Commission by notice published in the *Gazette* and in at least one newspaper each in the Sinhala, Tamil and English languages.

(3) Notwithstanding the provisions of subsection (1), the entitlement granted under that subsection shall be extended to the children of a citizen referred to in subsection (1)—

- (a) who had not attained the age of eighteen years on the date on which such citizen became an internally displaced person and have attained the age of eighteen years or more on the date on which the revision commenced in respect of the register in operation, at the time in which the application is made;
- (b) who are born after such citizen became an internally displaced person and have attained the age of eighteen years or more on the date on which the revision commenced in respect of the register in operation, at the time in which the application is made; and
- (c) whose name has not been entered in any register in operation subsequent to the year 2009,

on production of the birth certificate of such child sought to be registered and a certificate issued by the Grama Niladhari

of the area in which he is presently residing on proof of the matters specified in paragraphs (a) or (b) and (c) above.

3. (1) The registering officer shall prepare a list of names of persons referred to in section 2 and shall give notice in the *Gazette* and in at least one newspaper each in the Sinhala, Tamil and English languages that such list has been completed and is open for inspection at all reasonable hours of the day at the office of the registering officer. List of Claims.

(2) (a) Any person who has applied to be registered in any register of electors for any electoral district and whose name has not appeared in the list referred to in subsection (1) may appeal in writing to the registering officer within fourteen days of the notice published in the *Gazette*.

(b) The provisions of subsections (7) to (16) of section 14 of the Registration of Electors Act, No. 44 of 1980 shall *mutatis mutandis* apply to objections and appeals against decisions of the registering officer.

(c) If upon such appeal and inquiry, the registering officer decides not to include the name of such appellant in the Supplementary Register referred to in section 4, the aggrieved appellant may appeal to the revising officer within one week of the decision of the registering officer and the provisions of subsections (1) to (5) of section 15 of the Registration of Electors Act, No. 44 of 1980 shall *mutatis mutandis* apply to an appeal made under this paragraph.

4. The registering officer of each Electoral District shall prepare and certify a Supplementary Register containing the names of the persons whose names appear in the list prepared under section 3 after inquiry and adjudication if any, and finalize such Register in terms of that section: Supplementary Register.

Provided that the registering officer may certify the Supplementary Register during the pendency of an appeal

4 *Registration of Electors (Special Provisions)*
Act, No. 10 of 2017

to the revising officer and shall thereafter enter in, or expunge from, such Register, the name of any person in accordance with the decision of the revising officer on the determination of such appeal.

Offences.

5. (1) No person whose name appears in the Supplementary Register shall be entitled to have his name entered in any other register of electors notwithstanding that he may be qualified to have his name entered in two or more registers.

(2) No person shall be entitled to have his name entered more than once in the same register, notwithstanding that he may be qualified to have his name so entered.

(3) Notwithstanding the provisions of this Act, if a person whose name appears in the Supplementary Register has his name appearing in any other register of electors and uses his vote in two or more electoral districts, he shall be guilty of an offence and shall on conviction before a Magistrate be liable to imprisonment for a term not exceeding two years or to a fine not exceeding Rupees One Hundred Thousand or to both such imprisonment and fine.

(4) Any person referred to in section 2, who furnishes false information or forged documents for any purpose referred to in this Act, shall be guilty of an offence and shall on conviction before a Magistrate be liable to imprisonment for a term not exceeding one year or to a fine not exceeding Rupees fifty thousand or to both such imprisonment and fine.

Period of operation of the Act.

6. This Act shall be in force for a period of four years commencing from the date of commencement of this Act.

Sinhala text to prevail in case of inconsistency.

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

8. In this Act—

Interpretation.

“Election Commission” means the Election Commission established under Article 103 of the Constitution;

“internally displaced person” means a citizen of Sri Lanka who was permanently resident in Sri Lanka and who was forced or obliged to leave his permanent residence at any time prior to May 18, 2009, as a result of any action of terrorist militant or other group, and continues to permanently reside in Sri Lanka outside his original place of residence;

“registering officer” has the same meaning as in the Registration of Electors Act, No. 44 of 1980;

“Register in operation” has the same meaning as in the Registration of Electors Act, No. 44 of 1980;

“revising officer” has the same meaning as in the Registration of Electors Act, No. 44 of 1980.

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

**FISHERIES AND AQUATIC RESOURCES
(AMENDMENT) ACT, No. 11 OF 2017**

[Certified on 25th of July, 2017]

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*Fisheries and Aquatic Resources (Amendment)
Act, No. 11 of 2017*

[Certified on 25th of July, 2017]

L.D.—O. 21/2016.

AN ACT TO AMEND THE FISHERIES AND AQUATIC RESOURCES
ACT, NO. 2 OF 1996

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

1. This Act may be cited as the Fisheries and Aquatic Resources (Amendment) Act, No. 11 of 2017. Short title.

2. The following new section is hereby inserted immediately after section 28 of the Fisheries and Aquatic Resources Act, No. 2 of 1996 (hereinafter referred to as the “principal enactment”) and shall have effect as section 28A of that enactment:— Insertion of new section 28A in the principal enactment.

“Prohibition of fishing operations utilizing bottom trawl nets. 28A. (1) (a) No person shall engage in or cause any other person to be engaged in fishing operations utilizing bottom trawl nets, including nets with or without two wings or using vertical poles at the two free ends of the net, to be towed by motorized or mechanized fishing boats.

(b) No person shall use, possess, import, transport, purchase or sell any bottom trawl net, to be towed by a motorized or mechanized fishing boat for the purpose of carrying out fishing operations in Sri Lanka Waters.

(2) No license shall be issued by the Director-General under Part II of this Act for fishing operations carried out by bottom trawl nets to be towed by a motorized or mechanized fishing boat in Sri Lanka Waters.

2 *Fisheries and Aquatic Resources (Amendment)
Act, No. 11 of 2017*

(3) Any license, issued under this Act for fishing operations carried out utilizing bottom trawl nets towed by motorized or mechanized fishing boats in Sri Lanka Waters, shall not be renewed:

Provided that, a license already issued for the use of bottom trawl nets and which is still in force on the day preceding the date of commencement of this Act, shall notwithstanding anything to the contrary in this Act, continue to be valid for the purpose and in respect of which the license has been issued, for the period specified therein.”.

Amendment of section 49 of the principal enactment.

3. Section 49 of the principal enactment is hereby amended by the insertion immediately after subsection (2A) thereof, of the following new subsection:—

“(2AA) Any person who contravenes or fails to comply with the provisions of section 28A of this Act shall be guilty of an offence and shall on conviction after summary trial before a Magistrate, be liable to an imprisonment for a term not exceeding two years or to a fine not less than fifty thousand rupees.”.

Amendment of section 66 of the principal enactment.

4. Section 66 of the principal enactment is hereby amended by the insertion, immediately after the definition of the expression “Sri Lanka Waters”, of the following new definition:—

““bottom trawl net” means a towing net having a cone shaped body and a bag or cod end (madiya) connected to the apex with or without two wings connected to the other end and towed by motorized or mechanized fishing boats.”.

Fisheries and Aquatic Resources (Amendment) Act, No. 11 of 2017 3

5. The provisions of section 28A of this Act, shall have effect notwithstanding anything to the contrary in any other written law, and accordingly, in the event of any conflict or inconsistency between the provisions of section 28A of this Act and such other law, the provisions of section 28A of this Act shall prevail.

Section 28A of this Act to prevail over other written law.

6. 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.

nt)

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**PARLIAMENT OF THE DEMOCRATIC
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FOREIGN EXCHANGE ACT, No. 12 OF 2017

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Foreign Exchange Act, No. 12 of 2017

[Certified on 28th of July, 2017]

L.D.— O. 42/2003.

AN ACT TO PROVIDE FOR THE PROMOTION AND REGULATION OF FOREIGN EXCHANGE; TO VEST THE RESPONSIBILITY FOR PROMOTING AND REGULATING FOREIGN EXCHANGE IN THE CENTRAL BANK AS THE AGENT OF THE GOVERNMENT; TO PROVIDE FOR THE REPEAL OF THE EXCHANGE CONTROL ACT (CHAPTER 423); AND TO PROVIDE FOR MATTERS CONNECTED THEREWITH OR INCIDENTAL THERETO.

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

1. This Act may be cited as the Foreign Exchange Act, No. 12 of 2017 and shall come into operation on such date as the Minister may by Order published in the *Gazette* appoint (hereinafter referred to as “the appointed date”).

Short title and date of operation.

2. (1) The Central Bank shall as the agent of the Government, be responsible for implementing the provisions of this Act in order to ensure proper promotion and regulation of foreign exchange in Sri Lanka, in accordance with such directions as may from time to time be issued in that behalf under this section.

Central Bank to be responsible for implementation of the Act.

(2) The Minister assigned the subject of the Central Bank may, from time to time, issue such directions as may be necessary for the implementation of the provisions of this Act and it shall be the duty of the Monetary Board to cause such directions to be carried out.

3. Where under any provision of this Act any power, duty or function is authorized or required to be exercised, performed or discharged by the Central Bank, such power, duty or function may be exercised, performed or discharged by the officer designated as the head of the Department of Foreign Exchange or on his behalf any other officer designated as an assistant to him, subject to the direction and control of the Governor of the Central Bank.

Discharge of powers, duties and functions by the Central Bank.

Authorized
dealers and
restricted
dealers.

4. (1) (a) Every licensed commercial bank shall, immediately upon such bank being issued a license to carry on banking business under the Banking Act, No. 30 of 1988, be authorized by the Central Bank to act, subject to the provisions of section 9 as an authorized dealer to deal in foreign exchange.

(b) Every licensed commercial bank which is on the appointed date carrying on banking business, shall subject to the provisions of section 9, be deemed to have been authorized by the Central Bank, to act as an authorized dealer to deal in foreign exchange.

(c) Every licensed specialised bank, immediately upon such bank being issued a license to carry on banking business under the Banking Act, No. 30 of 1988, may be authorized by the Central Bank subject to the provisions of section 9, to deal in foreign exchange for the purposes specified in such authorization.

(d) Every licensed specialised bank which is on the appointed date carrying on banking business, shall subject to the provisions of section 9, be deemed to have been authorized by the Central Bank to deal in foreign exchange for the purposes specified in such authorization.

(2) (a) The Central Bank may permit, subject to the provisions of section 9, any person, class or classes of persons (hereinafter referred to as a “restricted dealer”) not being an authorized dealer, to deal in foreign exchange within Sri Lanka for the purposes specified in the permit, subject to such terms and conditions as may be imposed by the Central Bank in that behalf.

(b) Every dealer in foreign exchange including money changers or any other person other than licensed commercial banks or specialised banks, which are on the appointed date permitted to deal in foreign exchange, shall subject to the provisions of section 9, be deemed to have been permitted

by the Central Bank, to act as a restricted dealer to deal in foreign exchange for the purposes specified in such authorization.

(c) The Central Bank may, subject to the provisions of section 9, grant special permission, to any person not being an authorized dealer or restricted dealer, to deal in foreign exchange within Sri Lanka for specific purposes as may be prescribed by the Minister by an Order published in the *Gazette* subject to such terms and conditions as may be specified in such Order.

(3) Save as otherwise provided in this Act, no person in or resident in Sri Lanka shall deal in foreign exchange within or outside Sri Lanka, by any act which involves the conversion of Sri Lanka Rupees or assets within Sri Lanka to foreign exchange, otherwise than through an authorized dealer, or to the extent specified in the permit, through a restricted dealer.

5. Any person in, or resident in, Sri Lanka who –

- (a) holds foreign exchange in a bank account in Sri Lanka or outside Sri Lanka; or
- (b) owns any foreign asset,

Foreign exchange or foreign assets held or owned by a person in or resident in Sri Lanka.

may utilize such foreign exchange or foreign asset for making of any payment for, or in respect of, any current or capital transaction of such person, within or outside Sri Lanka. Any such payment made from foreign exchange held by such person within Sri Lanka shall be made through an authorized dealer, or to the extent specified in the permit, through a restricted dealer.

Current
transaction.

6. (1) A person shall be entitled to deal in foreign exchange for a current transaction of such person, through an authorized dealer or to the extent specified in the permit, through a restricted dealer.

(2) An authorized dealer or a restricted dealer may deal in foreign exchange for a current transaction as a principal or as an intermediary.

(3) Prior to dealing in foreign currency for a current transaction under subsection (1), an authorized dealer or a restricted dealer shall request the person requiring foreign exchange for such transaction to provide such information or produce such documents or make such declaration as is reasonably necessary, in order to satisfy himself that the requirement is in relation to a current transaction and is in conformity with any other laws regulating such transactions.

(4) An authorized dealer or a restricted dealer shall refuse to deal in foreign exchange for a current transaction under subsection (1) where the request for information, documents or declaration in terms of subsection (3) relating to such transaction is not complied with or where the dealer is satisfied that the requirement is not for a current transaction or is not in conformity with any other laws regulating such transactions.

(5) An authorized dealer or a restricted dealer refusing to deal in foreign exchange for a current transaction under subsection (4) shall communicate his decision in writing together with the reasons therefor, if requested by the person requiring the foreign exchange subject to the provisions of section 9 of the Financial Transactions Reporting Act, No. 6 of 2006.

(6) Any person aggrieved by the decision of an authorized dealer or a restricted dealer under subsection (4) may, within fourteen days after such decision is communicated to such person, appeal against such decision to the Central Bank

and the Central Bank shall, after giving such person and the dealer a reasonable opportunity of being heard, affirm, vary or revoke such decision.

7. (1) The Minister shall in consultation with the Monetary Board and with the approval of the Cabinet of Ministers, authorize by regulations, the class or classes of capital transactions in foreign exchange for the purpose of this section. Capital transaction.

(2) In making regulations under subsection (1), the Minister shall have regard to –

- (a) transactions required to be regulated in conformity with any treaty or agreement relating to international financial transactions to which the Government of Sri Lanka is a signatory;
- (b) the impact of such authorization on the monetary policy of Sri Lanka and its stabilization.

(3) The regulations published under subsection (1) may specify the limit up to which capital transactions may be authorized and the terms and conditions subject to which foreign exchange may be dealt with for the class or classes of capital transactions, so authorized.

(4) Without prejudice to the provisions of section 5, a person shall be entitled to deal in foreign exchange in respect of a capital transaction of such person, through an authorized dealer or to the extent specified in the permit, through a restricted dealer, being capital transactions of a class or classes, which is or are authorized by regulations made under subsection (1).

(5) An authorized dealer or a restricted dealer may deal in foreign exchange for a capital transaction as a principle or an intermediary, being a transaction authorized by regulations made under subsection (1).

(6) Prior to dealing in foreign exchange in respect of a capital transaction under this section, the authorized dealer or the restricted dealer shall request the person requiring foreign exchange for such transaction, to provide such information or produce such documents or make such declaration as is reasonably necessary in order to satisfy himself that the requirement is in relation to a capital transaction authorized under subsection (1) and is in conformity with any other laws regulating such transactions.

(7) An authorized dealer or a restricted dealer shall refuse to deal in foreign exchange for a capital transaction under this section where a request for information, documents or a declaration is not complied with or where the dealer is satisfied that the requirement is not for a capital transaction authorized under subsection (1) or is not in conformity with other laws regulating such transaction.

(8) An authorized dealer or a restricted dealer refusing to deal in foreign exchange in respect of a capital transaction under this section shall communicate his decision in writing together with the reasons therefor, if requested by the person requiring the foreign exchange subject to the provisions of section 9 of the Financial Transactions Reporting Act, No. 6 of 2006.

(9) Any person aggrieved by the decision of an authorized dealer or a restricted dealer under subsection (7), may within fourteen days after such decision is communicated to such person, appeal against such decision to the Central Bank, and the Central Bank shall, after giving such person and the dealer a reasonable opportunity of being heard, affirm, vary or revoke such decision.

(10) An authorized dealer or a restricted dealer shall not deal in foreign exchange for a capital transaction that is not authorized by regulations made under subsection (1) unless the Monetary Board taking into consideration the existence of any exceptional circumstances has granted approval for

such capital transaction in accordance with such directions as may be issued by the Minister in conformity with the approvals made under subsection (1).

8. (1) A person in, or resident in, Sri Lanka shall—

Regulation of
certain
transactions.

(a) export from Sri Lanka or import into Sri Lanka, any foreign currency or Sri Lanka currency;

(b) hold foreign exchange in his possession or in a bank account in Sri Lanka,

only for such purpose, up to such limits and subject to such terms and conditions, as may be prescribed by the Minister by an Order published in the *Gazette*.

(2) A person in, or resident in, Sri Lanka shall acquire a foreign asset from foreign exchange derived from the conversion of Sri Lanka currency or the disposal or conversion of an asset within Sri Lanka or provision of any service in or from Sri Lanka only for such purposes, up to such limits and subject to such terms and conditions as may be prescribed by the Minister by regulations made in that behalf.

(3) Notwithstanding anything to the contrary in the provisions of any other written law, any Sri Lankan citizen resident in Sri Lanka who remits to Sri Lanka any foreign exchange which have not been declared to the Commissioner General of Inland Revenue or the Head of the Department of Foreign Exchange before the appointed date and which are not the property in respect of which proceedings are pending in a court of law or an order has been made by a court of law under the Prevention of Money Laundering Act, No. 5 of 2006, Convention on the Suppression of Terrorist Financing Act, No. 25 of 2005 or the Bribery Act (Chapter 26) shall be liable to pay only a remittance fee of one *per centum* to the Commissioner General of Inland Revenue and shall not be subject to the payment of any other fee, tax, surcharge, levy or penalty:

Provided that any such person who remits to Sri Lanka foreign exchange not exceeding the value of one million United States dollars held outside Sri Lanka shall not be liable to pay the remittance fee or any other tax, surcharge, levy or penalty and any amount remitted exceeding such value shall be liable to pay the remittance fee specified in subsection (3):

Provided further that any such person who remits to Sri Lanka an amount of foreign exchange exceeding the value of one million United States dollars held outside Sri Lanka and invests in a development bond issued by the Government of Sri Lanka shall not be liable to pay the remittance fee or any other tax, surcharge, levy or penalty.

(4) Foreign Exchange held outside Sri Lanka and remitted to Sri Lanka after the appointed date under subsection (3) may be held in a foreign currency account or may be converted into Sri Lanka rupees.

(5) The property referred to in subsection (3) shall not be deemed to be the property obtained by the commission of an offence under the Prevention of Money Laundering Act, No. 5 of 2006 even if such foreign exchange had been held outside Sri Lanka without the permission of the Central Bank.

(6) There shall be no restriction on the repatriation of funds out of Sri Lanka remitted to Sri Lanka by any person in terms of subsection (3) of section 8.

Guidelines and directions.

9. (1) The Central Bank may from time to time, subject to informing the Minister issue guidelines and directions to authorized dealers and restricted dealers engaging in current transactions.

(2) The Central Bank may from time to time subject to the approval of the Minister issue guidelines and directions to authorized dealers and restricted dealers engaging in capital transactions.

(3) The Central Bank may from time to time subject to the approval of the Minister issue guidelines and directions to authorized dealers and restricted dealers engaging in transactions other than those referred to in subsections (1) and (2) relating to foreign exchange.

(4) The Central Bank may from time to time subject to the approval of the Minister issue guidelines and directions to any person, class or classes of persons not being an authorized dealer or restricted dealer, permitted to deal in foreign exchange within Sri Lanka under paragraph (c) of subsection (2) of section 4.

(5) The Central Bank may for statistical and monitoring purposes, request an authorized dealer or a restricted dealer to furnish within such time as may be specified in such request, such information or returns in such form and manner in relation to any foreign exchange transaction engaged in by such dealer for a period of six years immediately prior to the date on which such request is communicated to such dealer.

10. (1) The Central Bank may, at any time, cause an investigation to be made, of foreign exchange transactions or foreign assets of any authorized dealer or a restricted dealer or any other person, class or classes of persons as the case may be, by an officer of the Department of Foreign Exchange authorized in writing by the Central Bank (hereinafter referred to as an “authorized person”) in that behalf.

Investigations of foreign exchange transactions and foreign assets.

(2) It shall be the duty of every authorized dealer or a restricted dealer or any other person, class or classes of persons –

- (a) to permit an authorized person entry into any premises for the purposes of such investigation;
- (b) to produce any books or other documents as may be required for the investigation by such authorized person;

- (c) to permit such authorized person to retain for such time as may be necessary such books and other documents or to take copies or extracts;
- (d) to appear before the authorized person when required to do so by such authorized person;
- (e) to furnish such statement or information in relation to the investigation within such time and in such manner as the said authorized person may require; or
- (f) not to furnish information under this section, which to the knowledge of such dealer is false.

(3) Where an authorized person retains any book or document under subsection (2) the authorized person shall furnish to the person from whose custody or control such book or document was taken for detention, a copy of such book or document certified by such authorized person if a request for a copy is made by the person from whose custody or control such book or document was taken or the authorized person may without retaining original books or documents require the person to furnish true copies of such books or documents.

(4) An authorized dealer or a restricted dealer or other person required to appear before the authorized person may be examined orally and any statement made by such dealer or person shall be reduced to writing and shall be signed by the dealer or person making the same.

(5) For purposes of an investigation under subsection (1), the Central Bank or the authorized person may if the circumstances warrant, obtain the assistance of a police officer to prevent a breach of the peace, in the exercise of that right.

(6) Where the Central Bank apprehends any resistance in the course of an investigation under subsection (1), the

Central Bank may, on application made to a Magistrate's Court by a person authorized in that behalf by the Monetary Board, within whose jurisdiction such investigation is made, obtain an Order directing the authorized dealer or the restricted dealer or other person as the case may be whose foreign exchange transaction or foreign assets is or are being, or is or are to be, investigated, to appear before the authorized person or to produce such books or documents in the custody or control of such dealer or person as the Central Bank or the authorized person making the investigation may reasonably require for such investigation.

(7) An application made under subsection (6) by a person authorized in that behalf by the Monetary Board shall contain—

- (a) the name and address of the authorized dealer or a restricted dealer or other person as the case may be whose foreign exchange transaction is being or is to be investigated;
- (b) the address of the premises in which the investigation is to be made;
- (c) the name of the authorized person making the investigation; and
- (d) a prayer for an Order -
 - (i) for the appearance of such dealer or person before the authorized person;
 - (ii) for the production of the books and documents to the Central Bank or the authorized person;
 - (iii) to refrain from obstructing the authorized person making an investigation under this section.

(8) (a) Court may, after considering an application made under subsections (6) and (7) make an Order prayed for under paragraph (d) of subsection (7) and such dealer or person shall comply with the Order forthwith.

(b) Any dealer or person who fails to comply with an Order of the court under paragraph (a) commits an offence and shall, on conviction be liable to a fine not exceeding rupees five hundred thousand.

(c) Where the offence under paragraph (b) is a continuing offence, such dealer or person shall be liable to an additional fine of rupees hundred thousand for each day during which such offence continued.

Failure to comply with a provision of the Act or any Regulation, Order, Direction, Guideline & etc. made or issued thereunder.

11. (1) Where the Central Bank is satisfied that an authorized dealer or restricted dealer—

- (a) deals in foreign exchange in any current transaction or capital transaction contrary to the provisions of this Act;
- (b) deals in foreign exchange in relation to foreign assets contrary to the provisions of this Act;
- (c) fails to comply with any guideline or direction issued under subsections (1), (2) and (3) of section 9 or any requirement under subsection (4) of section 9; or
- (d) violates any provision of this Act or any regulation or Order made thereunder,

the Central Bank may, upon the Minister being informed, issue a notice directing any such authorized dealer or restricted dealer to comply with the provisions of this Act or any regulation, Order, guideline or direction issued or made thereunder, within the period specified therein.

(2) Where any authorized dealer or restricted dealer fails to act in accordance with the notice issued under subsection

(1), the Central Bank may, temporarily suspend the authorization granted under subsection (1) of section 4 or paragraph (b) of subsection (2) of section 4 or the permit granted under paragraph (a) of subsection (2) of section 4 to deal in foreign exchange.

(3) The Central Bank may, where there is a temporary suspension under subsection (2), after an inquiry, giving the authorized dealer or restricted dealer a reasonable opportunity of being heard and with the approval of the Monetary Board, revoke the authorization or permit granted under section 4.

(4) The Central Bank may in the circumstances referred to in subsection (1), without proceeding to revoke the authorization or the permit under subsection (3), after giving a reasonable opportunity of being heard and where it deems it appropriate taking into consideration all the relevant circumstances—

- (a) require an authorized dealer or restricted dealer who engages in any dealing in relation to foreign assets contrary to the provisions of this Act as referred to in paragraph (b) of subsection (1), to pay to the Central Bank within such time as may be specified in such requirement an amount not exceeding the amount or value of such foreign asset or any part thereof in foreign exchange or Sri Lanka currency together with such expenses incurred by the Central Bank for the detection and investigation of such transaction; or
- (b) impose a limitation on such authorized dealer or restricted dealer who has directly or indirectly been a party to the unauthorized transaction, from dealing in or engaging in current or capital transactions in relation to foreign exchange as the case may be, for a period not exceeding twelve months.

(5) Where any other person, class or classes of persons, not being an authorized dealer or restricted dealer acts in violation of the provisions of paragraphs (a), (b), (c) or (d) of subsection (1), the Central Bank may, upon the Minister being informed, after giving such person a reasonable opportunity of being heard, require such person in writing, to pay as a penalty a sum not exceeding rupees one million or to pay a penalty of an amount not exceeding the amount or value of such current transaction or capital transaction or value of such foreign asset or any part thereof in foreign exchange or Sri Lanka currency together with such expenses incurred by the Central Bank for the detection and investigation of such transaction.

(6) Where the Central Bank revokes an authorization or permit under subsection (3) or requires to pay the sum determined under paragraph (a) of subsection (4) or imposes a limitation under paragraph (b) of subsection (4), the Central Bank shall communicate its decision or determination in writing together with its reasons therefor to such authorized dealer or restricted dealer.

(7) (a) Where any authorized dealer or restricted dealer –

- (i) aggrieved by a revocation of the authorization or permit under subsection (3);
- (ii) aggrieved by the requirement to pay the sum determined under paragraph (a) of subsection (4);
or
- (iii) aggrieved by any limitation imposed under paragraph (b) of subsection (4),

as the case may be, he may within thirty days after such decision or determination is communicated to such dealer, appeal against such revocation or determination to the Board of Inquiry which shall determine such appeal in accordance with the procedure set out in section 13.

(b) Where any person not being an authorized dealer or a restricted dealer, aggrieved by a penalty imposed under subsection (5), he may within thirty days after the requirement to pay such penalty is communicated to such person, appeal against such requirement to pay such penalty to the Board of Inquiry which shall determine such appeal in accordance with the procedure set out in section 13.

(8) Subject to any Order made on an appeal under subsection (7), the revocation of the authorization or the permit under subsection (3) or any limitation imposed under subsection (4) shall, notwithstanding such appeal, take effect from the date the Order of revocation or limitation is made or imposed on the authorized dealer or restricted dealer, as the case may be.

(9) Any sum paid to the Central Bank under paragraph (a) of subsection (4) or any penalty paid under subsection (5) shall be credited to the Consolidated Fund.

12. Every investigation and inquiry under section 11 shall be concluded within a period of six months from the date of commencement of such investigation or inquiry unless an extension of time is obtained with the approval of the Minister.

Investigations and Inquiries to be concluded within six months.

13. (1) The Minister shall appoint a Board of Inquiry to inquire into appeals made under paragraphs (a) and (b) of subsection (7) of section 11.

Board of Inquiry.

(2) The Board of Inquiry appointed under subsection (1) shall consist of the following persons appointed by the Minister:—

- (a) a retired judge of the Supreme Court or of the Court of Appeal who shall be the Chairman of the Board; and
- (b) two persons who are conversant in matters relating to international financial or exchange transactions

and have had experience at a senior managerial level in the public or private sector and are of good standing and repute.

(3) Every member of the Board of Inquiry shall, unless he vacates office earlier by death, resignation or removal, hold office for a term of three years from the date of his appointment and unless he has been removed from office, be eligible for re-appointment.

(4) A member of the Board of Inquiry shall be remunerated in such manner and at such rates as may be determined by the Minister.

(5) A person shall be disqualified from being appointed or continuing as a member of the Board of Inquiry if he—

- (a) if he is, or becomes a member of Parliament or any Provincial Council or any local authority; or
- (b) if he is not, or ceases to be a citizen of Sri Lanka ; or
- (c) if he is under any law in force in Sri Lanka or in any other country found or declared to suffer from unsoundness of mind; or
- (d) if he is serving or has served a sentence of imprisonment imposed by any Court in Sri Lanka or any other country; or
- (e) if he has any financial or other interest as is likely to affect prejudicially the discharge by him of his functions as a member of the Board.

(6) (a) Any member of the Board of Inquiry may, at any time resign from his office by letter to that effect addressed to the Minister and such resignation shall take effect upon such resignation being accepted by the Minister in writing.

(b) The Minister may with the reasons assigned therefor remove any appointed member.

(c) In the event of any post of an appointed member of the Board of Inquiry being vacated by death, resignation, removal or the operation of the provisions of subsection (5), the Minister may appoint another person, having regard to the provisions of subsections (2) and (3) to hold such office for the unexpired period of term of office of the member whom he succeeds.

(d) If any appointed member of the Board of Inquiry is temporarily unable to perform the duties of his office during any period due to ill-health or absence from Sri Lanka or for any other cause, the Minister may appoint some other person to act in his place for unexpired period.

(7) The Board of Inquiry shall within thirty days of the receipt of the appeal make its determination in respect of such matter.

(8) Every Appellant shall appear before the Board of Inquiry in person or with an authorized representative.

(9) After the hearing of an appeal, the Board of Inquiry may confirm, vary or reverse the decision appealed against.

(10) The decision of the Board of Inquiry and the reasons therefor shall be in writing, be notified to the appellant and the Board of Inquiry shall forward a report thereon to the Minister.

14. Where any person who is required to pay any sum of money or penalty to the Central Bank under section 11 or 13 is a body corporate or unincorporated, every director, member or partner of such body shall also be personally liable jointly and severally to pay such amount or value and expenses:

Liability of
bodies corporate
or
unincorporated.

Provided that, such director, member or partner shall not be liable to pay such amount or value if such person proves

that the act or omission incurring such liability was done or omitted to have been done without the knowledge of such person or that such person exercised due diligence to prevent such act or omission.

Recovery of sums due to Government.

15. (1) (a) Where any person fails to pay any sum of money or penalty to the Central Bank under sections 11 or 13, the Governor of the Central Bank shall cause a certificate to be issued under his hand, setting out the sum of money required to be paid by such person.

(b) The sum of money so certified shall be deemed to be a debt due from such person to the Government and may be recovered by the Central Bank by issuing a certificate to the District Court having jurisdiction in the district where the person resides.

(c) Such certificate shall contain the particulars of the sum due and the name and place of residence as given in the authorization issued under section 4.

(d) Court shall thereupon direct a writ of execution to be issued to the Fiscal authorizing and requiring him to seize and sell all the property movable and immovable of the defaulting person or such part thereof as the Court may deem necessary for recovery of the amount so due and the provisions of sections 226 to 297 of the Civil Procedure Code (Chapter 101) shall, *mutatis mutandis* apply to and in relation to such seizure and sale.

(2) (a) Where the Central Bank is of the opinion that it is impracticable or inexpedient to recover the sum required to be paid under subsection (1) or where the full amount has not been recovered by the seizure and sale, then, the Central Bank may issue a certificate containing particulars of the sum so due and the name of the person and place of residence as given in the authorization issued under section 4 to the Magistrate having jurisdiction

(b) The Magistrate shall thereupon summon such person before him to show cause why further proceedings for the recovery of sum due under this Act should not been taken against him and in default of sufficient cause being shown, such sum shall be deemed to be a fine imposed by a sentence of the Magistrate on such person and the provisions of section 291 (except paragraphs (a), (d) and (i) of subsection (1) thereof of the Code of Criminal Procedure Act, No. 15 of 1979), relating to the default of payment of a fine imposed for such an offence shall thereupon apply and Magistrate may make any direction, by the provisions of that subsection, he could have made at the time of imposing such sentence.

(3) (a) The correctness of any statement in a certificate issued by the Central Bank for the purpose of this section shall not be called in question or examined by the court in any proceedings under this section and accordingly nothing in this section shall authorize the court to consider or decide the correctness of any statement in such certificate and the Central Bank's certificate shall be sufficient evidence that the amount due under this Act from the defaulting person has been duly calculated and that such amount is in default.

(b) The certificate shall be signed by the Governor of the Central Bank and shall be admissible in evidence in such action, without proof of signature and shall be *prima facie* proof of the matters stated therein.

(4) Any sum recovered in an action under this section shall be paid into the Consolidated Fund.

16. Subject to the provisions of this Act, any permission, consent or authority granted under this Act may be –

Provisions relating to permission, consent or authority.

- (a) general or special;
- (b) absolute or conditional;

- (c) limited so as to expire on a specified date, unless renewed; and
- (d) varied or revoked.

Burden of proof of permission.

17. In any inquiry under section 13, the burden of proving that any authorized dealer, restricted dealer or any other person, class or classes of persons not being an authorized dealer or restricted dealer had obtained the permission of the Central Bank for doing the act or making the omission which constitutes the violation of the provisions of the Act or any regulation, Order, guideline or direction issued or made thereunder shall be on such dealer, person or class or classes of persons.

Presumption relating to foreign currency.

18. In any inquiry under section 13 in relation to foreign currency, it shall be presumed, until the contrary is proved, that the currency in respect of which the dealing in foreign exchange in violation of the provisions of the Act or any regulation, Order, guideline or direction issued or made thereunder is alleged to have been committed is genuine.

Admissibility of certain documents.

19. In an inquiry under section 13 or any proceeding under section 10, any of the following documents may be produced before the Board of Inquiry or Court and given in evidence against any authorised dealer, restricted dealer or any other person, class or classes of persons not being an authorized dealer or restricted dealer and shall be *prima facie* evidence of the matters, transactions and accounts therein contained –

- (a) a certified copy of a banker's book or an extract thereof obtained from the manager or principal accountant of the bank;
- (b) a certified copy of any book or other record required by law to be maintained by a company or a certified copy of any extract thereof, obtained from a director or secretary of the company; and

- (c) a certified copy of any document or of an extract thereof in the proper custody of an officer of a foreign Government, and obtained from such officer.

20. No person shall be liable in any suit or other legal proceedings for any act done, or purporting to be done, in good faith in pursuance of the powers conferred by or under this Act, or for the purpose of carrying out the provisions of this Act.

Indemnity for acts done in good faith.

21. (1) Except in the performance of his duties under this Act, every officer or servant of the Department of Foreign Exchange of the Central Bank shall preserve, and aid in preserving, secrecy with regard to all matters that may come to his knowledge in the performance of his duties under this Act, and any such officer or servant who communicates any such matter to any person other than –

Duty of officers and servants to maintain secrecy.

- (a) the person, class or classes of persons to whom that matter relates or an authorized representative of such person, class or classes of persons;
- (b) the Monetary Board;
- (c) the Governor of the Central Bank or an officer of the Department of Foreign Exchange of the Central Bank authorized by the Governor to obtain information regarding that matter;
- (d) the Secretary of the Ministry of the Minister assigned the subject of Central Bank;
- (e) a public officer authorized by the Minister to obtain information regarding that matter; or
- (f) a person to whom it is necessary to communicate that matter for the purpose of securing compliance with, or detecting evasion of, any provision of this Act, or any other written Law,

or suffers or permits any unauthorized person to have access to any book, papers or records of the aforesaid Department or in the possession or custody, or under the control, of the head of that Department, commits an offence.

(2) No officer or servant of the Department of Foreign Exchange shall, in any legal proceedings to which the Monetary Board is not a party be compellable except by Order of the Court to produce any book or document or to divulge or communicate any matter coming under his notice in the performance of his duties under this Act.

Preservation of financial stability.

22. (1) Where the Monetary Board advises the Minister that in the opinion of the Board, remittances of foreign exchange into or out of Sri Lanka constitute a potential threat to the financial stability of Sri Lanka, the Minister may, with the approval of the Cabinet of Ministers and notwithstanding the provisions of sections 5, 6, 7 and 8 of this Act, by Order published in the *Gazette*, take such steps as may be necessary to restrict or regulate remittances of foreign exchange into or out of Sri Lanka, for such period not exceeding six months from the date of such Order.

(2) An Order under subsection (1) shall be communicated forthwith to Parliament and unless Parliament determines otherwise, shall be valid for the period specified in such Order.

(3) The Minister may with the approval of Parliament, by Order published in the *Gazette*, extend from time to time, the period of validity of an Order made under subsection (1) however that the period of such extensions shall not in the aggregate exceed twelve months.

Expenses in suit or prosecution to be paid out of the Consolidated Fund.

23. (1) Any expenses incurred by the Central Bank in any suit or prosecution brought by or against it before any court, shall be paid out of the Consolidated Fund and any costs paid to or recovered by the Central Bank in any such suit or prosecution shall be credited to the Consolidated Fund.

(2) Expenses incurred by the employees of the Central Bank in any suit or prosecution brought against such person before any court or tribunal in respect of any act which is done or purported to be done by such person under this Act or any other written law or on the direction of Central Bank shall, if that act was done in good faith, be paid out of the Consolidated Fund, unless such expenses are recoverable by such person in any suit or proceedings.

24. (1) It shall be an implied condition in any contract, entered into, by virtue of the provisions of this Act, the permission or consent of the Central Bank is at the time of the contract required for the performance of any term thereof, that terms should not be performed except insofar as the permission or consent is given or permission or consent is not required: Contracts.

Provided that, the preceding provisions of this subsection shall not apply to that term insofar as the application of those provisions to that term is inconsistent with the intention of the parties to that contract, whether by reason of their having contemplated the performance of that term despite the provisions of this Act, or for any other reason.

(2) Notwithstanding anything in the Bills of Exchange Ordinance (Chapter 82), neither the provisions of this Act, nor any condition, whether express or implied having regard to those provisions, that any payment shall not be made without the permission of the Central Bank under this Act, shall be deemed to prevent any instrument being a bill of exchange or promissory note under the said Ordinance.

25. Where the provisions of any other written law impose an obligation in respect of the doing of any act and the permission or consent of the Central Bank is, by virtue of that Act is required for the discharge of the obligation, it shall be an implied condition of the obligation that it shall not be discharged except in so far as the permission or consent is given or is not required. Obligations under other written laws.

- Penalties. **26.** (1) Any person who acts in contravention of the provisions of this Act or any regulation Order or direction issued or made thereunder for which no penalty is prescribed, may be required in writing by the Central Bank to pay as a penalty a sum not exceeding one million rupees, within such period as may be specified in the notification of such requirement.
- (2) Any person aggrieved by a penalty imposed under subsection (1) may, within thirty days after the requirement to pay such penalty is communicated to such person, appeal against such requirement to pay such penalty to the Board of Inquiry which shall determine such appeal in accordance with the procedure set out in section 13.
- Amendment of Schedules by Resolution of Parliament. **27.** The Schedule to this Act may from time to time in the interest of the national economy be amended, altered or varied by Resolution of Parliament.
- Publication of Orders in daily newspapers. **28.** Where any regulation or Order made under this Act is required to be published in the *Gazette*, it shall be published once in three daily newspapers in the Sinhala, Tamil and English languages.
- Regulations. **29.** (1) The Minister may make regulations in respect of all matters which are required by this Act to be prescribed or in respect of which regulations are required or authorized to be made under this Act.
- (2) Every regulation made under subsection (1) shall be published in the *Gazette* and shall come into operation on the date of publication or on such later date as may be specified therein.
- (3) Every regulation made under subsection (1) shall, within three months from the date of its publication in the *Gazette* be placed before Parliament for approval. Every regulation which is not so approved shall be deemed to be rescinded as from the date of disapproval, but without prejudice to anything previously done there under.

(4) Notification of the date on which any regulation is deemed to be so rescinded shall be published in the *Gazette*.

30. (1) The Exchange Control Act (Chapter 423) is hereby repealed. Repeal and Savings.

(2) Notwithstanding the repeal of the aforesaid Act-

(a) all suits, actions and proceedings instituted under the repealed Act and pending on the day immediately prior to the appointed date, shall, with effect from the appointed date, be deemed to be suits, actions and proceedings instituted under the repealed Act and be heard and concluded under that Act; and

(b) all investigations and inquiries instituted under the repealed Act and pending on the day immediately prior to the appointed date, shall, with effect from the appointed date, be deemed to be investigations and inquiries instituted under the repealed Act and shall be concluded under that Act within a period of six months from the appointed date.

31. (1) For the purpose of this Act - Currency, securities etc.

(a) “currency” includes coins, currency notes, postal orders, money orders, cheques, drafts, travelers’ cheques, letters of credit, bills of exchange, promissory notes, other electronic fund transfer cards and digital currency;

(b) “securities” means shares, stock, bonds, debentures, units under a unit trust scheme or of any mutual fund.

(2) The Central Bank may, by Notification published in the *Gazette*, specify any other instrument in relation to currency or securities which is not specified in this section.

(3) For the purpose of this Act, “a person resident in Sri Lanka” means such person as is determined by the Minister by Order published in the *Gazette*.

Sinhala text to prevail in case of inconsistency.

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

Interpretation.

33. In this Act unless the context otherwise requires—

“asset” means any movable or immovable property of any class or description whatsoever;

“authorized dealer” means a bank licensed under the Banking Act, No. 30 of 1988 authorized under section 4 to act as authorized dealer;

“capital transaction” means a transaction which is not a current transaction within the meaning of this Act;

“Central Bank” means the Central Bank of Sri Lanka established by section 5 of the Monetary Law Act (Chapter 420);

“current transaction” means any international transaction necessitating a transfer of foreign exchange into or from Sri Lanka, and referred to in paragraph (d) of Article XXX of the Articles of the International Monetary Fund set out in the Schedule to this Act;

“Commissioner General of Inland Revenue” means the Commissioner General of Inland Revenue within the meaning of Inland Revenue Act, No. 10 of 2006;

“foreign asset” means any movable or immovable property outside Sri Lanka of any class or description whatsoever and without prejudice to the generality of the preceding provisions of this definition, includes foreign exchange, foreign currency, foreign securities and foreign bank accounts;

“foreign currency” means any currency other than Sri Lankan currency;

“Foreign Currency Account” means a foreign currency account in a licensed bank which is authorized to deal in foreign exchange;

“foreign exchange” means foreign currency and includes –

- (a) deposits, credits and balances payable in foreign currency;
- (b) drafts, travelers’ cheques, letters of credit and bills of exchange drawn in Sri Lanka and payable outside Sri Lanka in foreign currency;
- (c) drafts, travelers’ cheques, letters of credit and bills of exchange drawn outside Sri Lanka but payable in Sri Lankan currency;
- (d) any document or instrument of a type customarily employed for international transfers of funds;

“foreign exchange dealings” includes accepting, buying, selling, borrowing and lending of

foreign exchange and exchange to any other foreign currency;

“foreign security” means a security denominated or expressed in foreign currency and issued outside Sri Lanka;

“licensed bank” means a licensed commercial bank or a licensed specialized bank;

“licensed commercial bank” means a bank licensed under subsection (4) of section 2 of the Banking Act, No. 30 of 1988;

“licensed specialized bank” means a bank licensed under subsection (3) of section 76A of the Banking Act, No. 30 of 1988;

“Minister” means the Minister assigned the subject of Central Bank;

“Monetary Board” means the Monetary Board of the Central Bank of Sri Lanka;

“permit” means a permit granted to a restricted dealer under paragraph (a) of subsection (2) of section 4;

“person” means any natural or legal person including partnerships;

“person resident outside Sri Lanka” means a person who is not a resident in Sri Lanka; and

“Sri Lankan currency” means currency which is expressed or drawn in Sri Lanka rupees.

SCHEDULE

(sections 5, 6 and 33)

INTERNATIONAL MONETARY FUND

Articles on Agreement

ARTICLE XXX

EXPLANATION OF TERMS

(d) Payments for current transactions means payments which are not for the purpose of transferring capital assets, and includes, without limitation—

- (1) all payments due in connection with foreign trade, other current business, including services, and normal short term banking and credit facilities;
- (2) payments due as interest on loans and as net income from other investments;
- (3) payments of moderate amount for amortization of loans or for depreciation of direct investments; and
- (4) moderate remittances for family living expenses.

The Fund may, after consultation with the members concerned, determine whether certain specific transactions are to be considered current transactions or capital transactions.

Annual subscription of English Bills and Acts of the Parliament Rs. 885 (Local), Rs. 1,180 (Foreign), Payable to the SUPERINTENDENT, GOVERNMENT PUBLICATIONS BUREAU, DEPARTMENT OF GOVERNMENT INFORMATION, No. 163, KIRULAPONA MAWATHA, POLHENGODA, COLOMBO 05 before 15th December each year in respect of the year following.



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

**NATION BUILDING TAX (AMENDMENT)
ACT, No. 13 OF 2017**

[Certified on 09th of August, 2017]

Printed on the Order of Government

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*Nation Building Tax (Amendment)
Act, No. 13 of 2017*

[Certified on 09th of August, 2017]

L.D.—O. 71/2016

AN ACT TO AMEND THE NATION BUILDING TAX
ACT, No. 9 OF 2009

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

1. This Act may be cited as the Nation Building Tax (Amendment) Act, No. 13 of 2017, and shall be deemed to have come into operation from April 1, 2017 unless different dates of operation are specified hereunder.

Short title and
date of
operation.

2. The First Schedule to the Nation Building Tax Act, No. 9 of 2009 (hereinafter referred to as the “principal enactment”), as last amended by Act, No. 22 of 2016 is hereby further amended as follows:-

Amendment of
the First
Schedule to the
Act, No. 9 of
2009.

(1) in Part I of that Schedule-

(a) in item (iv) thereof, by the deletion of sub-item (iv) and substitution therefor of the following:-

“(iv) any other similar purpose,

and is to be re-shipped, within a period of one year from the date of importation of such article to Sri Lanka or within a period of ninety days after the completion of such project;”;

(b) by the substitution for item (xi) thereof, of the following item:-

“(xi) (a) petroleum and petroleum products for any period prior to May 2, 2016, and for the period

commencing from July 11, 2016, and ending on or before November 1, 2016; or

(b) petroleum and petroleum products other than lubricants classified under Harmonized Commodity Description and coding numbers for customs purposes, for the period commencing from May 2, 2016 and ending on July 11, 2016 and for the period commencing on November 1, 2016;”;

(c) in item (xviA) thereof by the substitution for the words “Air Lanka Catering Services Ltd;” of the following words and figures:-

“Air Lanka Catering Services Ltd, for any period prior to August 1, 2017;”;

(d) in item (xviii) thereof, by the substitution for the words “any article imported or sold”, of the words and figures:-

“any article imported or sold prior to August 1, 2017”;

(e) by the insertion, immediately after item (L), the following new item:-

“(L) printed books, magazines, journals or periodicals other than newspapers, identified under Harmonized Commodity Description and Coding Numbers;”;

(2) in Part II of that Schedule-

(a) by the substitution for item (ii) thereof, of the following item:-

“(ii) (a) for any period ended prior to May 2, 2016, and for the period commencing from July 11, 2016, but prior to April 1, 2017 supply of electricity;

(b) on or after April 1, 2017 generation of electricity and supply of electricity other than the supply of electricity by Ceylon Electricity Board established under the Ceylon Electricity Board Act, No. 17 of 1969;”;

(b) by the substitution for item (vii) thereof, of the following item:-

“(vii) service-

(a) prior to January 1, 2011, of a construction contractor, not being a sub-contractor; or

(b) on or after January 1, 2011, but prior to August 1, 2017, of a construction contractor or sub-contractor; or

(c) on or after August 1, 2017, of a construction sub-contractor,

in so far as such services are in respect of constructing any

*Nation Building Tax (Amendment)
Act, No. 13 of 2017*

building, road, bridge, water supply, drainage or sewerage system, harbour, airport or any infrastructure project in telecommunication or electricity;”;

- (c) by substitution for item (xiv) thereof, of the following item:-

“(xiv) the services of a travel agent in respect of inbound tours operated-

(a) prior to August 1, 2017;

(b) on or after August 1, 2017, where the payment for such services is received in foreign currency through a bank,

if such agent is registered with the Ceylon Tourist Board;”;

- (d) by the substitution for item (xxii) thereof, of the following item:-

“(xxii) any service rendered in or outside Sri Lanka to any person or partnership outside Sri Lanka for the utilization out of Sri Lanka for payment in foreign currency, if such foreign currency is remitted to Sri Lanka through a bank;”;

- (e) in item (xxxiv) thereof, by the substitution for the words “services provided by any society” of the words and figures “services provided prior to August 1, 2017 by any society”;

(f) by the substitution for item (xxxviii) of the following item:-

“(xxxviii) for any period ended prior to August 1, 2017, the business of real estate and improvements thereon, being construction and sale of residential accommodation, in so far as the value of the construction project relating to the supply of such residential accommodation is less than ten million United States dollars or its equivalent in any other currency;”;

(g) by the addition, immediately after the item (xxxviii), the following new item:-

“(xxxix) International telecommunication services provided to local operators by External Gateway Operators.”.

3. Where the Commissioner-General of Inland Revenue or the Director-General of Customs as the case may be, collects under the provisions of section 4 or section 5 respectively of the principal enactment, the tax calculated considering the provisions of this Act, during the period commencing from April 1, 2017 and ending on the date on which the certificate of the Speaker is endorsed in respect of this Act, from a person to whom the provisions of this Act applies, such collection shall be deemed for all purposes to have been, and to be, validly made:

Validation.

Provided that the aforesaid provisions of this section shall not affect any decision or order made by any Court or any proceeding pending in any Court in respect of any tax collected during the aforesaid period.

4. 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.

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

**SUGATHADASA NATIONAL SPORTS COMPLEX
AUTHORITY (AMENDMENT) ACT, No. 14 OF 2017**

[Certified on 17th of August, 2017]

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*Sugathadasa National Sports Complex
Authority (Amendment) Act, No. 14 of 2017*

[Certified on 17th of August, 2017]

L.D.—O. 62/2016.

AN ACT TO AMEND THE SUGATHADASA NATIONAL SPORTS COMPLEX
AUTHORITY ACT, NO. 17 OF 1999

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

- 1.** This Act may be cited as the Sugathadasa National Sports Complex Authority (Amendment) Act, No. 14 of 2017.

Short title.
 - 2.** The long title to the Sugathadasa National Sports Complex Authority Act, No. 17 of 1999 (hereinafter referred to as the “principal enactment”) is hereby amended by the substitution for the words “TO MANAGE AND MAINTAIN” of the words “TO MANAGE, MAINTAIN, PROTECT AND DEVELOP”.

Amendment of the long title to Act, No. 17 of 1999.
 - 3.** The following new section is hereby inserted immediately after section 2 of the principal enactment and shall have effect as section 2A of that enactment:—

Insertion of new section 2A in the principal enactment.
- “Objects of the Authority.
- 2A. The objects of the Authority shall be to —
- (a) manage, maintain, protect and develop the Sugathadasa National Sports Complex;
 - (b) improve sports and recreational activities and facilities at the Sugathadasa National Sports Complex to meet the requirements of sports economy and sports tourism;

- (c) provide the facilities available at the Sugathadasa National Sports Complex for the advancement of sports in the country;
- (d) ensure that sports and recreation are used as tools to support social cohesion and nation building; and
- (e) make available, on such conditions and on such fees as may be determined by the Board, the facilities of the Sugathadasa National Sports Complex for sports, educational, cultural, and recreational activities.”.

Amendment of section 3 of the principal enactment.

4. Section 3 of the principal enactment is hereby amended by the repeal of subsections (3) and (4) of that section and the substitution therefor of the following subsections:—

“(3) The Minister shall appoint —

- (a) one of the members of the Board to be the Chairman of the Authority; and
- (b) an appointed member of the Board to be the Working Director of the Authority to facilitate the management and administration of the affairs of the Authority.

(4) The provisions of the Schedule to this Act shall have effect in relation to the terms of office of, and the vacation of office by, the Chairman, Working Director and the appointed members of the Board, meetings of the Board and the seal of the Authority.”.

Sugathadasa National Sports Complex 3
Authority (Amendment) Act, No. 14 of 2017

5. Section 4 of the principal enactment is hereby amended in subsection (1) of that section as follows:—

Amendment of section 4 of the principal enactment.

- (1) by the repeal of paragraph (a) thereof and the substitution therefor of the following paragraph:—

“(a) manage, maintain, protect and develop the Sugathadasa National Sports Complex and take necessary measures to safeguard it as a national asset;” and

- (2) by the repeal of paragraph (h) thereof and the substitution therefor of the following paragraph:—

“(h) make available on such conditions and on such appropriate cost reflective fees as may be determined by the Board, the facilities of the Sugathadasa National Sports Complex for sports, educational, cultural and recreational activities.”.

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

Amendment of section 5 of the principal enactment.

- (1) by the repeal of paragraph (a) of that section and the substitution therefor of the following paragraph:—

“(a) to purchase and hold property, both movable and immovable, and to give on lease or hire the same;” and

- (2) by the repeal of paragraph (j) of that section and the substitution therefor of the following paragraph:—

“(j) to do all such other acts as may be necessary, incidental or conducive to the attainment of the objects of the Authority or the discharge of its functions under this Act.”.

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Authority (Amendment) Act, No. 14 of 2017*

Amendment of
the Schedule to
the principal
enactment.

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

(1) by the substitution for item 6 thereof, of the following item:—

“6. Where the Chairman, the Working Director or any appointed member of the Board is, by reason of illness, absence from Sri Lanka or other cause, temporarily unable to perform the duties of his office, the Minister may, taking into consideration the provisions of section 3, appoint another *ex-officio* member or appointed member, as the case may be, to act as such Chairman, Working Director or such member.”;

(2) in item 8 thereof, by the substitution for the words “the Chairman from office” of the words “the Chairman or the Working Director from office”;

(3) in item 9 thereof, by the substitution for the words “The Chairman may resign from the office of the Chairman” of the words “the Chairman or the Working Director may resign from the office of the Chairman or the Working Director, respectively”; and

(4) in item 10 thereof, by the substitution for the words “the term of office of the Chairman” of the words “the term of office of the Chairman or the Working Director”.

Sinhala text to
prevail in case
of
inconsistency.

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

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

**CEYLON GERMAN TECHNICAL TRAINING
INSTITUTE ACT, No. 15 OF 2017**

[Certified on 24th of August, 2017]

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*Ceylon German Technical Training Institute
Act, No. 15 of 2017*

[Certified on 24th of August, 2017]

L.D.—O. 61/2006

AN ACT TO PROVIDE FOR THE ESTABLISHMENT OF THE CEYLON GERMAN TECHNICAL TRAINING INSTITUTE; TO SPECIFY THE POWERS, DUTIES AND FUNCTIONS OF THE INSTITUTE; AND FOR MATTERS CONNECTED THEREWITH OR INCIDENTAL THERETO.

WHEREAS the Ceylon German Technical Training Institute has been established pursuant to a Resolution of the Board of Directors of the Ceylon Transport Board established under the Motor Transport Act, No. 48 of 1957 and was under the administration of the Ceylon Transport Board: Preamble.

AND WHEREAS the Transport Board Law, No. 19 of 1978 repealed the Motor Transport Act, No. 48 of 1957 and established the Sri Lanka Central Transport Board and as a result, the administration of the Ceylon German Technical Training Institute was assigned to the Sri Lanka Central Transport Board:

AND WHEREAS in the year 2005, the Transport Board Law, No. 19 of 1978 was repealed by the Sri Lanka Transport Board Act, No. 27 of 2005, and as a result the administration of the Ceylon German Technical Training Institute was assigned to the Ministry of Transport:

AND WHEREAS it is the Policy of the Government to administer all vocational and technical training institutes under the purview of one particular Ministry and accordingly, the administration of the Ceylon German Technical Training Institute has been transferred from the Ministry of Transport to the Ministry of Youth Affairs and Skills Development:

AND WHEREAS in consequent to the change of Ministries from time to time, difficulties have now arisen in connection with the administration of the Ceylon German Technical

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Act, No. 15 of 2017*

Training Institute and it has therefore now become necessary to provide for the establishment, by legislation, of an Institute as a separate legal entity and to specify the powers, functions and duties thereof:

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

Short title and date of operation.

1. This Act may be cited as the Ceylon German Technical Training Institute Act, No. 15 of 2017 and shall come into operation on such date as the Minister may appoint by Order published in the *Gazette* (hereinafter referred to as the “appointed date”).

PART I

ESTABLISHMENT OF THE CEYLON GERMAN TECHNICAL TRAINING INSTITUTE

Establishment of the Ceylon German Technical Training Institute.

2. (1) There shall be established, an institute which shall be called the Ceylon German Technical Training Institute (hereinafter referred to as the “Institute”).

(2) The Institute shall by the name assigned to it by subsection (1), be a body corporate with perpetual succession and a common seal and may sue and be sued in that name.

Transitional provisions.

3. (1) The Ceylon German Technical Training Institute established by a Resolution of the Ceylon Transport Board (hereinafter referred to as “CGTTI”) approved and adopted by the Board of Directors of the Ceylon Transport Board, shall hereby stand transferred to the Institute established by section 2.

(2) All contracts and agreements entered into by, or with CGTTI or by or with the State, for or on behalf of CGTTI, and subsisting on the day immediately preceding the appointed date, and all debts and liabilities of CGTTI, or of

the State incurred for or, on behalf of CGTTI and subsisting on the day immediately preceding the appointed date, shall be deemed with effect from the appointed date to be the contracts and agreements entered into by, or with the Institute, or debts and liabilities of the Institute, as the case may be, and shall be enforced accordingly.

(3) All property movable and immovable allocated to CGTTI for the purposes of CGTTI, prior to the appointed date, and subsisting on the day immediately preceding the appointed date shall be transferred to the Institute established under this Act with effect from the appointed date, and for all purposes be deemed to have vested in the Institute.

(4) All rules and regulations made in respect of CGTTI and in force on the day immediately preceding the appointed date, and which are not inconsistent with the provisions of this Act, shall be deemed to be rules and regulations made under this Act, and may accordingly be amended, added to and rescinded by regulations or rules, as the case may be, made under this Act.

(5) All suits, prosecutions, appeals and other legal proceedings which have been instituted in any court or tribunal by or against the CGTTI, or by or against the State, in respect of CGTTI, and pending before such court or tribunal on the day immediately preceding the appointed date, shall be deemed with effect from the appointed date to have been instituted by or against the Institute, and may be continued accordingly.

4. The functions of the Institute shall be—

Functions of the Institute.

- (a) to formulate and conduct vocational training courses and programmes in the field of automobile industry and other technical and vocational training industries as may be prescribed, directly by the Institute or through other public or private sector agencies;

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 Act, No. 15 of 2017

- (b) to co-ordinate and facilitate the training of trainers and instructors of the Institute, through public and private sector participation;
- (c) to carry out research on vocational training in the field of automobile industry and prescribed technical industries;
- (d) to provide career guidance and counseling services to persons who have completed vocational training in the Institute;
- (e) to assist the relevant authorities to provide employment opportunities in Sri Lanka and abroad, to passed out trainees and enter into agreements with local and foreign organizations in this regard;
- (f) to liaise and co-ordinate with institutions both in Sri Lanka and abroad, having objects similar to those of the Institute and implement student and staff exchange programmes by entering into agreements with such institutions;
- (g) to continue the provision of practical training to the trainees at the vehicle repair center and at the vehicle service center and workshops of the Institute;
- (h) to establish regional centers of the Institute for the purpose of conducting technical and vocational training and education in the prescribed fields;
- (i) to monitor the technological advancements in the relevant industries and develop, modernize and update the facilities of the Institute accordingly;

- (j) to conduct seminars, workshops and conferences with the assistance of national and international organizations engaged in automobile and prescribed technical industries;
- (k) to publish magazines and periodicals on automobile and prescribed technical industries and vocational and technical training on such industries; and
- (l) to do all such other acts or things as may be expedient for the accomplishment of the objects of the institute.

5. The Institute shall, subject to the provisions of this Act, have the power— Powers of the Institute.

- (a) to appoint, employ, remunerate and exercise disciplinary control over its officers and servants;
- (b) to manage and maintain regional centers of the Institute, which provide vocational training and education in the prescribed fields;
- (c) to conduct training programmes and courses, for persons who wish to be qualified as trainers in prescribed fields and award certificates and diplomas to those who have successfully completed such programmes and courses;
- (d) to purchase machinery or raw material and such other equipment required for the training programmes and courses conducted by the Institute;
- (e) to conduct National level examinations and tests, in accordance with the regulations made by the Tertiary and Vocational Education Commission;

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 Act, No. 15 of 2017

- (f) to assess and evaluate from time to time, the standards maintained, and results obtained by the trainees in the prescribed fields of training and to make necessary adjustments thereto;
- (g) to promote the introduction of new techniques and equipment in order to obtain maximum results from the vocational training programmes conducted by the Institute;
- (h) to acquire, hold, take or give on lease, mortgage or hire, pledge, sell or otherwise dispose of, any movable or immovable property of the Institute;
- (i) to enter into and execute, whether directly or through any officer or agent authorized in that behalf by the Institute, all such contracts or agreements as may be necessary, for the discharge of the functions of the Institute;
- (j) to make rules in respect of —
 - (i) the administration of the affairs of the Institute including appointments, promotions, remuneration and disciplinary control, of the officers and servants of the Institute;
 - (ii) the courses of study and examinations conducted by the Institute;
- (k) to levy fees and other charges for training and services provided by the Institute;
- (l) to provide recreational and welfare facilities, official quarters and accommodation for trainees, officers and servants of the Institute; and

- (m) to do all such other acts or things which, in the opinion of the Institute are necessary for, or are conducive or incidental, to the attainment of its objects.

PART II

CONSTITUTION OF THE BOARD

6. (1) The administration, management and control of the affairs of the Institute shall be vested in a Board of Governors (hereinafter referred to as the “Board”).

Administration &c. of the Institute vested in the Board.

(2) The Board shall, for the purpose of administering the affairs of the Institute, exercise, discharge and perform, the powers, functions and duties conferred on, or assigned to, or imposed on the Institute by this Act.

7. (1) The Board shall consist of—

Constitution of the Board.

(a) the following *ex-officio* members, namely—

- (i) the Secretary to the Ministry of the Minister or his representative;
- (ii) a representative from the Ministry of the Minister assigned the subject of Finance, nominated by the Secretary to the Treasury;
- (iii) the Chief Executive Officer of the Sri Lanka Transport Board;
- (iv) the Director General of the Tertiary and Vocational Education Commission;
- (v) the Director- Principal of the Institute appointed under section 17 of this Act; and

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Act, No. 15 of 2017*

(b) four other members appointed by the Minister, out of the persons who shall be qualified in the fields of mechanical or automobile engineering, electrical or electronic engineering, finance, law, skills development and vocational education and entrepreneurship (hereinafter referred to as the “appointed members”).

(2) Every appointed member shall, unless he earlier vacates office by resignation, death or removal, hold office for a period of three years from the date of his appointment and shall be eligible for re-appointment.

(3) Every appointed member may at any time resign from his office by letter to that effect, addressed to the Minister, and such resignation shall take effect upon it being accepted by the Minister.

(4) Where any appointed member is by reason of illness, infirmity or absence from Sri Lanka temporarily unable to discharge the functions of his office, the Minister may, having regard to the provisions of paragraph (b) of subsection (1), appoint another person to act in his place.

(5) The Minister may, if he thinks expedient to do so, remove any appointed member from office for reasons assigned and thereupon that member shall be deemed to have vacated his office.

(6) Where an appointed member dies, resigns or is removed from office the Minister may, having regard to the provisions of paragraph (b) of subsection (1) appoint another person in his place and the person so appointed shall hold office for the unexpired period of the term of office of the member whom he succeeds.

(7) Every *ex-officio* member of the Board shall hold office, as long as he holds the post by virtue of which he is a member of the Board.

Chairman of the Board.

8. (1) The Minister shall appoint one of the appointed members to be the Chairman of the Board (hereinafter referred to as the “Chairman”).

(2) Where the Chairman by reason of illness or absence from Sri Lanka is temporarily unable to perform the duties of his office, the Minister may appoint another member of the Board to act in his place.

(3) The Chairman may resign from office by letter to that effect addressed to the Minister and such resignation shall take effect upon it being accepted by the Minister.

(4) The Minister may, if he thinks it expedient to do so remove the Chairman from such office, for reasons assigned.

9. A person shall be disqualified from being appointed or continuing as a member of the Board, if he—

Disqualification from being a member of the Board.

- (a) is or becomes a member of Parliament, or of any Provincial Council, or of any local authority;
- (b) is under any law in force in Sri Lanka or any other country, found or declared to be of unsound mind;
- (c) is a person who, has been declared an insolvent or undischarged, bankrupt under any law in force in Sri Lanka or any other country;
- (d) is serving or has served a sentence of imprisonment imposed by any court in Sri Lanka or any other country for a criminal offence;
- (e) he holds or enjoys any right or benefit under any contract made by or on behalf of the Institute.

10. The Board may act notwithstanding any vacancy among its members and any act or proceeding of the Institute shall not be deemed to be, invalid by reason only of the existence of any vacancy among its members or of any defect in the appointment or nomination of a member thereof.

Acts or proceedings of the Board not deemed to be invalid by reason of any vacancy.

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Act, No. 15 of 2017*

- Remuneration of the members of the Board. **11.** All or any of the members of the Board shall be remunerated in such manner and at such rates as may be determined by the Minister with the concurrence of the Minister in charge of the subject of Finance.
- Meetings of the Board. **12.** (1) The meetings of the Board shall be held at least once in every month and the quorum for any meeting of the Board shall be five.
- (2) The Chairman shall preside at all meetings of the Board. In the absence of the Chairman from any meeting of the Board, the members present shall elect a Chairman for that meeting from among themselves.
- (3) All questions for decision at any meeting shall be decided by the vote of a majority of the members present. In the event of an equality of votes, the Chairman or the member presiding at such meeting shall, in addition to his own vote, has a casting vote.
- (4) Subject to the other provisions of this Act, the Board may regulate its procedure in regard to its meetings and the transaction of business at such meetings.
- Directions of the Minister. **13.** The Minister may give the Board such general or special directions in writing as to the exercise of its powers and discharge of its functions under this Act, and the Board shall give effect to such directions.
- Powers of Minister to order investigation into activities of the Institute. **14.** The Minister may, where he deems it necessary, order all or any of the activities of the Institute, to be investigated and reported upon by such person or persons as he may specify, and upon such order being made, the Board shall afford all such facilities and furnish such information to such person or persons as may be necessary to give effect to such order.
- Seal of the Institute. **15.** (1) The Seal of the institute—
- (a) shall be in the custody of such person as the Board may decide from time to time;

- (b) may be altered in such manner as may be determined by the Board;
- (c) shall not be affixed to any instrument or document except in the presence of two members of the Board both of whom shall sign the instrument or document in token of their presence.

(2) The Institute shall maintain a register of the instruments or documents to which the Seal of the Institute has been affixed.

PART III

APPOINTMENT OF THE ADVISORY COUNCIL, THE DIRECTOR-PRINCIPAL AND THE STAFF OF THE INSTITUTE.

16. (1) The Minister shall appoint an Advisory Council which shall be known as the Advisory Council of the Institute (hereinafter referred to as the “Council”) in consultation with the Board consisting of—

Advisory
Council of the
Institute.

- (a) a representative from the Foreign Employment Bureau established under the Sri Lanka Bureau of Foreign Employment Act, No.21 of 1985;
- (b) two representatives each from leading companies in Sri Lanka, being the appointed agents in Sri Lanka, for vehicle manufacturers abroad;
- (c) a representative not below the rank of an Executive Officer from a leading company in Sri Lanka engaged in Electrical or Electronic trade;
- (d) a representative, not below the rank of an Executive Officer from the Colombo Dockyard Limited;
- (e) a Senior Lecturer from the Department of Mechanical Engineering of the University of Moratuwa; and

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Act, No. 15 of 2017*

(f) a Senior Lecturer from the Department of Mechatronic or Automotive Engineering of the Open University of Sri Lanka.

(2) The principal function of the Council shall be to make recommendations to the Board and the Minister, on all matters connected with the functions of the Institute specified in section 4.

(3) The Chairman of the Council shall be appointed by the Minister from among the members of the Council.

(4) Every member of the Council shall, unless he earlier vacates office by resignation, death or removal hold office for a period of three years from the date of his appointment and the members who vacate office by effluxion of time shall be eligible for re-appointment.

(5) Every member of the Council may at any time resign from his office by letter to that effect addressed to the Minister and such resignation shall take effect upon it being accepted by the Minister.

(6) The Minister may, if he thinks expedient to do so, remove any member of the Council from office, for reasons assigned.

(7) Where any member of the Council dies, resigns or is removed from office the Minister may having regard to the provisions of subsection (1), appoint another person to act in his place and the person so appointed shall hold office for the unexpired period of the term of office of the member whom he succeeds.

(8) Meetings of the Council shall be summoned by the Chairman of the Council at least twice in every year:

Provided however, the Chairman shall summon a meeting of the Council whenever he deems it to be necessary and whenever he is requested in writing to do so by not less than three members of the Council.

(9) The quorum for any meeting of the Council shall be three members.

17. (1) The Minister shall appoint a person with prescribed qualifications as the Director-Principal of the Institute (hereinafter referred to as the “Director-Principal”) who shall function as the Chief Executive Officer of the Institute.

Appointment of
Director –
Principal of the
Institute.

(2) The Director-Principal may be paid such remuneration as may be determined by the Minister with the concurrence of the Minister in charge of the subject of Finance.

(3) The Director-Principal shall, subject to the general direction and control of the Board, be charged with the management of both academic and administrative affairs of the Institute, and the administration and control of the officers and servants of the Institute.

(4) The Director-Principal may, with the approval of the Board, whenever he considers it necessary to do so, delegate to any officer or servant of the Institute, any power, function or duty conferred to, imposed on, or assigned to him by this Act and such officer or servant shall exercise, discharge and perform such power, function or duty subject to the general or special directions of the Director-Principal.

(5) If any vacancy occurs in the office of Director-Principal, the Board may, elect one of the members of the Board to perform the duties of the office of the Director-Principal until a permanent appointment is made, subject to the provisions of subsection (1).

18. (1) Officers and servants of the Sri Lanka Transport Board, who on the day immediately preceding the appointed date, were serving as officers and servants in the CGTTI, shall be offered employment in the Institute, on such terms and conditions, as may be agreed upon by the Board and such officers and servants.

Staff of the
Institute.

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Act, No. 15 of 2017

(2) Where an officer or servant referred to in subsection (1), who wishes to opt out of service in the Institute, may do so within six months from the date on which he was notified of the option by the Institute.

(3) Officers and servants of the CGTTI, other than the officers and servants referred to in subsection (1), who were serving on the day immediately preceding the appointed date, shall be absorbed to the Institute, on such terms and conditions not less favorable than the terms and conditions imposed on them in the CGTTI.

(4) At the request of the Institute any officer in the public service may, with the consent of that officer and the Public Service Commission, be temporarily appointed to the staff of the Institute for such period as may be determined by the Institute with like consent, or be permanently appointed to the Institute.

(5) Where any officer in the public service is temporarily appointed to the staff of the Institute, the provisions of subsection (2) of section 14 of the National Transport Commission Act, No. 37 of 1991, shall, *mutatis mutandis*, apply to and in relation to such officer.

(6) Where any officer in the public service is permanently appointed to the staff of the Institute, the provisions of subsection (3) of section 14 of the National Transport Commission Act, No. 37 of 1991, shall, *mutatis mutandis*, apply to and in relation to such officer.

(7) Where the Institute employs a person who has agreed to serve the Government for a specified period, any period of service to the institute by that person shall be regarded as service to the government for the purpose of discharging the obligations of that person under such agreement.

(8) At the request of the Institute any officer of the Provincial Public Service may, with the consent of that

officer and the Provincial Public Service Commission, be temporarily appointed to the staff of the Institute for such period as may be determined by the Institute or with like consent be appointed permanently to such staff on such terms and conditions including those relating to pension or provident fund rights, as may be agreed upon by the Institute and the Provincial Public Service Commission.

(9) Where any officer of the Provincial Public Service is temporarily appointed to the staff of the Institute under subsection (8), that person shall be subject to the same disciplinary control as any other officer of the Institute.

19. The Institute may delegate any of its powers or functions other than the power conferred on it by this section, to any officer or servant of the Institute and any such function or power shall be exercised, or discharged by such officer or servant, subject to the special or general directions of the Institute.

Delegation of powers and functions to officers and servants of the Institute.

PART IV

FINANCE

20. (1) The Institute shall have its own fund (hereinafter referred to as the "Fund").

The Fund of the Institute.

(2) All moneys lying to the credit of CGTTI, on the day immediately preceding the appointed date shall be transferred to the Fund with effect from the appointed date.

(3) There shall be paid into the Fund of the Institute –

- (a) all such sums of money as may be voted from time to time by Parliament for the use of the Institute;
- (b) all such sums of money as may be received by the Institute in the exercise, performance

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Act, No. 15 of 2017*

and discharge of its powers, duties and functions; and

- (c) all such sums of money as may be received by the Institute by way of income, fees, charges, loans, donations, gifts or grants from any source whatsoever, whether from, within or outside Sri Lanka.

(4) There shall be paid out of the Fund of the Institute –

- (a) all such sums of money as are required to defray any expenditure incurred by the Institute in the exercise, performance and discharge of its powers, duties and functions under this Act; and
- (b) all such sums of money as are required to be paid out of the Fund, by or under, this Act.

Borrowing powers of the Institute.

21. The Institute may, with the concurrence of the Minister and the Minister in charge of the subject of Finance, borrow by way of overdraft or otherwise, or negotiate and obtain on credit terms, such sums as the Institute may require for the purpose of discharging its functions under this Act:

Provided that, the aggregate of the amounts outstanding in respect of any amount borrowed by the Institute under this section shall not at any time exceed such sum as may be determined by the Minister with the concurrence of the Minister in charge of the subject of Finance.

Application of the provisions of the Employees' Provident Fund Act, No. 15 of 1958.

22. From and after the appointed date the provisions of the Employees' Provident Fund Act, No. 15 of 1958, shall apply to the officers and servants of the Institute.

- 23.** From and after the appointed date the provisions of the Employees' Trust Fund Act, No. 46 of 1980, shall apply to the officers and servants of the Institute. Application of the provisions of the Employees' Trust Fund Act, No. 46 of 1980.
- 24.** The financial year of the Institute shall be the calendar year. Financial year of the Institute.
- 25.** The provisions of Article 154 of the Constitution relating to the audit of accounts of public corporations shall apply to the audit of the accounts of the Institute. Audit of accounts of the Institute.

PART V

GENERAL

- 26.** (1) Where any immovable property of the State is required to be made available to the Institute, for any of its purposes, such purpose shall be deemed to be a purpose for which a special grant or lease of such property may be made under section 6 of the Crown Lands Ordinance (Chapter 454) and accordingly, the provisions of that Ordinance shall apply to a special grant or lease of such property to the Institute for such purpose. State property both movable and immovable to be made available to the Institute.
- (2) Where any movable property of the State is required for any purpose of the Institute, the Minister may by Order published in the *Gazette*, transfer to, and vest in, the Institute the possession and use of such movable property:
- Provided however, that no Order affecting any movable property of State shall be made by the Minister under the preceding provisions of this subsection, without the concurrence of the Minister in charge of the subject of Finance.
- 27.** (1) Where any immovable property, other than the State Land is required to be acquired for the purpose of carrying out any object of the Institute and the Minister by Order published in the *Gazette* approves the proposed acquisition for that purpose, that property shall be deemed to be required Acquisition of immovable property under the Land Acquisition Act for the Institute.

for a public purpose, and may accordingly, be acquired under the Land Acquisition Act (Chapter 460) and be transferred to the Institute.

(2) Any sum payable for the acquisition of any immovable property under the Land Acquisition Act for the Institute shall be paid out of the Fund of the Institute.

Institute deemed to be a scheduled institution within the meaning of the Bribery Act.

28. The Institute shall be deemed to be a scheduled institution within the meaning of the Bribery Act (Chapter 26) and the provisions of that Act shall be construed accordingly.

Members, officers and servants of the Institute deemed to be public servants.

29. All members, officers and servants of the Institute shall be deemed to be public servants within the meaning, and for the purposes, of the Penal Code (Chapter 19).

Expenses incurred to be paid out of the Fund.

30. Any expense incurred by the Institute, a member of the Board, a member of the Council, the Director-Principal or any officer or employee of the Institute in any suit or prosecution brought against the Institute or such person before any court, in respect of any act which is done by the Institute or such person under this Act or on the direction of the Board shall, if the court holds that such act was done in good faith, be paid out of the Fund and any cost paid to or recovered by the Institute or any such person referred to in this section shall be credited to the Fund.

Regulations.

31. (1) The Minister may make regulations in respect of all matters required by this Act to be prescribed or in respect of which regulations are authorized by this Act to be made.

(2) In particular and without prejudice to the generality of the powers conferred by subsection (1), the Minister may make regulations in respect of all or any of the following matters prescribing—

- (a) the fields in which the Institute may conduct courses of vocational training and education;

- (b) the standards required for selection as instructors in different fields on vocational and technical training;
- (c) the terms and conditions to be included in training contracts required to be entered between trainees and the establishments or organizations wherein they undergo practical training;
- (d) the period of training for trainees in different fields of vocational and technical training;
- (e) the types of practical training and institutional training to be followed by trainees in different fields of vocational and technical training;
- (f) the obligations of establishments or organizations undertaking vocational and technical training under this Act;
- (g) the obligations of trainees undergoing vocational and technical training under this Act; and
- (h) the hours of work and leave entitlement of trainees undergoing vocational and technical training under this Act.

(3) Every regulation made by the Minister under subsection (1) shall be published in the *Gazette* and shall come into operation on the date of such publication or on such later date as may be specified therein.

(4) Every regulation made by the Minister shall, as soon as convenient after its publication in the *Gazette*, be brought before Parliament for approval. Every regulation which is not so approved shall be deemed to be rescinded from the date of disapproval but without prejudice to anything previously done thereunder.

(5) Notification of the date on which any regulation is deemed to be rescinded shall be published in the *Gazette*.

Interpretation.

32. In this Act, unless the context otherwise requires—

“local authority” means any Municipal Council, Urban Council or Pradeshiya Sabha and includes any authority created or established by, or under, any law to exercise, perform or discharge the powers, duties and functions corresponding to, or similar to, the powers, duties and functions exercised, performed or discharged by any such Council or Sabha;

“Minister” means the Minister to whom the subject of Vocational Training has been assigned;

“prescribed” means prescribed by regulations made under this Act;

“Provincial Council” means a Provincial Council established under Chapter XVIIA of the Constitution;

“Sri Lanka Transport Board” means the Sri Lanka Transport Board established under the Sri Lanka Transport Board Act, No. 27 of 2005;

“Tertiary and Vocational Education Commission” means the Tertiary and Vocational Education Commission established under Tertiary and Vocational Education Act, No. 20 of 1990.

Sinhala text to prevail in case of inconsistency.

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

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

**LOCAL AUTHORITIES ELECTIONS
(AMENDMENT) ACT, No. 16 OF 2017**

[Certified on 31st of August, 2017]

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*Local Authorities Elections
(Amendment) Act, No. 16 of 2017*

[Certified on 31st of August, 2017]

L.D.—O. 35/2015

AN ACT TO AMEND THE LOCAL AUTHORITIES ELECTIONS
ORDINANCE (CHAPTER 262)

Be it enacted by the Parliament of the Democratic Socialist Republic of Sri Lanka as follows:-

- 1.** This Act may be cited as the Local Authorities Elections (Amendment) Act, No. 16 of 2017. Short title.
- 2.** Section 3c of the Local Authorities Elections Ordinance (Chapter 262) (hereinafter referred to as the “principal enactment”) is hereby amended in subsection (2) of that section by the omission of the words, “alphabetical letter in English” and “or the alphabetical letter”, appearing in that section. Amendment of section 3c of chapter 262.
- 3.** Section 3D of the principal enactment is hereby amended in subsection (2) of that section by the substitution for the words, “new boundaries, names, numbers or letters of each ward” of the words, “new boundaries, names and numbers of each ward”. Amendment of section 3D of the principal enactment.
- 4.** Section 9 of the principal enactment is amended in subsection (1) by the addition of the following new subparagraph after sub-paragraph (iv) of paragraph (d):— Amendment of section 9 of the principal enactment.

“(iva) a public officer who is engaged in field based activities who has not ceased to serve within a Local Authority area in which he seeks nomination at least one year prior to the election to such Local Authority.

For the purpose of this subparagraph “a public officer who is engaged in field based activities”

shall include any person who is engaged in any development, welfare, economic, social, health or such other activities within the scope of his employment.”.

Amendment of section 12 of the principal enactment.

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

- (1) in paragraph (ii) of the last proviso to subsection (1) of that section, by the substitution for the words, “by a name and an alphabetical letter in English.”, of the words, “by a name and a number.”;
- (2) in subsection (2) of that section –
 - (a) by the substitution for the words, “polling districts” and “Polling district” wherever those words appear in that subsection, of the words, respectively as “polling districts” and “polling district”; and
 - (b) by the substitution in paragraph (c) for the word, “district”, of the words, “polling district”;
- (3) by the substitution in subsection (2A) of that section, for the words, “each polling district” of the words, “each polling district”; and
- (4) by the substitution in subsection (2B) of that section, for the words, “division of a polling area into polling districts” of the words, “division of a polling area into polling districts”.

Amendment of section 26 of the principal enactment.

6. Section 26 of the principal enactment is hereby amended by the substitution for the words, “which the approved symbols shall be allotted and in respect of a local authority area.” of the words, “which the approved symbols and where there are more than one independent group, a distinguishing number shall be allotted.”.

7. Section 27^F of the principal enactment is hereby repealed and the following section is substituted therefor:—

Replacement of section 27^F of the principal enactment.

“Total number of women members. 27^F. (1) Notwithstanding any provision to the contrary in this Ordinance, not less than twenty five *per centum* of the total number of members in each local authority shall be women members:

provided that, where the number constituting twenty five *per centum* of the total number of members in a local authority in an integer and fraction, the integer shall be deemed to be the number which shall constitute twenty five *per centum* for the purpose of this section.

(2) The Commissioner of Elections shall by notice published in the *gazette*, specify the number of women candidates to be nominated in respect of each local authority.”.

8. Section 28 of the principal enactment is hereby amended as follows:-

Amendment of section 28 of the principal enactment.

- (1) by the substitution in subsection (1) of that section, for the words, “Any person who is qualified under section 8 of this Ordinance” of the words, “Any person who is qualified under section 8 of this Ordinance”;
- (2) in subsection (2) of that section by the repeal of the words commencing from “Any recognized political party” and ending with the words “setting out the names:-”, and the substitution therefor of the following:—

“Any recognized political party or independent group shall, for the purpose of election as members

of any local authority, submit two nomination papers in respect of all wards of such local authority. The nomination papers submitted by every recognized political party or independent group in respect of all wards of any local authority shall consist of the number of candidates of whom not less than ten *per centum* of the total number of members to be elected and returned in the first nomination paper, and not less than fifty *per centum* of the total number of candidates in the additional nomination paper shall be women candidates for the purpose of election as members of such local authority, substantially in the Forms set out in the First Schedule, setting out the names—”;

- (3) by the repeal of paragraph (a) of subsection (2) and the substitution therefor of the following:—

“(a) of candidates being nominated in respect of each ward of that local authority which number shall be equivalent to sixty *per centum* of the total number of members of that local authority:

Provided that where the number constituting sixty *per centum* referred to in this paragraph is an integer and fraction, the integer shall be deemed to be the number which shall constitute sixty *per centum*, for the purpose of this paragraph.”;

- (4) in paragraph (b) of subsection (2) by the repeal of the words starting from “persons as is equivalent to thirty *per centum* of the total number of persons” and ending with the words “shall be appointed:”, of the words “persons to be nominated as candidates to be returned as is equivalent to forty *per centum* of the total number of members of the local authority plus three additional persons:”;

- (5) in the proviso to paragraph (b) of subsection (2) by the substitution for the words “thirty *per centum*” of the words “forty *per centum*”
- (6) by the repeal of subsection (2A) of that section and the substitution therefor of the following:—

“(2A) The Commissioner shall by notice published in the *gazette*, specify the minimum number of women candidates as specified in subsection (2) to be nominated in the First Nomination Paper and the Additional Nomination Paper in respect of all wards of each Local Authority. Where the total number of women candidates to be nominated is such that not less than ten *per centum* of the total number of members to be elected and returned in the First Nomination Paper and not less than fifty *per centum* of the number of candidates in the Additional Nomination Paper would be an integer and fraction, the integer shall be deemed to be the number required for the purposes of this section.”;

- (7) in subsection (2B) of that section, by deleting the words, “The nomination paper shall be prepared in duplicate, with the word “copy” being written clearly on the duplicate copy.”;
- (8) in subsection (2D) of that section by the substitution for the words, “twenty five *per centum* of the total number of candidates and additional persons whose names appear in each nomination paper submitted under subsection (2) of this section, may consist of women and youth.” of the words, “not less than thirty *per centum* of the total number of candidates and additional persons whose names appear in each nomination paper submitted under subsection (2) of this section, may consist of youth.”; and

(9) by the substitution in the subsection (2E) of that section-

(a) for the words, “twenty-five *per centum*” wherever those words appear in that subsection, of the words, “thirty *per centum*”; and

(b) for the words and figure, “subsection (2B) is an integer”, of the words and figure, “subsection (2D) is an integer”.

Amendment of section 29 of the principal enactment.

9. Section 29 of the principal enactment is hereby amended in subsection (1) of that section as follows:-

- (1) by the substitution in paragraph (a) of that subsection, for the words, “and in any case not later than twelve noon on the day immediately preceding the end of the nomination period, deposit”, of the words, “(and in any case not later than twelve noon on the day immediately preceding the end of the nomination period), deposit”;
- (2) by the substitution in sub-paragraph (i) of paragraph (a) of that subsection, for the words, “five thousand rupees in respect of each candidate”, of the words, “one thousand five hundred rupees in respect of each candidate”;
- (3) by the substitution in sub-paragraph (ii) of paragraph (a) of that subsection, for the words, “twenty thousand rupees in respect of each candidate”, of the words, “five thousand rupees in respect of each candidate”; and

- (4) by the substitution in sub-paragraph (ii) of paragraph (b) of that subsection, for the words, “leader of the independent group” of the words, “leader of the independent group or his authorized agent.”.

10. Section 30 of the principal enactment is hereby amended in subsection (4) of that section, as follows:—

Amendment of section 30 of the principal enactment.

- (1) by the substitution for the words, “in the ward”, of the words, “in the ward”; and
- (2) by the substitution in the proviso to that subsection for the words, “in such local authority area” of the words, “in such local authority area”.

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

Amendment of section 31 of the principal enactment.

- (1) in paragraph (e) of subsection (1) by the substitution for the words “subsection (5) of section 28.” of the words “subsection (5) of section 28; or”;
- (2) by the addition immediately after paragraph (e) of that subsection of the following new paragraph:—

“(f) that does not contain the total number of women candidates as required to be nominated under subsection (2A) of section 28 of this Ordinance.”.

12. Section 38 of the principal enactment is hereby amended in paragraph (b) of subsection (1) thereof by the substitution for the words “a single list containing the names”, of the words, “the nomination papers containing the names”.

Amendment of section 38 of the principal enactment.

Amendment of section 39 of the principal enactment.

13. Section 39 of the principal enactment is hereby amended in subsection (2) of that section, by the repeal of the words, “or person whose name appears in the second place in the nomination paper submitted by such recognized political party or independent group.”.

Amendment of section 39A of the principal enactment.

14. Section 39A of the principal enactment is hereby amended as follows:-

- (1) in subsection (1) of that section, by the substitution for the words, “in the electoral list of any ward of that area” of the words, “in the electoral list of any ward of that area”;
- (2) by the repeal of the paragraph (c) of subsection (1) of that section and the substitution therefor of the following paragraph:-

“(c) the name and the number of the ward;”.

Amendment of section 40 of the principal enactment.

15. Section 40 of the principal enactment is hereby amended in paragraph (a) of subsection (1) of that section, by the substitution for the words, “polling district;”, of the words, “polling district;”.

Amendment of section 43 of the principal enactment.

16. Section 43 of the principal enactment is hereby amended, by the substitution for the words, “any ward” and “for that ward” of the words, “any ward” and “for the ward”, respectively.

Amendment of section 44 of the principal enactment.

17. Section 44 of the principal enactment is hereby amended in paragraph (d) of that section by the substitution for the words, “for that ward”, of the words, “for that ward”.

Amendment of section 45 of the principal enactment.

18. Section 45 of the principal enactment is hereby amended in paragraph (b) of subsection (1) of that section, by the substitution for the words, “in alphabetical order in Sinhala and the approved symbol allotted to each such party or group.” of the words, “the approved symbol allotted to

each such party or group and where there are more than one independent group the distinguishing number allotted to each such group as indicated in the nomination paper”.

19. Section 47 of the principal enactment is hereby amended by the repeal of paragraph (a) of that section, and the substitution therefor of the following paragraph:-

Amendment of section 47 of the principal enactment.

“(a) shall contain the names of the recognized political parties contesting at the election, in Sinhala, Tamil and English arranged in the Sinhala alphabetical order and with the symbol allotted to each such party set out against the name of each such party, and immediately thereafter, if there are any independent groups contesting at such election, the words, “Independent Group” repeated for each such group and the distinguishing number in the serial order and the symbol allotted to each such group set out against the distinguishing number of such group and a blank cage against each symbol for a voter to cast his vote. A voter shall cast his vote within the cage provided therefor.”.

20. Section 59A of the principal enactment is hereby amended as follows:-

Amendment of section 59A of the principal enactment.

- (1) in subsection (1) of that section by the substitution for the words, “The counting of votes in each polling station shall take place” of the words “Where there are more than one polling stations for counting votes, in each division, the counting of votes in each such polling station shall take place as decided by the relevant returning officer.”;
- (2) in subsection (2) of that section, by the substitution for the words “function as the counting staff.” of the words, “function as the counting staff. However,

where the returning officer is of the opinion that the counting staff or an officer of such staff of that station is incapable of performing the duties entrusted to such staff or such officer, or is not suitable for the performance of the duties as a counting staff or as an officer of such staff, the returning officer may, appoint another counting staff in place of such counting staff or another officer in the place of such officer of that staff, as the case may be.”; and

- (3) in subsection (4) of that section, by the repeal of all the words from, “the Commissioner of Elections” to the end of that subsection, and substitution therefor of the following:-

“or if the returning officer is of the opinion that the counting officer appointed to any polling station is incapable of performing the duties entrusted to him or is not suitable for the performance of the duties as a counting officer, the returning officer may appoint any other senior presiding officer or an assistant returning officer as a counting officer in place of the first mentioned officer.”.

Amendment of section 59B of the principal enactment.

21. Section 59B of the principal enactment is hereby amended as follows:-

- (1) by the substitution, in subsection (1) of that section, for the words, “he shall inform the assistant returning officer appointed by the returning officer to supervise the polling in the ward in which such polling station is situated, of such fact and such assistant returning officer shall”, of the words, “he shall inform the returning officer through the assistant returning officer who supervises the polling in the ward in which such polling station is situated, of such fact and such returning officer shall”;

- (2) by the substitution, in subsection (2) of that section, for the words, “shall be notified by the assistant returning officer, to the counting agents”, of the words, “shall be notified by the assistant returning officer to the returning officer and thereafter to the counting agents”; and
- (3) by the substitution, in subsection (3) of that section, for the words, “The counting of votes at the new venue as determined by the assistant returning officer”, of the words, “After the returning officer being notified of the new venue, the counting of votes at the new venue as determined by the supervising assistant returning officer”.

22. Section 61 of the principal enactment is hereby amended by the substitution, in subsection (3) of that section, for the word, “ward”, of the word, “ward”.

Amendment of section 61 of the principal enactment.

23. Section 64 of the principal enactment is hereby amended by the substitution, in subsection (2) of that section, for the words, “the ward”, of the words, “the ward”.

Amendment of section 64 of the principal enactment.

24. Section 65 of the principal enactment is hereby amended by the substitution, in subsection (1) of that section, for the words and figure, “referred to in section 64,” of the words and figure, “referred to in section 64 and the declaration under regulation 28(c) of the Ninth Schedule hereto,”.

Amendment of section 65 of the principal enactment.

25. Section 65AA is hereby repealed and the following section is substituted therefor:—

Replacement of section 65AA of the principal enactment.

“Apportionment of women members.

65AA. (1) Where the number of members elected from any recognized political party or independent group for a Local Authority results in an overhang and thereby exceeds the number ascertained to be elected and returned as members under sub section (3) of section

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(Amendment) Act, No. 16 of 2017*

65(3), and such number of members so elected do not include any women members, then the provisions of subsections (3) and (4) of this section shall not apply to such recognized political party or independent group.

(2) Where any recognized political party or independent group has received less than twenty *per centum* of the total number of votes polled in a local authority area, and has less than three members elected or returned, then the provisions of subsections (3) and (4) of this section shall not apply to such recognized political party or independent group.

(3) The apportionment of women members to be elected and returned to each local authority from the recognized political parties and independent groups other than the political parties and the independent groups referred to in subsection (2) of this section, shall be determined by the Commissioner of Elections, taking into consideration the number of valid votes polled by the other recognized political parties and independent groups in all wards of such local authority, and the method of apportionment set out in Article 99A of the Constitution of the Democratic Socialist Republic of Sri Lanka shall *mutatis mutandis* apply thereto.

(4) Where the number of women members elected for all wards of any local authority area from any recognized political party or independent group other than the recognized political party or independent group referred to in subsection (1) or (2) of this section, is less than the number apportioned in terms of subsection (3) of this section, then the shortfall

in the number of members shall be returned from among the women candidates in the first nomination paper or the additional nomination paper other than the women candidates who have been elected or are disqualified to be a member under section 9.”.

26. Section 65B of the principal enactment is hereby amended as follows:—

Amendment of section 65B of the principal enactment.

- (1) by the repeal of subsections (2), (3), (4) and (5) and substitution therefor of the following subsection:—

“(2) The total number of valid votes received by all the candidates of each recognized political party and independent group in a local authority area shall be divided by the total number of members to be elected and returned to the Local Authority Area. The number resulting from such division (any fraction not being taken into account) shall hereinafter in this section be referred to as “the qualifying number”;

- (2) (i) by the renumbering of subsection (6) as subsection (3);
- (ii) in the renumbered subsection (3) by the substitution for the words “the balance candidates of each recognized political party and independent group, shall then be divided by the qualifying number, in order to ascertain the number of persons entitled to be returned as members of that local authority in terms of subsection (1) by such recognized political party or independent group, as the case may be.”, of the words “the candidates of each recognized political party and independent group in the respective local authority area

shall then be divided by the qualifying number, in order to ascertain the number of persons entitled to be elected and returned as members of that local authority.”;

- (3) by the insertion of the following sub section after sub section (3):—

“(4) Upon ascertaining the number of candidates entitled to be elected and returned as members of that local authority by each recognized political party or independent group, as the case may be, in terms of subsection (3), if it is found that the number of members elected from such recognized political party or independent group for that local authority—

(a) exceeds the number ascertained to be elected and returned as members under subsection (3), then such overhang shall be determined by the Commissioner of Elections; or

(b) falls short of the number ascertained to be elected and returned as members under subsection (3), then such additional number of members, shall be returned by the respective secretary of the recognized political party or leader of the independent group from the candidates of the First Nomination Paper or the Additional Nomination Paper other than the candidates who have been elected or are not disqualified to be a member under section 9.”;

- (4) (i) by the renumbering of subsection (7) as subsection (5) of that section;
- (ii) in the renumbered subsection (5)—
- (a) by the substitution for the words and figure “specified in subsection (5)”, of the words and figure “specified in subsection (3)”;
- (b) by the substitution for the words and figure “determined under subsection (3)”, of the words and figure “determined under subsection (4)”;
- (c) by the substitution for the words and figure “ascertained under subsection (6)”, of the words and figure “ascertained under subsection (3)”;
- (5) (i) by the renumbering of subsections (8) and (9) respectively as subsections (6) and (7) of that section;
- (ii) in the renumbered subsection (6) by the substitution for the words and figure “to return a member as ascertained under subsection (5), of the number of members that such recognized political party or independent group, as the case may be, is entitled to return and request such secretary or leader, as the case may be, to nominate from among the persons, whose names were included in the nomination paper” of the following:—
- “to return such number of members as ascertained under subsection (3) of this section and subsection (3) of section 65AA, of the number of members including women members that such recognized political party

or independent group, as the case may be, is entitled to be elected and returned from the candidates of the First Nomination Paper or the Additional Nomination Paper other than the candidates who have been elected or are not disqualified to be a member under section 9.”;

- (6) by the repeal of the marginal note to that section and the substitution therefor of the following:—

“Candidates entitled to be elected or returned.”.

Amendment of section 66A of the principal enactment.

27. Section 66A of the principal enactment is hereby amended—

- (a) in paragraph (a) of subsection (1) by the substitution for the words “any other person who is qualified under section 8 of this Ordinance to be elected”, of the words “any other candidate of the First Nomination Paper or the Additional Nomination Paper other than the candidates who have been elected or are not disqualified to be a member under section 9;”;
- (b) in paragraph (b) of subsection (1)—
- (i) by the substitution for the words “a person to fill such vacancy from among those persons nominated by such recognized political party or independent group under”, of the words “a candidate to fill such vacancy from candidates of the First Nomination Paper or the Additional Nomination Paper other than the candidates who have been elected or are not disqualified to be a member under section 9 in terms of; and
- (ii) by the substitution for the words, “Municipal Councils Ordinance (Chapter 252) or paragraph (b) of subsection (1) of section 5 of the Urban Councils Ordinance (Chapter 255)”, of the words, “Municipal Councils

Ordinance (Chapter 252) or paragraph (b) of subsection (1) of section 5 of the Urban Councils Ordinance (Chapter 255)”; and

- (iii) by the repeal of the words starting from “as the case may be, and where no person remains to be so nominated” to the words “Ordinance to fill such vacancy.” and the substitution therefor of the following:—

“as the case may be:

Provided that, where a vacancy occurs in the case of a woman member of a Local Authority, then such vacancy shall be filled only by the nomination of a woman candidate from the First Nomination Paper or the Additional Nomination Paper other than the women candidates who have been elected or are not disqualified to be a member under section 9.”;

- (c) by the repeal of paragraph (c) of subsection (1) of that section;
- (d) by the insertion immediately after paragraph (b) of subsection (1) of that section of the following subsection:—

“(1A) Where no person remains to be nominated to fill a vacancy referred to in subsection (1) from the candidates of the First Nomination Paper and the Additional Nomination Paper, the returning officer appointed for the electoral area in which such Local Authority is situated shall request within thirty days of the occurrence of the vacancy, the secretary to the recognized political party or the leader of the independent group to which the member whose vacancy occurred belonged, to nominate within thirty days from such request, any other person who is qualified under section 8 of this Ordinance to fill that vacancy in the ward in which the vacancy has occurred:

Provided that, where a vacancy occurs in the case of a woman member of a local authority, then such vacancy shall be filled only by the nomination of any other woman who is qualified under section 8 of this ordinance.”.

Amendment of section 66B of the principal enactment.

28. Section 66B of the principal enactment is hereby amended as follows:-

- (1) by the substitution, in subsection (2) of that section—
 - (a) for the words, “falls vacant during the term of office of such local authority, the Commissioner shall,” of the words, “falls vacant during the term of office of such local authority, the Commissioner of Local Government shall inform such fact to the returning officer in writing and the returning officer shall,”; and
 - (b) for the words, “within thirty days, to the Commissioner. Upon receipt of such determination, the Commissioner shall” of the words, “within thirty days to the returning officer. Upon receipt of such determination, the returning officer shall”;
- (2) by the substitution, in subsection (3) of that section for the words, “the Commissioner shall proceed to appoint as the new Mayor” of the words, “the returning officer shall proceed to appoint as the new Mayor”; and
- (3) by the substitution, in subsection (4) of that section, for the words, “such vacancy is filled in accordance with the procedure specified in that subsection, and the member so appointed to fill such vacancy himself resigns thereafter from his office as Mayor under the sections referred to above, the vacancy so created shall not be filled following the procedure specified in subsection (2) of this section.” of the

words, “such vacancy in the office of Mayor is filled in terms of the procedure specified in this Ordinance, and the member so appointed to fill such vacancy himself resigns from his office, the vacancy so created thereafter shall not be filled in terms of the procedure specified in this Ordinance.”.

29. Section 72A of the principal enactment is hereby amended by the substitution, in paragraph (b) of subsection (1) of that section, for the word, “opening”, of the word, “commencing”.

Amendment of section 72A of the principal enactment.

30. Section 81B of the principal enactment is hereby amended by the repeal of paragraph (a) of subsection (1A) of that section and the substitution therefor of the following paragraph:-

Amendment of section 81B of the principal enactment.

- “(a) (i) no appointments in any public institution which may have the effect of influencing the voters to vote in favour of any recognized political party or any independent group shall be made;
- (ii) notwithstanding anything in subparagraph (i) above an appointment in such institution may be made for the purpose of carrying out essential services as are urgent, the postponement of which will affect the normal life of the public or cause severe hazards or harm to the public; and”.

31. Section 89 of the principal enactment as last amended by Act, No. 22 of 2012, is hereby further amended as follows:-

Amendment of section 89 of the principal enactment.

- (1) by the insertion immediately after the definition of the expression “approved symbol” of the following definition:-

““authorized agent” means in relation to a recognized political party or independent group as the case may be, a person expressly authorized in writing by the Secretary of that

recognized political party or the group leader of that independent group, to be the authorized agent of that recognized political party or that independent group as the case may be and whose authorization has been communicated by such Secretary or such group leader to the returning officer for the electoral area, in respect of which the election is being held, at least seventy two hours before the commencement of the nomination period;”.

- (2) by the insertion immediately after the definition of expression “Municipality” of the following definition:—

““overhang” means the number of candidates elected for a local authority from any recognized political party or independent group in excess of the number of such recognized political party or independent group is entitled to have elected in terms of subsection (3) of section 65B of this Ordinance;”.

- (3) by the insertion immediately after the definition of expression “Parliamentary register for the time being in operation” of the following definitions:-

“public corporation” means any corporation, board or other body which was or is established by or under any written law other than the Companies Act, No. 7 of 2007, with funds or capital wholly or partly provided by the Government by way of grant loan or otherwise;

“Public Institution” includes a Ministry, a government department, a public corporation, any institution established by a Provincial Council or by a statute of a Provincial Council, a local authority, any business or

*Local Authorities Elections
(Amendment) Act, No. 16 of 2017*

II- ADDITIONAL NOMINATION PAPER

1	2	3	4	5	6	7
Name - men/ women (as indicated in the National Identity card or birth certificate)	National Identity card No.	Residential Address	Occupation	Whether a Youth candidate or not (Y)	Signature signifying consent of the additional candidate	Male/ Female

I do hereby certify that all the youth candidates whose names appear in this nomination paper are within the age stipulated in section 89 of the Ordinance.

Signature of secretary of recognized political party/leader of the independent group :

Name :

Address :

Official seal :

Signed by the above named secretary of recognized political party/leader of independent group in my presence at on this day of 20.....

.....
(Justice of Peace/Commissioner for Oaths)
Official seal

Address :

* State in the case of a multi-member ward by the inclusion of one asterisk (*) and the names of two candidates in the relevant cage in the case of election of two members and in the case of election of three members by the inclusion of two asterisks (**) and the names of such three candidates.

33. The Ninth Schedule to the principal enactment is hereby amended as follows:-

Amendment of the Ninth Schedule to the principal enactment.

(1) in regulation 17 of that Schedule by the substitution for the words, “before the close of the poll” of the words, “seventy two hours before the commencement of the poll”;

(2) by the substitution for the regulation 18 of that Schedule of the following regulation:-

“The covering envelopes containing postal ballot papers to be separated according to wards. 18. The returning officer shall, any time after placing the unopened covering envelopes in to the postal voters ballot box and before the commencement of the poll, open the postal voters ballot boxes and separate the covering envelopes contained therein, in respect of each ward. Once the covering envelopes are separated, the returning officer shall put all the covering envelopes in respect of each ward in a separate envelope for such ward and seal and submit it to the counting officer appointed for the relevant ward on the day before the date of poll along with ballot papers and other articles.”;

(3) by the substitution for regulation 19 of that Schedule of the following regulation:-

“Counting of postal ballot papers. 19. The returning officer shall, immediately before the commencement of counting of the ballot papers, cause the counting officer appointed for a ward to open the relevant covering envelopes containing postal ballot papers for such ward and proceed to count them.”;

- (4) by the repeal of regulations 20, 21, 22, 23 and paragraph (1) of regulation 24 of that Schedule;
- (5) by the repeal of paragraph (c) of regulation 28 of that Schedule and the substitution therefor of the following paragraph:-
- “(c) written declaration of the votes given to each candidate;”;
- (6) in form A of that Schedule –
- (a) by the substitution for the words, “the polling division, the polling district” of the words, “the polling district, name and the No. of the ward”;
- (b) by the substitution for the words, “Polling division letter” of the words, “Polling District No. :”;
- (c) by the substitution for the words, “Polling District No.” of the words “Name and the No. of the ward:”.

Sinhala text to prevail in case of inconsistency.

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

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

**PROVINCIAL COUNCILS ELECTIONS
(AMENDMENT) ACT, No. 17 OF 2017**

[Certified on 22nd of September, 2017]

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*Provincial Councils Elections (Amendment)
Act, No. 17 of 2017*

[Certified on 22nd of September, 2017]

L.D.—O. 30/2015

AN ACT TO AMEND THE PROVINCIAL COUNCILS ELECTIONS
ACT, NO. 2 OF 1988

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

- 1.** This Act may be cited as the Provincial Councils Elections (Amendment) Act, No. 17 of 2017.

Short title.
- 2.** Section 10 of the Provincial Councils Elections Act, No. 2 of 1988 (hereinafter referred to as the “principal enactment”) is hereby amended in subsection (1) of that section by the substitution for the words “one week” of the words “four weeks” wherever those words appear in that section.

Amendment of section 10 of Act, No. 2 of 1988.
- 3.** Section 13 of the principal enactment is hereby amended as follows:—

Amendment of section 13 of the principal enactment.

 - (1) in subsection (1) thereof, by the substitution for the words “one nomination paper setting out the names, of such number of candidates as is equivalent to the number of members to be elected from that administrative district, increased by three. Such nomination paper shall be substantially in form A set out in the First Schedule to this Act,” of the words “two nomination papers setting out the names of the candidates contesting electorates, and the names of the candidates on the district list and the electorate list. Such nomination papers shall be substantially in the form prescribed by law:

provided that, in submitting such lists, each political party or independent group shall ensure

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that not less than one-sixth of the total number of candidates to be nominated on the electorate list, and not less than fifty *per centum* of the total number of candidates in the district list, shall be women candidates:

Provided further that, in the event that the number corresponding to one-sixth of fifty *per centum* as the case may be shall be an integer and fraction, the integer shall be deemed to be the applicable number:

Provided further that, the Commissioner of Elections shall, by notice published in the *Gazette*, simultaneously with the call for nominations, specify the number of women candidates to be nominated on each nomination list, in respect of each administrative district.”;

- (2) in subsection (3) thereof, by the substitution for the words, “whose name appears first in the nomination paper” of the words, “who is the independent group leader”;
- (3) in subsection (4) thereof, by the substitution for the words, “first in such nomination paper” of the words, “first in the nomination paper setting out the names of the candidates on the district list”;
- (4) in subsection (5) thereof, by the substitution for the words, “such nomination paper” of the words, “the district list”;
- (5) in subsection (7) thereof, by the substitution for the words, “form A set out in the First Schedule to this Act.” of the words, “the form prescribed by law.”.

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4. The following new section is hereby inserted immediately after section 3 of the principal enactment and shall have effect as section 3A of that enactment:—

Insertion of new section 3A to the principal enactment.

“Delimitation Committee.

3A. (1) There shall be a Delimitation Committee (hereinafter referred to as the “Committee”) appointed by the President within two weeks of the commencement of this Act, consisting of five persons representing the pluralistic character of Sri Lankan society, including professional and social diversity by Order published in the *Gazette*, one of whom shall be nominated by the President as the Chairman of the Committee.

(2) The Committee shall divide each administrative district into such number of electorates as corresponds to Fifty percent (50%) of the total number of members to be elected from such administrative district in terms of subsection (3) of section 3:

Provided that, if the number corresponding to Fifty percent (50%) of the total number of members to be elected from such administrative district in terms of subsection (3) of section 3 is an integer and a fraction, the number shall be rounded to nearest integer.

(3) The Committee shall assign names to each such electorate.

(4) In the division of administrative district into electorates, the following factors shall be taken into consideration by the Committee:—

(a) where it appears to the Committee that, there is, in any area of an administrative district, a substantial

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concentration of persons united by a community of interest, whether racial, religious or otherwise, but differing in one or more of these respects from the majority of the inhabitants of that area, the Committee may make such division of the administrative districts into electorates;

- (b) in making such division, the Committee shall have due regard to—
 - (i) the desirability of reducing to the minimum the disproportion in the number of persons resident in the several electorates of the administrative districts within the Province; and
 - (ii) the geographical and physical features of the electorates.

(5) Where the Committee is of the view that having taken into consideration the requirements specified in subsection (4), it is appropriate to create an electorate which shall be entitled to return more than one member, the Committee shall create a multi member electorate or electorates, as the case may be for any administrative district.

(6) Each electorate within an administrative district shall be entitled to directly return one or more members, as the case may be, to a Provincial Council.

(7) The Committee shall fulfil its responsibilities and duties in terms of subsections (2), (3), (4) and (5) of this section,

within four (4) months of its appointment and thereafter submit its report to the Minister.

(8) The Committee shall endeavour to arrive at a consensus in deciding on the matters entrusted to the Committee.

(9) The Committee shall decide on the procedure to be followed in fulfilling its obligations.

(10) For the purpose of fulfilling its obligations in terms of this section, the Committee shall appoint such officers, experts, technical committees and sub-committees as may be necessary.

(11) The Committee shall submit its report to the Minister, who shall within two weeks of the receipt of such report, table it in Parliament for its approval by not less than two-thirds of the whole number of Members of Parliament (including those not present) voting in its favour.

(12) Where Parliament does not approve such report in terms of subsection (11) within one month of the tabling of the report, then the Speaker shall appoint a Review Committee, consisting of five persons representing the major communities and, headed by the Prime Minister.

(13) The Review Committee shall cause any alteration to be made to the names, numbers, and boundaries of any electorate.

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(14) The Review Committee shall fulfil its responsibilities and duties in terms of subsection (13), within two (2) months of the Minister having referred the report for its consideration and thereafter submit its report to the President.

(15) Upon the receipt of the report of the Review Committee, the President shall by Proclamation forthwith publish the new number of electorates, the boundaries, names assigned to each electorate so created on the report submitted by the Review Committee.

(16) The total number of members which each administrative district is entitled to return shall comprise of—

- (a) such number of members as is equivalent to the number of Electorates within such administrative district; and
- (b) such number of additional members to be elected (hereinafter referred to as the “additional members”) in order to ensure that the total number of members elected from such administrative district is equivalent to the number of members to be elected from such administrative district of the Province as determined by the Election Commission in terms of subsection (3) of section 3.

(17) Any recognized political party or any group of persons contesting as independent

candidates (hereinafter referred to as an “independent group”) may for the purpose of any election of members of Provincial Councils for any administrative district, submit two nomination papers setting out—

- (a) the names of each candidate nominated in respect of each electorate (in this Act, hereinafter referred to as the “Electorate List”); and
- (b) the names of additional candidates in respect of such administrative district as is equivalent to the number of additional members entitled to be elected from such administrative district, increased by three (in this Act hereinafter referred to as the “District List”).”.

5. Section 18 of the principal enactment is hereby repealed, and the following new section substituted therefor:—

Replacement of section 18 of the principal enactment.

“Uncontested election.

18. (1) Where the candidates of only one recognized political party or one independent group stand nominated for election, the returning officer shall declare the candidates on the electorate list of such party or group as having been elected as members of that Provincial Council, and shall call upon the secretary of such recognized political party or the group leader of such independent group to decide, within such period as may be specified by the returning officer, which of the candidates whose names appear in the District List shall be declared elected as additional members of that Provincial Council. Where such secretary or group leader communicates his decision to the returning officer within the

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period specified by the returning officer, the returning officer shall declare such candidates elected as additional members of that Provincial Council. Where such secretary or independent group leader fails to communicate his decision to the returning officer within the period specified by the returning officer, then such number of candidates, in the order in which their names appear in such district list, as is equal to the number of additional members to be elected to that Provincial Council, shall be declared elected as members. The provisions of section 58B shall apply to such nominations. The provisions of section 58B shall apply to any nomination made by such Secretary or independent group leader, as the case may be or to any declaration made by the returning officer under this subsection.

(2) The returning officer shall forthwith make a return which shall be substantially in the prescribed form, to the Commissioner who shall cause the names of the members so elected to be published in the *Gazette*.”.

Amendment of section 22 of the principal enactment.

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

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

(a) by the deletion of paragraph (b) of that subsection and the substitution therefor, of the following new paragraphs:—

“(b) the names of each political party or independent group contesting in each administrative district, and the approved symbol allotted to each such party or independent group, and in the case of an independent group, the words “Independent Group” and

the distinguishing number if any,
and—

- (i) the names of candidates of each party or group contesting in respect of each electorate; and
 - (ii) the names of the candidates of each party or independent group on the district list, in the same order as appears in the nomination paper submitted by such party or independent group;”;
- (b) in paragraph (d) of subsection (1), by the deletion of the words “of the polling districts” and the substitution therefor of the words “electorate”;
- (2) in subsection (3) thereof, by the substitution, for the words “polling district” of the words “electorate”.
- (3) by the substitution for subsection (4) of that section, of the following:—

“(4) The polling station or stations for each electorate shall be situated within such electorate save where the returning officer, having regard to the special circumstances in any electorate, may decide upon a polling station outside such electorate. The location of the polling station shall be such as to cause the minimum inconvenience to the electors of the electorate:

Provided that, the Elections Commission shall at all times have the power to direct that a polling station be established in respect of more than one electorate.”.

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Amendment of section 24 of the principal enactment.

7. Section 24 of the principal enactment is hereby amended, in subsection (3) of that section by the substitution for the words “regulations contained in the Second Schedule to this Act” wherever those words appear, of the words “prescribed by law”.

Amendment of section 28 of the principal enactment.

8. Section 28 of the principal enactment is hereby amended in subsection (1) of that section as follows:—

- (1) in paragraph (a) of that subsection thereof, by the substitution for the words “form set out in the Third Schedule to this Act” of the words “form prescribed by law”.
- (2) by the substitution for paragraph (b) of that subsection of the following paragraphs:—

“(b) the names of each political party or independent group contesting in each administrative district, and the approved symbol allotted to each such party or independent group and in the case of an independent group the words “Independent Group” and the distinguishing number if any, and—

- (i) the names of candidates of each party or independent group contesting in respect of each electorate; and
- (ii) the names of the candidates of each party or independent group on the district list, in the same order as appears in the nomination paper submitted by such party or independent group.”.

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9. Section 30 of the principal enactment is hereby amended in subsection (2) thereof as follows:—

Amendment of section 30 of the principal enactment.

- (1) by the substitution for the words “form C set out in the First Schedule to this Act” of the words “form prescribed by law”;
- (2) by the substitution for paragraph (a) of that subsection of the following:—

“(a) shall contain the approved symbol allotted to each political party or independent group contesting in the administrative district, and the name of the candidates of each party or independent group contesting in respect of such electorate within such administrative district;”.

10. Section 36 of the principal enactment is hereby amended in subsection (2) of that section by the substitution for the words “form D set out in the First Schedule to this Act” of the words ‘form prescribed by law’.

Amendment of section 36 of the principal enactment.

11. Section 37 of the principal enactment is hereby amended, in subsection (1) of that section for the words “voters in the Third Schedule to this Act and” of the words “voters and”.

Amendment of section 37 of the principal enactment.

12. Section 38 of the principal enactment is hereby amended as follows:—

Amendment of section 38 of the principal enactment.

- (1) in subsection (1) thereof, substitution for the words “voters in the Third Schedule to this Act, but” of the words “voters, but”;
- (2) in subsection (2) thereof—

(a) in paragraph (a) of that subsection, substitution for the words, “voters in the Third Schedule to the principal enactment may be” of the words “voters may be”;

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(b) in paragraph (b) thereof, by the substitution for the words “form set out in the Fourth Schedule to this Act ” of the words “form prescribed by law”.

Amendment of section 41 of the principal enactment.

13. Section 41 of the principal enactment is hereby amended, in subsection (1) thereof, by the substitution for the words “in forms E, F and G set out in the First Schedule to this Act” of the words “in the forms prescribed by law”.

Amendment of section 43 of the principal enactment.

14. Section 43 of the principal enactment is hereby amended, by the substitution for the words “form H set out in the First Schedule to this Act” and “in form I in the First Schedule to this Act” of the words “form prescribed by law” respectively.

Amendment of section 45 of the principal enactment.

15. Section 45 of the principal enactment is hereby amended, in subsection (2) thereof, by the substitution for the words “form J set out in the First Schedule to this Act” of the words “in the forms prescribed by law”.

Amendment of section 46A of the principal enactment.

16. Section 46A of the principal enactment is hereby amended as follows:—

(1) in subsection (5) thereof, by the substitution for the words “and the number of preferences secured by each candidate nominated by each such party or independent group” of the words “in respect of each electorate and in respect of the administrative district as a whole”;

(2) in subsections (6) and (7) thereof, by the substitution for the words “administrative district” of the words, “administrative district or electorate”;

(3) in subsection (8) thereof—

(a) by the substitution, for the words “and the preferences secured by each candidate nominated by each such party or independent

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group” of the words “in respect of each electorate and in respect of the administrative district as a whole”; and

(b) by the substitution for the words “independent group and the preferences secured by each such candidate at the poll” of the words “independent group at the poll”.

17. Section 50 of the principal enactment is hereby amended as follows:—

Amendment of section 50 of the principal enactment.

- (1) in paragraph (b) of subsection (2) thereof, by the substitution for the words “ballot boxes.” of the words, “ballot boxes in respect of each electorate”;
- (2) in subsection (5) thereof, by the substitution for the words “ballot papers”, of the words “ballot papers in respect of each electorate”.

18. Section 51 of the principal enactment is hereby amended as follows:—

Amendment of section 51 of the principal enactment.

- (1) in subsection (2) thereof, by the substitution for the words “guidance of voters in the Third Schedule to this Act.” of the words “guidance of voters.”;
- (2) in subsection (7) thereof, by the substitution for the words “of the number of preferences indicated for every” of the words “in respect of the votes polled in respect of each electorate by the”;
- (3) by the repeal of subsections (8), (9) and (10) thereof.

19. Section 53 of the principal enactment is hereby amended in paragraph (h) thereof, by the substitution for the words “and the number of preferences secured by each candidate nominated” of the words “in respect of the votes polled in respect of each electorate”.

Amendment of section 53 of the principal enactment.

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Amendment of section 54 of the principal enactment.

20. Section 54 of the principal enactment is hereby amended by the substitution for the words “set out in the Second Schedule to this Act” and “returning officer” of the words, “prescribed by regulation” and “returning officer, so as to ensure the counting of votes in respect of each electorate separately.” respectively.

Amendment of section 58 of the principal enactment.

21. Section 58 of the principal enactment is hereby amended as follows:—

(1) in subsection (1) thereof—

(a) in paragraph (a) of that subsection thereof, by the substitution for the words “and the number of preferences indicated for each” of the words “in respect of the votes polled in respect of each electorate by the”; and

(b) by the substitution for paragraphs (b), (d), (e) and (f) of that subsection thereof, of the following:—

“(b) the candidate belonging to the recognized political party or the independent group who obtained the highest number of votes in each electorate and who was nominated by such recognized political party or independent group in its nomination paper as its candidates for that electorate shall be declared elected as the member of such electorate;

(c) where and equality of votes is found to exist between any two or more recognized political parties or two or more independent groups, and the

addition of a vote would entitle the nominated candidate of one such recognized political party or independent group to be elected as the member of such electorate, the determination of the recognized political party or independent group to which such additional vote shall be deemed to have been given, shall be made by lot drawn in the presence of the chief counting officer, in such manner as he shall determine.”.

(2) by the repeal of subsection (2) thereof.

22. The following new sections are hereby inserted immediately after section 58 of the principal enactment and shall have effect as sections 58A and 58B of that enactment:—

Insertion of new sections 58A and 58B in the principal enactment.

“Election of members of Provincial Councils.

58A .(1) Upon the declaration under section 58, the additional members elected for all the electorates of the administrative district shall be apportioned in the manner hereinafter provided for in this section.

(2) The total number of valid votes received by all the candidates of each recognized political party and independent group in the administrative district shall be divided by the total number of members to be elected and returned to Provincial Council from such Administrative District. The number resulting from such division (any fraction not being taken into account) shall hereinafter in this section be referred to as “the qualifying number”.

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(3) The aggregate of the votes received by the candidates of each recognized political party and independent group in the respective electorates shall then be divided by the qualifying number, in order to ascertain the number of persons entitled to be elected and returned as members of the Provincial Council, from such administrative district. Where the number ascertained by this method is an integer and a fraction, the integer shall be deemed to be the number for the purpose of this subsection.

(4) Upon ascertaining the number of candidates entitled to be elected and returned from such administrative district, as members of that Provincial Council, by each recognized political party or independent group, as the case may be, in terms of subsection (3), if it is found that the number of members elected from such recognized political party or independent group from such administrative district for that Provincial Council—

- (a) exceeds the number ascertained to be elected and returned as members under subsection (3), then such overhang shall be determined by the Commissioner of Elections; or
- (b) falls short of the number ascertained to be elected and returned as members under subsection (3), then such additional number of members, shall be returned by the respective secretary of the recognized political party or leader of the independent group from the candidates on the Electorate List or the District List,

other than the candidates who have been elected or are not qualified to be a member.

(5) Where at the conclusion of ascertaining the number of members to be returned by any recognized political party or independent group on the method specified in subsection (3), there remains a further number of members to be returned under the proportional representation system as determined under subsection (4), such remaining number shall be allocated on the basis of the highest fraction received by each recognized political party or independent group, as ascertained under subsection (3).

(6) The returning officer shall inform the secretary of the recognized political party or the leader of the independent group, as the case may be, which is entitled to return such number of members as ascertained under subsection (3) of this section, of the number of members including women members that such recognized political party or independent group, as the case may be, is entitled to be elected and returned from the candidates of the Electorate List or the District List other than the candidates who have been elected or are not qualified to be members. The Secretary or Independent Group Leader as the case may be shall accordingly nominate the names of persons who are to be returned as members under that subsection.

(7) The names of the candidates who are returned under this section shall thereafter be declared by the returning officer of the respective administrative district.

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(8) The Commissioner shall ensure that twenty five *per centum* of the total number of members to be elected and returned from each administrative district within a Province shall be women members:

provided that, where the number constituting twenty five *per centum* of the total number of members is an integer and fraction, the integer shall be deemed to be the number which shall constitute twenty five *per centum* for the purpose of this section :

Provided further that a Provincial Council constituted in terms of this Act, shall not be deemed to be unlawful only by virtue of an inability to comply with the provisions of this subsection.

Number of
members to be
returned.

58B. (1) Where the number of members elected from any recognized political party or independent group for an administrative district results in an overhang and thereby exceeds the number ascertained to be elected and returned as members under subsection (3) of section 58A, the provisions of subsections (3) and (4) of this section shall not apply to such recognized political party or independent group.

(2) Where any recognized political party or independent group has received less than twenty *per centum* of the total number of votes polled in an administrative district, then the provisions of subsections (3) and (4) of this section shall not apply to such recognized political party or independent group.

(3) the apportionment of women members to be elected and returned from each administrative district to each Provincial Council from the recognized political parties and independent groups other than the political parties and the independent groups referred to in subsections (1) and (2) of this section, shall be determined by the Elections Commission, taking into consideration the number of valid votes polled by the other recognized political parties and independent groups within such administrative district, and the method of apportionment set out in Article 99A of the Constitution of the Democratic Socialist Republic of Sri Lanka shall *mutatis mutandis* apply thereto.

(4) Where the number of women members elected for all electorates within an administrative district from any recognized political party or independent group, is less than the number apportioned in terms of subsection (3) of this section, then the shortfall in the number of members shall be returned from among the women candidates in the Electorate List or the District List other than the women candidates who have been elected or are disqualified to be a member.”.

23. Section 60 of the principal enactment is amended by the substitution for the words “form K set out in the First Schedule to this Act”, of the words “the form prescribed by law”.

Amendment of section 60 of the principal enactment.

24. Section 65 of the principal enactment is hereby amended as follows:—

Amendment of section 65 of the principal enactment.

(1) in subsection (2) thereof—

(a) by the substitution for the words “of a person eligible under this Act for election as a

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member” of the words “any other candidate of the Electorate List or the District List other than the candidates who have been elected or are not qualified to be a member”,

(b) by the substitution for the words “nomination paper submitted by that party or independent group for the administrative district in respect of which the vacancy occurred, the candidate who has secured the highest number of preferences at the election of members to that Provincial Council, next to the last of the members declared elected to that Provincial Council from that party or independent group” of the words “the candidate next in the District List other than a candidate who has been elected or is not qualified to be a member”;

(2) by the repeal of subsection (3) thereof, and the substitution therefor of the following new subsection :-

“(3) Where a vacancy occurs in the case of a woman member of a Provincial Council under subsection (1) or (2) such vacancy shall be filled only by the nomination of a woman candidate from the relevant Electorate List or the District List other than the women candidates who have been elected or are not qualified to be a member.”.

Repeal of Schedules in the principal enactment.

Amendment of section 129 of the principal enactment.

25. The Schedules of the principal enactment are hereby repealed.

26. Section 129 of the principal enactment is hereby amended by the insertion immediately after the definition of the expression “members” of the following definition:—

““overhang” means, the number of candidates elected from an administrative district to a Provincial

Provincial Councils Elections (Amendment) 21
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Council from any recognized political party or independent group in excess of the number such recognized political party or independent group is entitled to have elected in terms of paragraph (a) of subsection (4) of section 58A of this Act;”.

27. 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.

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

**MOTOR TRAFFIC (AMENDMENT)
ACT, No. 18 OF 2017**

[Certified on 03rd of October, 2017]

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*Motor Traffic (Amendment)
Act, No. 18 of 2017*

[Certified on 03rd of October, 2017]

L.D.—O. 4/2012

AN ACT TO AMEND THE MOTOR TRAFFIC ACT (CHAPTER 203)

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

1. This Act may be cited as the Motor Traffic (Amendment) Act, No. 18 of 2017. Short title.

2. The Motor Traffic Act (Chapter 203) (hereinafter referred to as the “principal enactment”) is hereby amended—
 - (1) by the substitution for the words “driver improvement points” wherever those words occurs in the principal enactment or in any written law, notice, notification, contract, communication or other document, of the words “demerit points”;
 - (2) by the substitution for the words “invalid carriage” wherever those words occurs in the principal enactment or in any written law, notice, notification, contract, communication or other document, of the words “vehicle used by persons with disabilities”;
 - (3) by the substitution for the words “Regular Driving Licence” wherever those words occurs in the principal enactment or in any written law, notice, notification, contract, communication or other document, of the words “Driving Licence”.Amendment of the Motor Traffic Act, (Chapter 203).

3. Section 5 (2) of the principal enactment is hereby amended by the substitution in paragraph (a), for the words “motor car, dual purpose vehicle”, of the words “motor car, motor home, quadricycle, dual purpose vehicle”. Amendment of section 5 of the principal enactment.

Amendment of section 19 of the principal enactment.

4. Section 19 of the principal enactment is hereby amended by the repeal of paragraph (s) in subsection (2) and the substitution therefor, of the following paragraph:-

“(s) to regulate the transport of chemicals, hazardous waste, petroleum products, gas or other dangerous goods;”.

Amendment of section 122 of the principal enactment.

5. Section 122 of the principal enactment is hereby amended as follows:—

- (1) in subsection (1) of that section, by the substitution for the words “motor vehicle of a class specified in Columns 1, 2, 3 and 5 as defined in I.S.O Standard No. I.S.O /TEC/FDIS-18013-1-2005(e) hereof.”, of the words “motor vehicle of a class specified in Columns 1, 2, 3, 4 and 5 as defined in ISO Standard accommodating local requirements.”;
- (2) by the repeal of the Schedule to that section and the substitution therefor, of the following Schedule:-

“ SCHEDULE

**Classification of Driving Licences for
Motor Vehicles**

	Column 1	Column 2	Column 3	Column 4	Column 5
	Description	New Classes	Present Classes	Validity of other Classes	Previous Classes
1.	(i) Motor cycles where the engine capacity is more than 99 CC.		A	A1, G1	D

	(ii) Motor cycles where the engine capacity is less than 100 CC.		A1	G1	D
2.	(i) Motor vehicles where the seating capacity does not exceed nine seats including the driver's seat having a maximum authorized tare less than 4500 Kilograms; motor vehicles of this class may be combined with a trailer having an authorized tare less than 750 Kilograms and may include a vehicle used by persons with disabilities.		B	G1, B2	C, C1
	(ii) Dual purpose vehicle - motor vehicles of this class may be combined with a trailer having an authorized tare less than 750 Kilograms and may include a vehicle used by persons with disabilities.		B	G1, B2	C, C1
	(iii) Motor Home.	B	B	G1, B2	

3.	(i) Motor tricycle or motor tricycle van – where the authorized tare is less than 500 Kilograms and gross vehicle weight is less than 1000 Kilograms and may include a vehicle used by persons with disabilities.		B1	G1	E, F
	(ii) Quadricycle.	B2		G1	
4.	(i) Motor Lorry.		C	C1, B, B1, B2, G, G1, J	B
	(ii) Light Motor Lorry.		C1	B, B1, B2, G, G1, J	B
5.	Heavy Motor Lorry.		CE	C, C1, B, B1, B2, G, G1, J	B
6.	(i) Motor Coach.		D	D1, C, C1, B, B1, B2, G, G1, J	A
	(ii) Light Motor Coach.		D1	C1, B, B1, B2, G, G1	A1
7.	Heavy Motor Coach.		DE	D, D1, CE, C, C1, B, B1, B2, G, G1, J	A
8.	Land vehicle with or without a trailer.		G	G1	

9.	Hand Tractor.		G1		
10.	Special Purpose Vehicle.		J	B, G, G1	B, G
11.	Vehicle used by persons with disabilities.	H			

6. Section 122A of the principal enactment is hereby repealed and the following section substituted therefor:-

Replacement of section 122A in the principal enactment.

“Categories of Driving Licences. 122A. (1) Categories of permits or Licences issued in respect of motor vehicles shall be as follows:-

- (i) Learner’s Permit;
- (ii) Driving Licence for light motor vehicles; or
- (iii) Driving Licence for heavy motor vehicles.

(2) For the purposes of this Part,

- (a) light motor vehicle shall comprise the classes of vehicles specified in item 1(i), 1(ii), 2(i), 2(ii), 2(iii), 3(i), 3(ii), 8, 9 or 11 of the Schedule to section 122; and
- (b) heavy motor vehicles shall comprise classes of vehicles specified in item 4(i), 4(ii), 5, 6(i), 6(ii), 7 or 10 of the Schedule to section 122.”.

Amendment of section 124 of the principal enactment.

7. Section 124 of the principal enactment is hereby amended as follows:-

- (1) in subsection (1) of that section, by the substitution in paragraph (a) of that section, for the words “the applicant is physically fit”, of the words “the applicant is physically fit and mentally alert”;
- (2) by the repeal of subsections (2) and (3) of that section and the substitution therefor, of the following subsections:-

“(2) Every applicant for a Driving Licence valid for motor vehicles belonging to the classes specified in item 1(i), 1(ii), 2(i), 2(ii), 2(iii), 3(i), 3(ii), 8, 9 or 11 of the Schedule to section 122 shall prove to the satisfaction of the Commissioner General that he –

- (a) has completed the age of eighteen years;
- (b) has been a learner driver of the class of vehicles in respect of which the application is made for at least three months from the date he obtained a Learner’s Permit from the Commissioner General;
- (c) possesses such educational and other qualifications, as may be prescribed by regulations.

(3) Every applicant for a Driving Licence for heavy motor vehicles shall prove to the satisfaction of the Commissioner General that he –

- (a) has completed the age of twenty one years;

- (b) has been a learner driver of the class of vehicles in respect of which the application is made for at least three months from the date on which he obtained a Learner's Permit from the Commissioner General;
- (c) possesses an adequate practical knowledge of the mechanism of motor vehicles, as may be prescribed by regulations;
- (d) possesses such educational and other qualifications, as may be prescribed by regulations;
- (e) has been in possession of a Driving Licence valid for motor vehicles belonging to the classes specified in item 2(i), 2(ii), 2(iii), 3(i), 3(ii) or 8 of the Schedule to section 122, for a period of not less than two years.”.

8. Section 125 of the principal enactment is hereby amended by the repeal of subsection (5) of that section and the substitution therefor, of the following subsection:-

Amendment of section 125 of the principal enactment.

- “(5) (a) No Driving Licence shall be issued –
- (i) in respect of motor vehicles belonging to the classes specified in item 1(i), 1(ii), 2(i), 2(ii), 2(iii), 3(i), 3(ii), 8, 9 or 11 of the Schedule to section 122 to any person who has not attained the age of eighteen years; and
 - (ii) in respect of motor vehicles belonging to the classes specified in item 4(i), 4(ii), 5, 6(i), 6(ii), 7 or 10 of the Schedule to section 122 to any person who has not attained the age of twenty-one years.

- (b) A Driving Licence issued to a person below the specified age shall have no force or effect in law.”.

Amendment of section 126 of the principal enactment.

9. Section 126 of the principal enactment is hereby amended in subsection (1) as follows:-

- (1) by the substitution in paragraph (a) of that subsection for the words and figures “items 4(i), 4(ii), 5, 6(i), 6(ii), 7, 9 and 10 of the Schedule to section 122” of the words and figures “items 4(i), 4(ii), 5, 6(i), 6(ii), 7 and 10 of the Schedule to section 122”; and
- (2) by the substitution in paragraph (b) of that subsection for the words and figures “items 1(i), 1(ii), 2, 3 and 8 of the Schedule to section 122” of the words and figures “item 1(i), 1(ii), 2(i), 2(ii), 2(iii), 3(i), 3(ii), 8, 9 or 11 of the Schedule to section 122”.

Amendment of section 126B of the principal enactment.

10. Section 126B of the principal enactment is hereby repealed and the following section substituted therefor:-

“Renewal of a Driving Licence.

126B. (1) Subject to the provisions of subsections (2) and (3) of section 126 and section 126A, every Driving Licence may, on the expiry of the period for which it is issued, be renewed, in the case of motor vehicles of a class referred to in item 1(i), 1(ii), 2(i), 2(ii), 2(iii), 3(i), 3(ii), 8, 9 or 11 of the Schedule to section 122 for further periods of eight years each, at a time and in the case of motor vehicles of a class referred to in item 4(i), 4(ii), 5, 6(i), 6(ii), 7 or 10 of such Schedule for further periods of four years each, at a time.

(2) Every application for the renewal of a Driving Licence shall –

- (a) be in the prescribed Form;

(b) on payment of the prescribed levy;

(c) be accompanied by a medical certificate issued in accordance with subsection (1) (a) of section 124;

(3) Every application for the renewal of a Driving Licence shall be forwarded to the Commissioner General at least three months prior to the expiry of such Licence.”.

11. Section 128A of the principal enactment is hereby amended by the repeal of subsection (3) and the substitution therefor of the following:-

Amendment of section 128A of the principal enactment.

“(3) The Minister may prescribe by regulations, the requirements, qualifications and tests necessary to qualify for an endorsement on a Driving Licence authorizing a Licence holder to drive an emergency service vehicle or public service vehicle, as the case may be.”.

12. The following new section is hereby inserted, immediately after section 128B of the principal enactment and shall have effect as section 128C of that enactment:-

Insertion of new section 128c in the principal enactment.

“Driving a motor vehicle loaded with chemicals or hazardous waste &c. 128c. (1) A person who intends to drive a motor vehicle with chemicals, hazardous waste, petroleum products, gas or other dangerous goods, shall make an application to the Commissioner General in the prescribed form for a Driving Licence in a class referred to in item 2(ii), 4(i), 4(ii) or 5 of the Schedule to section 122, as may be applicable, together with the prescribed fee.

(2) The Minister may prescribe by regulations, the qualifications necessary and the tests to be conducted to determine whether a person is fit to drive a motor vehicle referred to in subsection (1).”.

Amendment of section 133A of the principal enactment.

13. Section 133A of the principal enactment is hereby amended as follows:-

- (1) by the repeal of subsections (1) and (1A) of that section and the substitution therefor, of the following subsections:-

“(1) The Minister may prescribe by regulations—

- (a) the offences for which demerit points shall be imposed; and
- (b) the respective demerit points for such offences.

(1A)(a)(i) Where the holder of a Driving Licence has been convicted of an offence prescribed under subsection (1) and such offence does not amount to a suspension or cancellation of the Driving Licence, the court may direct, the Inspector General of Police to,

- (ii) Where the holder of a Driving Licence admits liability for an offence for which a spot fine is prescribed under section 215A, the Inspector General of Police shall,

enter the relevant demerit points for such offence to the data base established for such purpose;

- (b) For the purposes of this section the Deputy Inspector General of Police in charge of Ranges of each Province shall authorize an Officer of the rank of Sergeant or above, to enter the relevant

demerit points to the data base. The Deputy Inspector General of Police shall forward the demerit points to the Commissioner General, who shall enter the demerit points in the prescribed manner to the Driving Licence or Endorsement Form, as the case may be;

- (c) In this section “Province” means a Provincial Council established for a Province by virtue of Article 154A of the Constitution.”.

- (2) by the repeal of subsection (3) of that section;
(3) by the repeal of subsection (5) of that section.

14. The following new section is hereby inserted immediately after section 133A of the principal enactment and shall have effect as section 133B of that enactment:-

Insertion of new section 133B to the principal enactment.

“Demerit points to be included when imposing the penalty for offences under this Act. 133B. Where a person referred to in this Act –

(1) contravenes the provisions of any section; or

(2) is guilty of an offence for which the penalty is specified under section 224; or

(3) contravenes any regulation made under the Act,

the Magistrate may on conviction impose the following penalties:-

- (a) the fine as may be specified in the relevant section for such offence; or

- (b) the term of imprisonment as may be specified in the relevant section for such offence; or
- (c) make an Order for the Inspector General of Police to enter the relevant demerit points under section 133A; or
- (d) any penalty combining any of the penalties aforesaid; or
- (e) all penalties under paragraphs (a), (b) and (c) aforesaid.”.

Amendment of section 139BB of the principal enactment.

15. Section 139BB of the principal enactment is hereby amended as follows:-

- (1) in subsection (3) of that section, by the substitution for the words “items 1(i), 1(ii), 2, 3 and 8 of the Schedule to section 122”, of the words “items 1(i), 1(ii), 2(i), 2(ii), 2(iii), 3(i), 3(ii), 8 and 9 of the Schedule to section 122”;
- (2) in subsection (4) of that section, by the substitution for the words “items 1(i), 1(ii), 2, 3, 4(i), 4(ii), 6(i), 6(ii), 8 and 10 of the Schedule to section 122”, of the words “items 1(i), 1(ii), 2(i), 2(ii), 2(iii), 3(i), 3(ii), 4(i), 4(ii), 6(i), 6(ii), 8 and 10 of the Schedule to section 122”;
- (3) in subsection (5) of that section, by the substitution for the words “items 1(i), 1(ii), 2, 3, 4(i), 4(ii), 5, 6(i), 6(ii), 7, 8, 9 and 10 of the Schedule to section 122”, of the words “items 1(i), 1(ii), 2(i), 2(ii), 2(iii), 3(i), 3(ii), 4(i), 4(ii), 5, 6(i), 6(ii), 7, 8, 9 and 10 of the Schedule to section 122”.

16. Section 140 of the principal enactment is hereby repealed and the following section substituted therefor:-

Replacement of section 140 in the principal enactment.

“Speed limits.

140. (1) A motor vehicle shall not be driven at a speed greater than the speed limits prescribed by regulations.

(2) The provisions of subsection (1) shall not apply to a motor ambulance, firefighting vehicle or police vehicle while on pursuit when used for an emergency purpose.”.

17. Section 157A of the principal enactment is hereby amended in subsection (4) thereof, by the substitution for the words and figures “provisions of subsection (1) or (3)” of the words and figure “provisions of subsection (3)”.

Amendment of section 157A of the principal enactment.

18. Section 161 of the principal enactment is hereby amended as follows:-

Amendment of section 161 of the principal enactment.

(1) in subsection (1) thereof –

(a) by the repeal of sub-paragraphs (iii), (iv) and (v) of paragraph (a) thereof and the substitution therefor of the following sub-paragraphs:-

“(iii) in any case where the person to whom injury has been caused so requests, or if he is unconscious or if the injury caused to that person appears to endanger his life, take that person immediately to a hospital or to a medical practitioner, and thereafter report the accident forthwith to the officer in charge of the nearest police station;

(iv) in every case not referred to in sub paragraph (iii), report the accident

forthwith to the officer-in-charge of the nearest police station as specified in the Form prescribed in subsection (4); and

- (v) a driver who fails to report such accident forthwith to the officer-in-charge of the nearest police station as specified in the Form prescribed in subsection (4) shall on conviction be liable to a fine not less than three thousand rupees and not exceeding five thousand rupees.”;

- (b) by the repeal of sub-paragraph (ii) of paragraph (c) thereof and the substitution therefor of the following sub-paragraph:-

“(i) within twenty four hours of the accident communicate, his name and address and the fact that he was in the vehicle at the time of the accident, to the officer in charge of a police station as specified in the Form prescribed in subsection (4).”;

- (c) by the repeal of paragraph (d) thereof and the substitution therefor of the following paragraph:-

“(d) the insurer to whom a claim for insurance is made in connection with such accident shall –

- (i) inform the officer-in-charge of the nearest police station of such accident, for the purpose of compiling statistical records relating to accidents giving details

of such accident and the names and addresses of the parties involved in such accident as informed to him by the person making the claim;

- (ii) not settle any claim until a copy of the Form referred to in subsection (4), certified by the police officer of the nearest police station has been furnished;”;

- (2) by the insertion, immediately after subsection (3) thereof, of the following subsection which shall have effect as subsection (4) thereof:-

“(4) The Minister may make regulations –

- (a) specifying the procedure to be followed when reporting an accident to the nearest police station;
- (b) specifying the Form to report the accident; and
- (c) specifying any other information as may be necessary, in connection with this section.”.

19. Section 215A of the principal enactment is hereby repealed and the following section is substituted thereof:-

“Spot fines. 215A.(1) Any person who contravenes the provisions of any section set out in the Second Schedule to this Act, or fails to comply with any order, direction, demand, requirement or notice lawfully issued under any such section, shall be guilty of an offence.

Replacement of section 215A of the principal enactment.

(2) Where a police officer makes a detection in respect of an offence under subsection (1), and the person involved admits liability for such offence, such person may in lieu of prosecution for such offence, pay the spot fine which shall be prescribed by regulation.

(3) Where the offence for which liability is admitted is an offence which is subject to demerit points, the relevant demerit points shall be entered for such offence under section 133A.

(4) The payment of the fine shall be made either -

- (i) to any post office; or
- (ii) to any Government Institution as may be prescribed; or
- (iii) by electronic means as may be prescribed.

(5) Proof of such payment shall be forwarded either by personal delivery or registered post, or by electronic means as may be prescribed, to the officer-in-charge of the police station named by the police officer making the detection, within a period of two weeks from the date of detection.

(6) Any person who fails to pay the fine within the period specified under subsection (5), may be permitted, to pay twice the amount of the fine prescribed for such offence within two weeks immediately after the period referred to under subsection (5), before action is instituted in the Magistrate's Court.”.

20. Section 224 of the principal enactment is hereby amended by the substitution for all the words commencing from “be liable to a fine” till the end of that section, of the words “be liable to a fine not less than two thousand five hundred rupees and not more than three thousand five hundred rupees and on a second conviction to a fine not less than three thousand five hundred rupees and not more than ten thousand rupees and on a third or subsequent conviction to a fine not less than ten thousand rupees and not more than twenty five thousand rupees.”.

Amendment of section 224 of the principal enactment.

21. Section 240 of the principal enactment is hereby amended as follows:-

Amendment of section 240 of the principal enactment.

- (1) by repeal of the definition of “death” and the substitution of the following definitions:-

“ “death” means a person who was killed immediately as a result of or subsequent to the accident;

“demerit points” means the points assigned for traffic offences under the Motor Traffic Act in addition to any other penalties entered to the Driving Licence or Endorsement Form of the offender;”;

- (2) by the insertion immediately after the definition of the expression “dual purpose vehicle” of the following definition:-

“ “Electronic” shall have the same meaning as in the Electronic Transactions Act, No.19 of 2006;”;

- (3) in the definition of the expression “emergency service vehicle” by the repeal of paragraph (a) and the substitution therefor of the following:-

“(a) a vehicle used for an emergency call and identified in the case of -

- (i) a firefighting vehicle used by the Fire Service Department by the use of a red light;

- (ii) a vehicle used by the Police by the use of a red light and blue light; and
 - (iii) an ambulance by the use of a red light; and ”;
- (4) by the repeal of the definition of the expression “invalid carriage”;
- (5) by the insertion immediately after the definition of the expression “motor cycle” of the following definition:-
 - “ “motor home” means a vehicle designed and constructed without a trailer for transport and accommodation of passengers, provided that the number of passengers being carried (including the driver) does not exceed six in number, and the gross vehicle weight does not exceed four thousand five hundred Kilograms;”;
- (6) by the insertion immediately after the definition of the expression “public stand” of the following definition:-
 - “ “quadricycle” means a vehicle having a tare less than 500 Kilograms and having an engine capacity between 199CC and 499CC or having maximum continuous rated power that does not exceed 15KW in the case of an electric motor or in the case of electric vehicles having right hand driven integrated closed body and motor vehicles in this class used for carrying persons having seating capacity not more than five persons including the driver or carrying goods having maximum gross vehicle weight of 1000 Kilograms;”;

- (7) by the substitution for the definition of the expression “Special purpose vehicle” of the following:-

“ “special purpose vehicle” means a vehicle having a special chassis, or a general purpose chassis incorporating major modifications designed for a specific purpose which includes public utility vehicles (garbage trucks, street sweepers &c.), construction vehicles (mobile cranes, mobile drilling rigs, mobile plants, freezer trucks, forklifts, loaders &c.) and any other special vehicle used for agricultural purposes and maintenance;”;

- (8) the definition of the expression “vehicle” is hereby amended by the substitution for the words “does not include a railway locomotive.” of the words “does not include a railway locomotive;”;

- (9) by the insertion immediately after the definition of the expression “vehicle” of the following:-

“ “vehicle used by persons with disabilities” means a motor vehicle which is specially designed and constructed, or adapted, for the use of persons suffering from some physical defect or disability and intended solely for the use of such persons.”.

22. The Second Schedule to the principal enactment, as last amended by section 2 of the Increase of Fines Act, No. 12 of 2005, is hereby amended as follows:-

Amendment of the Second Schedule to the principal enactment.

- (1) by the omission of Column III thereof on such date as the Minister may prescribe by regulations published in the *Gazette*;

- (2) by the repeal of Columns I and II thereof and by the substitution therefor of the following:-

“SECOND SCHEDULE

[Section 215A]

	SECTION	PROVISION
1.	Section 21, 22, 23, 24, 24A	- Identification plates
2.	Section 38	- Revenue Licence to be displayed on motor vehicles and produced when required
3.	Section 45	- Prohibition to use a motor vehicle in contravention of revenue Licence
4.	Section 128A	- Failure to obtain authorization to drive emergency service vehicles and public service vehicles
5.	Section 128B	- Driving a special purpose vehicle without obtaining a licence
6.	Section 128c	- Failure to obtain authorization to drive a vehicle loaded with chemicals, hazardous waste, &c.
7.	Section 130	- Failure to have a Licence to drive a specific class of vehicles

8.	Section 135	- Failure to carry a Driving Licence when driving
9.	Section 139A	- Instructing without an instructor's Licence
10.	Sections 140 and 141	- Non-compliance with Speed limits provisions
11.	Section 148	- Failure to comply with road rules
12.	Section 152	- Unobstructed control of vehicle when driving
13.	Section 153	- Using inappropriate signals when driving &c.
14.	Section 154	- Prohibit reversing a motor vehicle for a long distance on a road
15.	Section 155	- Improper use of warning instruments
16.	Section 155A	- Excessive emission of smoke &c.
17.	Section 156	- Prohibit riding or permitting to ride on running boards &c. of motor vehicles
18.	Section 157	- Restriction on the number of person in front seats of motor cars
19.	Section 157A	- Non-use of seat belts
20.	Section 158	- Failure to wear protective helmets when driving

21.	Section 159	- Prohibition to distribute advertisements from a vehicle in motion
22.	Section 160	- Prohibit excessive use of noise from a vehicle
23.	Section 162	- Failure to obey directions and signals of police officers &c.
24.	Section 164	- Non-compliance with traffic signs
25.	Section 165	- Failure to take precautions when discharging fuel into the tank
26.	Section 166	- Not to halt or park a motor vehicle on a road
27.	Section 167	- Precautions to be taken when motor vehicle is halted or left unattended or disabled on a road
28.	Section 178	- Carriage of persons in excess of authorized number in private coaches and of goods other than personal luggage in motor cars or private coaches
29.	Section 179	- Carriage of persons or passengers in excess of authorized number, and of goods other than personal luggage in omnibuses

30.	Section 188	- Carriage on lorry or motor tricycle van of goods in excess of maximum load or maximum axle load
31.	Section 189	- Not to exceed the number of persons carried in a lorry
32.	Section 190	- Violation of regulations
33.	Section 196	- Failure to carry the emission certificate or the fitness certificate in the vehicle

23. 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.



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

**SRI LANKA SUSTAINABLE DEVELOPMENT
ACT, No. 19 OF 2017**

[Certified on 03rd of October, 2017]

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*Sri Lanka Sustainable Development
Act, No. 19 of 2017*

[Certified on 03rd of October, 2017]

L.D.—O. 1/2016.

AN ACT TO PROVIDE FOR THE DEVELOPMENT AND IMPLEMENTATION OF A NATIONAL POLICY AND STRATEGY ON SUSTAINABLE DEVELOPMENT IN SRI LANKA; FOR THE ESTABLISHMENT OF A SUSTAINABLE DEVELOPMENT COUNCIL AND FOR MATTERS CONNECTED THEREWITH OR INCIDENTAL THERETO

WHEREAS the seventeen Sustainable Development Goals and one hundred and sixty nine associated targets were adopted by United Nation Member States in Two Thousand Fifteen: Preamble.

AND WHEREAS Sri Lanka intends to design, develop and implement a National Policy and Strategy on Sustainable Development and facilitate all agencies responsible and to follow up and monitor the progress:

AND WHEREAS Sri Lanka would set its own national targets guided by the global level of ambition but taking into account national interest and circumstances and also incorporate such seventeen Sustainable Development Goals in national planning processes, policies and strategies in the relevant ongoing processes in the economic, social and environmental fields:

NOW THEREFORE be it enacted by the Parliament of the Democratic Socialist Republic of Sri Lanka as follows:-

1. This Act may be cited as the Sri Lanka Sustainable Development Act, No. 19 of 2017. Short title.

2. The objects of this Act shall be to— Objects of this Act.

(a) ensure that the National Policy and Strategy on Sustainable Development is prepared in accordance with section 11 of this Act and

2 *Sri Lanka Sustainable Development
Act, No. 19 of 2017*

provide the legal framework for developing and implementing such National Policy and Strategy on Sustainable Development;

- (b) ensure an ecologically efficient use of natural, social and economic resources;
- (c) to promote the integration and maintain the equipoise of environmental, economic and social factors in the making of all decisions by government; and
- (d) formulate strategies in accordance with paragraphs (a), (b) and (c) of this section.

PART I

ESTABLISHMENT OF SUSTAINABLE DEVELOPMENT COUNCIL

Establishment of the Sustainable Development Council.

3. (1) There shall be established for the purpose of this Act, a Council called the Sustainable Development Council (hereinafter referred to as the "Council").

(2) The Council shall, by the name assigned to it by this section be a body Corporate and shall have perpetual succession and a common seal and may sue and be sued in such name.

Constitution of the Council.

4. (1) The Council shall consist of the following members:—

- (a) the *ex-officio* members—
 - (i) the Secretary to the President;
 - (ii) the Secretary to the Ministry of the Minister assigned the subject of Sustainable Development;

- (iii) the Secretary to the Ministry of the Minister assigned the subject of National Planning or his nominee;
 - (iv) the Secretary to the Ministry of the Minister assigned the subject of Environment or his nominee; and
- (b) eight other members (hereinafter referred to as the “appointed members”), appointed by the President—
- (i) two members appointed by him on his own volition;
 - (ii) one member nominated by the Prime Minister;
 - (iii) two members nominated by the Minister assigned the subject of Sustainable Development; and
 - (iv) three members out of the nine persons nominated by the Provincial Councils; at the expiration of the term of office of such members appointed under this sub-paragraph, the balance number of persons nominated by the Provincial Councils shall be considered for second and third appointment in rotation:

Provided however, in the event a matter pertaining to any Provincial Council is taken up for discussion at any meeting of the Council, the member nominated by such Provincial Council shall have the power to participate at such meeting.

- (2) The Chairman of the Council shall be appointed by the President from among its members.

(3) Every appointed member shall possess academic or professional qualifications and wide experience in science, economics, environmental science or social science and possesses specific experience in relation to sustainable development.

(4) Every appointed member other than the appointed members under sub-paragraph (iv) of paragraph (b) of subsection (1) shall unless he vacates office earlier by death, resignation or removal, hold office for a term of three years from the date of his appointment and shall unless he has been removed, be eligible for reappointment.

(5) Every appointed member under sub-paragraph (iv) of paragraph (b) of subsection (1) shall unless he vacates office earlier by death, resignation or removal, hold office for a term of one year from the date of his appointment and shall unless he has been removed, be eligible for reappointment.

(6) The President may, if he considers it expedient to do so, remove from office any appointed member after assigning reasons therefor.

(7) Any appointed member may, at any time resign his office by a letter to that effect, addressed to the President and sent by registered post.

(8) In the event of vacation of office by death, resignation or removal of any appointed member, the President may having regard to the provisions of paragraph (b) of subsection (1) appoint any other person to succeed such member. Any member so appointed shall hold office for the unexpired term of office of the member whom he succeeds.

(9) Where an appointed member, by reason of illness, infirmity or absence from Sri Lanka for a period of not less than three months, is temporarily unable to perform his duties, it shall be the duty of such member to inform the President in writing of such inability. The President may, on receipt of such information, having regard to the provisions of paragraph (b) of subsection (1) appoint some other person to act in his place.

5. (1) The quorum for a meeting of the Council shall be five members.

Quorum and meetings of the Council.

(2) The Chairman shall preside at every meeting of the Council. In the absence of the Chairman from any meeting of the Council, the Secretary to the Ministry of the Minister assigned the subject of Sustainable Development shall preside at such meeting.

(3) The Council shall hold its meetings once in every three months in every year.

(4) All questions for decision at any meeting of the Council shall be decided by the vote of the majority of members present at such meeting. In the case of an equality of votes, the Chairman shall, in addition to his vote have a casting vote.

(5) Subject to the preceding provisions of this section, the Council may regulate the procedure in relation to the meetings of the Council and the transaction of business at such meetings.

6. No act or proceeding of the Council shall be invalid by reason only of the existence of any vacancy in the Council or any defect in the appointment of a member of the Council.

Acts or proceedings of the Council deemed not to be invalid by reason of any vacancy.

7. The members of the Council shall be remunerated in such manner and at such rates as may be determined by the Minister with the concurrence of the Minister assigned the subject of Finance.

Remuneration of the members of the Council.

8. A person referred to in paragraph (b) of subsection (1) of section 4 shall be disqualified from being appointed or continuing as a member of the Council –

Disqualification from being a member of the Council.

(a) if he is or becomes a member of, Parliament, any Provincial Council or any local authority;

- (b) if he has been declared an insolvent or an undischarged bankrupt under any law in Sri Lanka or any other country;
- (c) if he is under any law in force in Sri Lanka or any other country found or declared to be of unsound mind;
- (d) if he is convicted of an offence involving in moral turpitude and punishable with imprisonment for a term not less than six months;
- (e) if he is serving or has served a sentence of imprisonment imposed by a Court of Sri Lanka or any other country; or
- (f) if he has any financial or other interest as is likely, to affect prejudicially the discharge by him of his functions as a member of the Council.

Seal of the Council.

9. (1) The seal of the Council shall be in the custody of such person as the Council may decide from time to time.

(2) The seal of the Council may be altered in such manner as may be determined by the Council.

(3) The seal of the Council shall not be affixed to any instrument or document except with the sanction of the Council and in the presence of two members of the Council who shall sign the instrument or document in token of their presence.

(4) The Council shall maintain a register of the instruments and documents to which the seal of the Council has been affixed.

Powers, functions and duties of the Council.

10. The Powers, functions and duties of the Council shall be—

- (a) to facilitate the achievement of national, regional and international commitments relating to sustainable development;

- (b) to formulate National Policy and Strategy on Sustainable Development in consultation and with the concurrence of all relevant parties and nine Provincial Councils and place before the Cabinet of Ministers for approval;
- (c) to review and update the National Policy and Strategy on Sustainable Development periodically as and when the Cabinet of Ministers so decides;
- (d) to issue guidelines relating to sustainable development to the ministries, provincial councils and project approving agencies in respect of new development projects;
- (e) to facilitate and monitor the mechanisms and progress review processes of the implementation of such National Policy and Strategy on Sustainable Development;
- (f) to appoint expert committees to study any specific matter;
- (g) to identify sustainable development standards and ecological footprint indicators;
- (h) to promote sustainable development including research and development, innovation, education awareness and eradication of poverty;
- (i) to identify, introduce and follow up the mechanisms, audit mechanisms and all other matters relating to sustainable development;
- (j) to acquire, hold, take or give on lease or hire, any immovable property;
- (k) to open, maintain and close current and savings accounts in any State bank;

- (l) to accept grants, gifts or donations from persons or bodies of persons, in or out side Sri Lanka:

Provided that, the Council shall obtain the prior written approval of the Department of External Resources of the Ministry of the Minister assigned the subject of National Policies and Economic Affairs, in respect of all foreign grants, gifts or donations made to the Council. Such written approval shall not impose any obligation or condition;

- (m) to co-ordinate with the project approving agencies to achieve the seventeen sustainable development goals;
- (n) to enter into, or perform, all such contracts as may be necessary for the exercise of its powers or the discharge of its functions; and
- (o) to borrow such sums of money as may be necessary for discharging of its functions.

PART II

NATIONAL POLICY AND STRATEGY ON SUSTAINABLE DEVELOPMENT

Approval for the National Policy and Strategy on Sustainable Development.

11. (1) The National Policy and Strategy on Sustainable Development shall be in conformity with the Sustainable Development goals and associated targets.

(2) The National Policy and Strategy on Sustainable Development shall be in force until the end of year 2030.

(3) The Council shall forward the National Policy and Strategy on Sustainable Development to the President and the Minister. The Minister shall, with the concurrence of the Cabinet of Ministers cause such National Policy and Strategy on Sustainable Development including any amendment thereto, to be published in the *Gazette*.

(4) The Minister shall lay such National Policy and Strategy on Sustainable Development before the Parliament for approval.

(5) The National Policy and Strategy on Sustainable Development which is not so approved shall be deemed to be rescinded as from the date of such disapproval.

(6) Upon the approval granted by the Parliament under subsection (4), such National Policy and Strategy on Sustainable Development shall be the National Policy and Strategy on Sustainable Development.

(7) It shall be the duty of every ministry, department, provincial council, provincial ministry and department and any local authority to comply with the National Policy and Strategy on Sustainable Development.

(8) The Minister shall co-ordinate with other project approving agencies for the purpose of implementing the National Policy and Strategy on Sustainable Development.

12. (1) Every ministry, department, provincial council, provincial ministry and department and local authority shall prepare the Sustainable Development Strategy relevant to the scope of such ministry, department, provincial council, provincial ministry and department and local authority in accordance with the National Policy and Strategy on Sustainable Development within a period of one year from the date of approval under subsection (6) of section 11 by the Parliament.

Sustainable Development Strategy of the ministries &c.

(2) Every ministry, department, provincial council, provincial ministry and department and local authority shall submit the progress report on the Sustainable Development Strategy prepared under subsection (1) within a period as may be required by the Minister.

Environment
and social audit.

13. Every ministry, department, provincial council, provincial ministry and department and local authority shall—

- (a) cause an environmental, and social audit to be done on the new development projects; and
- (b) ensure the environmental and social security on the new development projects.

Annual report of
the ministry &c.

14. The annual report of every ministry, department, provincial council, provincial ministry and department and local authority shall include a statement as to the compliance with the National Policy and Strategy on Sustainable Development.

PART III

STAFF OF THE COUNCIL

Director-General
of the Council.

15. (1) There shall be appointed by the Cabinet of Ministers, a person to be the Director-General of the Council, who shall be its Chief Executive Officer.

(2) The Director-General shall be entitled to be present at all meetings of the Council and to speak at such meetings, but shall not be entitled to vote at any such meetings.

(3) The Council shall assess the requirement of the minimum staff required for efficient operation and appoint such other officers and servants as are necessary for the purpose of carrying out the objects of the Act.

(4) The Director-General shall, subject to the general direction and control of the Council, be responsible for the conduct of all affairs of the Council, including the administrative control of the officers and servants of the Council.

(5) The Director-General shall be paid such remuneration as may be determined by Cabinet of Ministers.

(6) The Cabinet of Ministers may, for reasons assigned therefor remove from office the Director-General appointed under subsection (1).

16. Whenever the Director-General is by reason of illness or absence from Sri Lanka or for any other cause unable to discharge or perform any of his functions or duties, the Minister may with the concurrence of the Council, appoint any other senior officer of the Council to act in his place during such absence.

Temporary absence of the Director-General.

17. (1) At the request of the Council any officer in the public service may, with the consent of that officer and the Secretary to the Ministry of the Minister assigned the subject of Public Administration, be temporarily appointed to the staff of the Council for such period as may be determined by the Council or with like consent, be permanently appointed to such staff.

Appointment of public officers to the staff of the Council.

(2) Where any officer in the public service is temporarily appointed to the staff of the Council, the provisions of subsection (2) of section 14 of the National Transport Commission Act, No. 37 of 1991, shall, *mutatis mutandis* apply to and in relation to him.

(3) Where any officer in the public service is permanently appointed to the staff of the Council, the provisions of subsection (3) of section 14 of the National Transport Commission Act, No. 37 of 1991, shall, *mutatis mutandis* apply to and in relation to him.

(4) Where the Council employs any person who has agreed to serve the Government for a specified period under any agreement, any period of service to the Council by that person shall be regarded as service to the Government for the purpose of discharging the obligations of such agreement.

Appointment of officers in public corporations or higher educational institutions to the staff of the Council.

18. (1) At the request of the Council, any officer or servant of a public corporation may, with the consent of such officer or servant and the governing body of such public corporation, be temporarily appointed to the staff of the Council for such period as may be determined by the Council or with like consent, be permanently appointed to such staff on such terms and conditions, including those relating to pension or provident fund rights, as may be agreed upon by the Council and the governing body of the public corporation concerned.

(2) At the request of the Council, any officer or servant of any higher educational institution may, with the consent of that officer or servant and the principal executive officer of that higher educational institution, be temporarily appointed to the staff of the Council for such period as may be determined by the Council or with like consent be permanently appointed to such staff, on such terms and conditions, including those relating to pension or provident fund rights, as may be agreed upon by the Council and such principal executive officer.

(3) Where any person is temporarily appointed to the staff of the Council under subsection (1) or subsection (2), as the case may be, such person shall be subject to the same disciplinary control as any other member of the staff of the Council.

PART IV

GENERAL

Financial year and the audit of accounts.

19. (1) The financial year of the Council shall be the calendar year.

(2) The provisions of the Article 154 of the Constitution relating to the auditing of accounts shall apply in relation to the audit of accounts of the Council.

- 20.** The provisions of Part II of the Finance Act, No. 38 of 1971, shall *mutatis mutandis*, apply to and in respect of the financial control and accounts of the Council. Application of Part II of the Finance Act, No.38 of 1971.
- 21.** (1) The Council may subject to such conditions as may be specified in writing, delegate to the Chairman or member of the Council or Director-General any of its powers, functions or duties under this Act, and the Chairman or such member or Director-General shall exercise, perform or discharge such power, function or duty subject to any special or general directions issued by the Council. Delegation of powers, functions and duties of the Council.
- (2) Notwithstanding any delegation made under subsection (1), the Council may exercise, perform or discharge any such power, function or duty so delegated.
- 22.** The Minister may, from time to time issue such general or special directions to the Council relating to the exercise, performance and discharge of the powers, functions and duties under this Act and it shall be the duty of the Council to comply with such directions. Directions of the Minister.
- 23.** All members of the Council, officers, servants and agents of the Council shall be deemed to be public servants within the meaning and for the purpose of the Penal Code (Chapter 19). All members of the Council etc. deemed to be public servants.
- 24.** The Council shall be deemed to be a Scheduled Institution within the meaning of the Bribery Act (Chapter 26) and the provisions of that Act shall be construed accordingly. Council deemed to be a Scheduled Institution.
- 25.** (1) All expenses incurred by the Council in any suit or prosecution brought by or against it before any court, shall be paid out of the Consolidated Fund and only costs paid to or recovered by the Council in any such suit or prosecution, shall be credited to the Consolidated Fund . Expenses to be paid out of the Consolidated Fund.

(2) Any expenses incurred by a member of the Council, Director-General or any officer or servant of the Council, in any suit or prosecution brought by or against such person before any court in respect of any act which is done or purported to be done by such person under this Act shall, if the court holds that such act was done in good faith, be paid out of the Consolidated Fund, unless such expenses are recovered by him in such suit or prosecution.

Regulations.

26. (1) The Minister may make regulations for the purpose of carrying out or giving effect to the principles and provisions of this Act, in particular in respect of all or any of the following matters:-

- (a) the issuance of guidelines to the Project Approving Agencies;
- (b) the monitoring mechanisms and progress review processes on Sustainable Development Strategy implementation;
- (c) the sustainability standards and ecological foot print indicators;
- (d) the mechanisms for scoring or weighting projects;
- (e) the criteria for carrying out appropriate social and environmental audits;
- (f) the categories of development projects and complex projects; and
- (g) the mechanisms for review of requests for approval of complex projects by Project Approving Agencies.

(2) Every regulation made by the Minister under subsection (1), shall after obtaining the approval of the Cabinet of Ministers be published in the *Gazette* and shall

come into operation on the date of such publication or on such later date as may be specified in the regulation.

(3) Every regulation made by the Minister under subsection (1) shall, within a period of three months from the date of its publication in the *Gazette* be brought before Parliament for approval. Any regulation which is not so approved shall be deemed to be rescinded as from the date of such disapproval but without prejudice to anything previously done thereunder.

(4) Notification of the date on which any regulation shall be deemed to be so rescinded, shall be published in the *Gazette*.

27. In this Act, unless the context otherwise requires— Interpretation.

“Minister” means the Minister assigned the subject of Sustainable Development;

“project approving agencies” includes ministries, departments, provincial councils, provincial ministries and departments and local authorities and all other Government and Provincial Council Agencies;

“sustainability” means the capacity of a thing, action, activity or process to be maintained indefinitely; and

“sustainable development” means development that meets the needs of the present without compromising the ability of future generations to meet their own needs.

28. 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.



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

**MUNICIPAL COUNCILS (AMENDMENT)
ACT, No. 20 OF 2017**

[Certified on 12th of October, 2017]

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Municipal Councils (Amendment)
Act, No. 20 of 2017

[Certified on 12th of October, 2017]

L.D.—O. 49/2017

AN ACT TO AMEND THE MUNICIPAL COUNCILS ORDINANCE (CHAPTER 252)

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

1. This Act may be cited as the Municipal Councils (Amendment) Act, No. 20 of 2017. Short title.

2. Section 5 of the Municipal Councils Ordinance (Chapter 252) is hereby repealed and the following section substituted therefor:— Replacement of section 5 of Chapter 252.

“Composition of Municipal Councils. **5.** (1) Each Municipal Council shall consist of such number of Councillors—

(a) equivalent to sixty *per centum* of the number of Councillors to be elected and returned, for such Municipal Council, as specified by the Minister by Order published in the *Gazette*, based on the number of wards specified in the Orders published under sections 3c and 3d of the Local Authorities Elections Ordinance (Chapter 262);

(b) equivalent to forty *per centum* of the number of Councillors to be elected and returned for such Municipal Council, who shall be returned in terms of section 65B of the Local Authorities Elections Ordinance (Chapter 262); and

- (c) determined by the Commissioner under paragraph (a) of subsection (4) of section 65B of the Local Authorities Elections Ordinance (Chapter 262).

(2) Where the number constituting forty *per centum* referred to in paragraph (b) of subsection (1), is an integer and fraction, the integer shall be deemed to be the number which shall constitute such forty *per centum*, for the purpose of that subsection.”.

Sinhala text to prevail in case of inconsistency.

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



**PARLIAMENT OF THE DEMOCRATIC
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**URBAN COUNCILS (AMENDMENT)
ACT, No. 21 OF 2017**

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*Urban Councils (Amendment)
Act, No. 21 of 2017*

[Certified on 12th of October, 2017]

L.D.—O. 50/2017

AN ACT TO AMEND THE URBAN COUNCILS ORDINANCE
(CHAPTER 255)

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

1. This Act may be cited as the Urban Councils (Amendment) Act, No. 21 of 2017. Short title.

2. Section 5 of the Urban Councils Ordinance (Chapter 255) is hereby repealed and the following section substituted therefor:— Replacement of section 5 of Chapter 255.

“Composition of Urban Councils. **5.** (1) Each Urban Council shall consist of such number of Councillors—

(a) equivalent to sixty *per centum* of the number of Councillors to be elected and returned, for such Urban Council, as specified by the Minister by Order published in the *Gazette*, based on the number of wards specified in the Orders published under sections 3C and 3D of the Local Authorities Elections Ordinance (Chapter 262);

(b) equivalent to forty *per centum* of the number of Councillors to be elected and returned for such Urban Council, who shall be returned in terms of section 65B of the Local Authorities Elections Ordinance (Chapter 262); and

- (c) determined by the Commissioner under paragraph (a) of subsection (4) of section 65B of the Local Authorities Elections Ordinance (Chapter 262).

(2) Where the number constituting forty *per centum* referred to in paragraph (b) of subsection (1), is an integer and fraction, the integer shall be deemed to be the number which shall constitute such forty *per centum*, for the purpose of that subsection.”.

Sinhala text to prevail in case of inconsistency.

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



**PARLIAMENT OF THE DEMOCRATIC
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**PRADESHIYA SABHAS (AMENDMENT)
ACT, No. 22 OF 2017**

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Pradeshiya Sabhas (Amendment)
Act, No. 22 of 2017

[Certified on 12th of October, 2017]

L.D.—O. 51/2017

AN ACT TO AMEND THE PRADESHIYA SABHAS ACT, NO. 15 OF 1987

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

1. This Act may be cited as the Pradeshiya Sabhas (Amendment) Act, No. 22 of 2017. Short title.

2. Section 4 of the Pradeshiya Sabhas Act, No. 15 of 1987 is hereby repealed and the following section substituted therefor:— Replacement of section 4 of Act, No. 15 of 1987.

“Composition of Pradeshiya Sabhas. **4.** (1) Each Pradeshiya Sabha shall consist of such number of members—

(a) equivalent to sixty *per centum* of the number of members to be elected and returned, for such Pradeshiya Sabha, as specified by the Minister by Order published in the *Gazette*, based on the number of wards specified in the Orders published under sections 3c and 3d of the Local Authorities Elections Ordinance (Chapter 262);

(b) equivalent to forty *per centum* of the number of members to be elected and returned for such Pradeshiya Sabha, who shall be returned in terms of section 65B of the Local Authorities Elections Ordinance (Chapter 262); and

- (c) determined by the Commissioner under paragraph (a) of subsection (4) of section 65B of the Local Authorities Elections Ordinance (Chapter 262).

(2) Where the number constituting forty *per centum* referred to in paragraph (b) of subsection (1), is an integer and fraction, the integer shall be deemed to be the number which shall constitute such forty *per centum*, for the purpose of that subsection.”.

Sinhala text to prevail in case of inconsistency.

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



**PARLIAMENT OF THE DEMOCRATIC
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**REGULATION OF INSURANCE INDUSTRY
(AMENDMENT) ACT, No. 23 OF 2017**

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Regulation of Insurance Industry (Amendment)
Act, No. 23 of 2017

[Certified on 19th of October, 2017]

L. D.—O. 45/2013.

AN ACT TO AMEND THE REGULATION OF INSURANCE INDUSTRY ACT,
No. 43 OF 2000

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

- 1.** This Act may be cited as the Regulation of Insurance Industry (Amendment) Act, No. 23 of 2017. Short title.
- 2.** The long title of the Regulation of Insurance Industry Act, No. 43 of 2000 (hereinafter referred to as the “principal enactment”) is hereby amended by the substitution for the words “ESTABLISHMENT OF AN INSURANCE BOARD”, of the words “ESTABLISHMENT OF AN INSURANCE REGULATORY COMMISSION OF SRILANKA”. Amendment of long title of Act, No. 43 of 2000.
- 3.** (1) In the principal enactment and in any other written law, there shall be substituted for the words “Insurance Board of Sri Lanka” and “Board” (denoting the Insurance Board of Sri Lanka), of the words “Insurance Regulatory Commission of Sri Lanka” and “Commission” respectively. “Insurance Board of Sri Lanka” and “Board” to be referred to as the “Insurance Regulatory Commission of Sri Lanka” and “Commission” respectively.

(2) From and after the date of commencement of this Act, every reference to the “Insurance Board of Sri Lanka” in any notice, notification, contract, communication, form or other document shall be read and construed as a reference to the “Insurance Regulatory Commission of Sri Lanka”.
- 4.** Section 13 of the principal enactment is hereby amended in subsection (1) of that section, by the substitution for the words “either one or both classes of insurance business”, of the words “general insurance business or long term insurance business”. Amendment of section 13 of the principal enactment.

2 *Regulation of Insurance Industry (Amendment)*
Act, No. 23 of 2017

Insertion of new sections 15B, 15c and 15D in the principal enactment.

5. The following new sections are hereby inserted immediately after section 15A of the principal enactment and shall have effect as sections 15B, 15c and 15D of that enactment:—

“Local subsidiary insurance company of any foreign holding company.

15B. Notwithstanding the provisions of section 15A, the Commission shall, upon being satisfied—

- (a) that at least eighty five *per centum* of shares of the local subsidiary insurance company are held by a foreign holding company listed on a stock exchange outside Sri Lanka and which stock exchange is a member of the World Federation of Exchanges or such other organization recognized by the Commission;
- (b) the accounts of such local subsidiary insurance company are included in the Group Consolidated Accounts of the foreign holding company; and
- (c) such foreign holding company is legally required by the foreign stock exchange on which it is listed to ensure group level compliance with all regulatory requirements of the foreign stock exchange including the requirement pertaining to the accounts of the local subsidiary insurance company,

exempt such local subsidiary insurance company from being listed on a stock exchange licensed under the Securities and Exchange Commission of Sri Lanka Act, No. 36 of 1987.

Exemption
from being
listed.

15c. (1) The National Insurance Trust Fund established under the provisions of the National Insurance Trust Fund Act, No. 28 of 2006 shall be exempted from being listed on a stock exchange licensed under the provisions of the Securities and Exchange Commission of Sri Lanka Act, No. 36 of 1987.

(2) The Commission shall, upon being satisfied that a local subsidiary insurance company is held by a company that is listed on a stock exchange licensed under the Securities and Exchange Commission of Sri Lanka Act, No. 36 of 1987 shall exempt such local subsidiary insurance company from being listed on a stock exchange licensed under the provisions of above-said Act.

(3) (a) The Sri Lanka Insurance Corporation Limited or any insurance companies formed upon the segregation of the Sri Lanka Insurance Corporation Limited into two separate companies, whatever the names assigned to such companies on the date on which such segregation takes place shall be exempted from being listed on a stock exchanges, licensed under the Securities and Exchange Commission of Sri Lanka Act, No. 36 of 1987.

(b) No such exemption shall be valid, unless the Sri Lanka Insurance Corporation Limited or any insurance companies formed upon the segregation of the Sri Lanka Insurance Corporation Limited into two separate companies is or are owned by the Government of Sri Lanka.

4 *Regulation of Insurance Industry (Amendment)*
Act, No. 23 of 2017

Duty to
comply with
the terms and
conditions.

15D. It shall be the duty of –

- (a) any local subsidiary insurance company of any foreign holding company;
- (b) the National Insurance Trust Fund established under the provisions of National Insurance Trust Fund Act, No 28 of 2006; and
- (c) the entities referred to in subsections (2) and (3) of section 15c of this Act,

to comply with any terms and conditions as may be determined by the Commission from time to time.”.

Amendment of
section 78 of the
principal
enactment.

6. Section 78 of the principal enactment is hereby amended by the repeal of subsection (5) of that section and the substitution therefor, of the following:-

“(5) (a) No person shall be eligible to be appointed as an insurance agent of a broker, if such person is already registered as an insurance agent of another broker or an insurer.

(b) No person shall be eligible to be appointed as an insurance agent of an insurer, if such person is already registered as an insurance agent of a broker.

(c) No person shall be eligible to be appointed as an insurance agent of an insurer for a particular class of insurance business, if such person is already registered as an insurance agent of another insurer for the same class of insurance business.”.

Regulation of Insurance Industry (Amendment) Act, No. 23 of 2017 5

7. Section 114 of the principal enactment is hereby amended as follows:-

Amendment of section 114 of the principal enactment.

- (1) by the insertion, immediately after the definition of the expression “classes of insurance business”, of the following new definitions:—

“class of insurance business” means general insurance business or long term insurance business;

“foreign holding company” means any company or body corporate which is incorporated or established outside Sri Lanka and which is a holding company of local subsidiary insurance company;” and

- (2) by the insertion, immediately after the definition of the expression “local authority security”, of the following new definition:—

“local subsidiary insurance company” means a person registered to carry on insurance business in Sri Lanka under the provisions of this Act, and includes a company deemed to be registered under section 113(2) of this Act;”.

8. (1) All contracts, agreements and other instruments of the insurance Board of Sri Lanka subsisting on the day immediately prior to the date of commencement of this Act, shall be deemed with effect from the date of commencement of this Act to be contracts, agreements or other instruments entered into by the Insurance Regulatory Commission of Sri Lanka.

Savings.

(2) All suits, actions and other legal proceedings instituted by or against the Insurance Board of Sri Lanka and pending on the day, immediately prior to the date of commencement

6 *Regulation of Insurance Industry (Amendment)*
Act, No. 23 of 2017

of this Act, shall be deemed with effect from the date of commencement of this Act to be suits, actions and other legal proceedings instituted by or against the Insurance Regulatory Commission of Sri Lanka.

(3) All the rights, liabilities and obligations of the Insurance Board of Sri Lanka on the day immediately prior to the date of commencement of this Act, shall be deemed with effect from the date of commencement of this Act to be the rights, liabilities and obligations of the Insurance Regulatory Commission of Sri Lanka.

(4) All movable and immovable property vested in the Insurance Board of Sri Lanka on the date immediately prior to the date of commencement of this Act shall, with effect from the date of commencement of this Act, vest in the Insurance Regulatory Commission of Sri Lanka.

(5) Every decree, order or judgment entered in favour of or against the Insurance Board of Sri Lanka by any court in any action or proceeding, shall with effect from the date of commencement of this Act, be deemed to be a decree, order or judgment entered in favour of or against the Insurance Regulatory Commission of Sri Lanka and may be enforced accordingly.

Insurance
Regulatory
Commission of
Sri Lanka to be
the successor to
the Insurance
Board of
Sri Lanka.

9. For the avoidance of doubt, it is hereby declared that the “Insurance Regulatory Commission of Sri Lanka”, shall for all purposes be deemed to be the successor to the “Insurance Board of Sri Lanka” established under section 2 of the principal enactment.

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.

Regulation of Insurance Industry (Amendment) Act, No. 23 of 2017 7

11. The provisions of section 5 of this Act shall apply to any local subsidiary insurance company of any foreign holding company which holds a valid licence issued on or before February 7, 2011 under section 15 of the principal enactment after having fulfilled where so required the segregation requirements specified in section 53 of Regulation of Insurance Industry (Amendment) Act, No. 3 of 2011.

Extension of the application of section 5 to the existing insurers.



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

INLAND REVENUE ACT, No. 24 OF 2017

[Certified on 24th of October, 2017]

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Inland Revenue Act, No. 24 of 2017

[Certified on 24th of October, 2017]

L.D.—O. 23/2017

AN ACT TO PROVIDE FOR THE IMPOSITION OF INCOME TAX

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 Act, No. 24 of 2017 and comes into operation on April 1, 2018.

Short title and the effective date of the Act.

PART I

CHAPTER I

IMPOSITION OF INCOME TAX

2. (1) Income tax shall be payable for each year of assessment by –

Charging provision.

- (a) a person who has taxable income for that year; or
- (b) a person who receives a final withholding payment during that year.

(2) The amount of income tax payable by a person for any year of assessment shall be the total of the amounts payable under subsection (1).

(3) The income tax payable by a person under paragraph (a) of subsection (1) shall be calculated by –

- (a) applying the relevant rates of income tax set out in the First Schedule to this Act to that person's taxable income;
- (b) deducting any foreign tax credit claimed by and allowed to the person for the year under section 80 of this Act; and

- (c) deducting any other tax credit granted or allowed to the person for the year under this Act.

(4) The income tax payable by a person under paragraph (b) of subsection (1) shall be calculated by applying the relevant rate set out in the First Schedule to this Act to each final withholding payment.

CHAPTER II

INCOME TAX BASE

Division I: Taxable Income

Taxable income. **3.** (1) Subject to subsection (2), the taxable income of a person for a year of assessment shall be equal to the total of the person's assessable income for the year from each employment, business, investment and other sources.

(2) In arriving at taxable income of a year of assessment qualifying payments and reliefs for that year under section 52 shall be deducted.

(3) The taxable income of each person and the assessable income from each source shall be determined separately.

Division II: Assessable Income

Assessable income. **4.** The assessable income of a person for a year of assessment from employment, business, investment or other source shall be equal to –

(a) in the case of a resident person, the person's income from employment, business, investment or other source for that year, wherever the source arises; and

(b) in the case of a non-resident person, the person's income from the employment, business, investment

or other source for that year, to the extent that the income arises in or is derived from a source in Sri Lanka.

5. (1) An individual's income from an employment for a year of assessment shall be the individual's gains and profits from the employment for that year of assessment. Employment income.

(2) In calculating an individual's gains and profits from an employment for a year of assessment the following amounts received or derived by the individual during the year of assessment from the employment shall be included:-

- (a) payments of salary, wages, leave pay, overtime pay, fees, pensions, commissions, gratuities, bonuses and other similar payments;
- (b) payments of personal allowance, including any cost of living, subsistence, rent, entertainment or travel allowance;
- (c) payments providing discharge or reimbursement of expenses incurred by the individual or an associate of the individual;
- (d) payments for the individual's agreement to conditions of employment;
- (e) payments for redundancy or loss or termination of employment;
- (f) subject to paragraph (f) of subsection (3), retirement contributions made to a retirement fund on behalf of the employee and retirement payments received in respect of the employment;
- (g) payments or transfers to another person for the benefit of the individual or an associate person of the individual;

- (h) the fair market value of benefits received or derived by virtue of the employment by an individual or an associate person of the individual;
- (i) other payments, including gifts received in respect of the employment; and
- (j) the market value of shares at the time allotted under an employee share scheme, including shares allotted as a result of the exercise of an option or right to acquire the shares, reduced by the employee's contribution for the shares.

(3) In calculating an individual's gains and profits from an employment for a year of assessment the following shall be excluded:-

- (a) exempt amounts and final withholding payments;
- (b) a discharge or reimbursement of expenses incurred by the individual on behalf of the employer;
- (c) a discharge or reimbursement of the person's dental, medical or health insurance expenses where the benefit is available to all full-time employees on equal terms;
- (d) payments made to or benefits accruing to employees on a non-discriminatory basis that, by reason of their size, type and frequency, are unreasonable or administratively impracticable for the employer to account for or to allocate to the individual;
- (e) the value of a right or option to acquire shares at the time granted to an employee under an employee share scheme (referred to in paragraph (j) of subsection (2)); and

- (f) subject to conditions as may be specified by the Commissioner-General, contributions made by an employer to an employee's account with a pension, provident or savings fund or savings society approved by the Commissioner - General.

6. (1) A person's income from a business for a year of assessment shall be the person's gains and profits from conducting the business for the year. Business income.

(2) In calculating a person's gains and profits from conducting a business for a year of assessment the following amounts derived by the person during the year of assessment from the business shall be included—

- (a) service fees;
- (b) consideration received in respect of trading stock;
- (c) gains from the realisation of capital assets and liabilities of the business as calculated under Chapter IV;
- (d) amounts required to be included by the Second or Fourth Schedule to this Act on the realisation of the person's depreciable assets of the business;
- (e) amounts derived as consideration for accepting a restriction on the capacity to conduct the business;
- (f) gifts received by the person in respect of the business;
- (g) amounts derived that are effectively connected with the business and that would otherwise be included in calculating the person's income from an investment; and

(h) other amounts required to be included under this Act.

(3) In calculating a person's gains and profits from conducting a business for a year of assessment the following shall be excluded:-

- (a) exempt amounts and final withholding payments; and
- (b) amounts that are included in calculating the person's income from an employment.

Investment
income.

7. (1) A person's income from an investment for a year of assessment shall be the person's gains and profits from that investment for the year.

(2) In calculating a person's gains and profits from an investment derived or received during a year of assessment the following amounts received or derived by the person during the year of assessment from the investment shall be included:-

- (a) dividends, interest, discounts, charges, annuities, natural resource payments, rents, premiums and royalties;
- (b) gains from the realisation of investment assets as calculated under Chapter IV;
- (c) amounts derived as consideration for accepting a restriction on the capacity to conduct the investment;
- (d) gifts received by the person in respect of the investment;
- (e) winnings from lotteries, betting or gambling; and
- (f) other amounts required to be included under this Act.

(3) In calculating a person's gains and profits from an investment for a year of assessment the following shall be excluded:-

- (a) exempt amounts and final withholding payments;
and
- (b) amounts that are included in calculating the person's income from an employment or business.

8. (1) A person's income from other sources for a year of assessment shall be that person's gains and profits from any source whatsoever for the year, not including profits of a casual and non-recurring nature. Other income.

(2) In calculating a person's gains or profits from any source whatsoever, the following shall be excluded:-

- (a) exempt amounts and final withholding payments;
and
- (b) amounts that are included in calculating the person's income from an employment, business or investment.

Division III: Exempt Amounts

9. (1) The amounts referred to in the Third Schedule to this Act shall be exempt from the payment of tax. Exempt amounts.

(2) Notwithstanding any law to the contrary, an exemption of any person or amount from tax imposed by this Act shall not be provided and an agreement that affects or purports to affect the application of this Act shall not be entered into, except as provided for in this Act.

(3) Subsection (2) shall not apply to a provision in another law or an agreement that is in force on date of commencement of this Act.

Division IV: Deductions

General
Deduction.

10. (1) (a) No deduction shall be made in calculating a person's income from employment.

(b) The following deductions shall not be made in calculating a person's income:-

- (i) domestic expenses incurred by the person (section 197);
- (ii) tax payable under this Act;
- (iii) interest, penalties and fines payable to a government or a political subdivision of a government of any country for breach of any written law;
- (iv) expenditure to the extent incurred by a person in deriving exempt amounts or final withholding payments;
- (v) retirement contributions, unless they are included in calculating the income of an employee or consist of a contribution by an employer to a pension, provident or savings fund or a savings society, which is approved by the Commissioner-General subject to any specified conditions;
- (vi) dividends of a company;
- (vii) outlays or expenses for entertainment;
- (viii) an amount that a person has transferred, in his financial accounts, to a reserve or provision for expenditures or losses not yet incurred but expected to be incurred in a future year of assessment;

- (ix) amounts incurred on lotteries, betting or gambling, other than amounts incurred from conducting a business of lotteries, betting or gambling; or
- (x) taxes or other levies specified by the Commissioner-General.

(2) Where a person is allowed a deduction for a payment from which the person is required to withhold tax under Division II of Chapter VIII, the deduction shall not be allowed until the tax withheld has been paid to the Commissioner-General.

(3) No deduction shall be allowed except as expressly permitted by this Act.

(4) Where more than one deduction applies, the most specific deduction shall be applied even if that results in the denial of a deduction.

11. (1) In calculating a person's income from a business or investment for a year of assessment, expenses to the extent they are incurred during the year by the person and in the production of income from the business or investment, shall be deducted.

Main deduction.

(2) No deduction shall be allowed under subsection (1) for an expense of a capital nature.

(3) In this section, "expense of a capital nature" includes an expense that secures a benefit capable of lasting longer than twelve months.

12. For the purposes of section 11, the interest incurred by a person during a year of assessment under a debt obligation of the person shall be deemed to be incurred in the production of income to the extent that –

Interest expense.

- (a) where the debt obligation was incurred in borrowing money, the money is used during the

year or was used to acquire an asset that is used during the year in the production of income; and

(b) in any other case, the debt obligation was incurred in the production of income.

Allowance for trading stock.

13. (1) For the purposes of calculating a person's income from a business for a year of assessment, in respect of trading stock of the business, the allowance calculated under subsection (2) shall be deducted.

(2) The allowance shall be calculated as –

(a) the opening value of trading stock of the business for the year of assessment; plus

(b) expenses incurred by the person during the year that are included in the cost of trading stock of the business; less

(c) the closing value of trading stock of the business for the year.

(3) The opening value of trading stock of a business for a year of assessment shall be the closing value of trading stock of the business at the end of the previous year of assessment.

(4) The closing value of trading stock of a business for a year of assessment shall be the lower of –

(a) the cost of the trading stock of the business at the end of the year; or

(b) the market value of the trading stock of the business at the end of the year.

(5) Where the closing value of trading stock is determined in accordance with paragraph (b) of subsection (4), the cost of the trading stock shall reset to that value.

14. (1) Expenses for the repair or improvement of depreciable assets and meeting the requirements of subsection (1) of section 11 of a person for any year of assessment shall be deducted irrespective of whether they are of a capital nature or not. Repairs and improvements.

(2) The deductions referred to in subsection (1) granted for a year of assessment with respect to a depreciable asset of a person –

- (a) shall not exceed –
 - (i) in the case of repair or improvement to a Class 4 depreciable asset, five percent of the written down value of the asset at the end of the previous year (paragraph 4(3) of the Fourth Schedule);
 - (ii) in all other cases, twenty percent of the written down value of the asset at the end of the previous year (paragraph 4(3) of the Fourth Schedule); and
- (b) shall be allowed in the order in which the expenses are incurred.

(3) Excess expense for which a deduction shall not be allowed as a result of the limitation in subsection (2) shall be added to the depreciation basis of the asset year (paragraph (3) of the Fourth Schedule).

15. (1) Research and development expenses and agricultural start up expenses meeting the requirements of subsection (1) of section 11 may be deducted irrespective of whether they are of a capital nature or not. Research and development expenses and agricultural start up expenses.

(2) In this section –

“agricultural start up expenses” means expenses incurred by the person in –

- (a) opening up any land for cultivation or for animal husbandry;

- (b) cultivating land referred to in paragraph (a) with plants;
- (c) the purchase of livestock or poultry to be reared on land referred to in paragraph (a); or
- (d) maintaining tanks or ponds or the clearing or preparation of any inland waters for the rearing of fish and the purchase of fish to be reared in such tank, pond or inland waters, as the case may be;

“research and development expenses” means expenses incurred by the person in –

- (a) carrying on any scientific, industrial, agricultural or any other research for the upgrading of the person’s business through any institution in Sri Lanka (or for any innovation or research relating to high value agricultural products, by the person or through any research institution in Sri Lanka); or
- (b) the process of developing the person’s business and improving business products or process,

which shall be beneficial to Sri Lanka, but shall exclude expenses incurred that are otherwise included in the cost of an asset under this Act.

Capital allowances and balancing allowances.

16. (1) For the purposes of calculating a person’s income from a business for a year of assessment –

- (a) the Capital allowances referred to in subsection (2) shall be deducted; and
- (b) the balancing allowances referred to in subsection (4) shall be deducted;

(2) Capital allowances are –

- (a) granted in respect of depreciable assets owned and used by a person at the end of a year of assessment in the production of the person's income from a business; and
- (b) calculated in accordance with the provisions of the Second or Fourth Schedule to this Act.

(3) Capital allowances granted with respect to a particular year of assessment shall be taken in that year and shall not be deferred to a later year of assessment.

(4) Balancing allowances are –

- (a) made in respect of depreciable assets -
 - (i) realised during a year of assessment; and
 - (ii) in respect of which Capital allowances have been granted in that year or an earlier year; and
- (b) calculated in accordance with the provisions of the Second or Fourth Schedule to this Act.

17. (1) For the purposes of calculating a person's income from a business for a year of assessment, a loss of the person from the realisation during the year of assets and liabilities referred to in subsection (2) shall be deducted. The loss shall be calculated under Chapter IV.

Losses on realisation of business assets and liabilities.

(2) The assets and liabilities are –

- (a) capital assets of a business to the extent to which the assets were used in the production of income from the business; and

- (b) liabilities of a business to the extent to which –
- (i) in the case of a liability that is a debt obligation incurred in borrowing money, the money was used or an asset purchased with the money was used in the production of income from the business; and
 - (ii) in the case of any other liability, the liability was incurred in the production of income from the business.

Deductible amount of financial cost.

18. (1) The amount of financial costs deducted in calculating an entity's income, other than a financial institution from conducting a business or investment for a year of assessment shall not exceed the amount of financial costs attributable to financial instruments within the limit referred to in subsection (2).

(2) The limit shall be computed according to the following formula:-

$$A \times B$$

Where:

'A' is the total of the issued share capital and reserves of the entity; and

'B' is –

- (a) in the case of a manufacturing entity, the number 3; and
- (b) in the case of an entity other than a manufacturing entity, the number 4.

(3) Financial costs for which a deduction is denied as a result of subsection (1), may be carried forward and treated

as incurred during any of the following six years of assessment, but only to the extent of any unused limitation in subsection (2) for the year.

(4) The Commissioner-General may specify the circumstances in which losses on financial instruments may only be set against gains on financial instruments.

(5) In this section, “reserves” exclude reserves arising from the revaluation of any asset.

19. (1) In calculating the income of a person from a business for a year of assessment, the following shall be deducted:— Business or investment losses.

- (a) an unrelieved loss of the person for the year from any other business; and
- (b) an unrelieved loss of the person for any of the previous six years of assessment from the business or any other business.

(2) The person may choose the income calculation or calculations in which an unrelieved loss or part of the loss is deducted. However, where a loss can be deducted under subsection (1) it shall be deducted.

(3) Notwithstanding the provisions of subsections (1) and (2), where a person makes a loss and if the loss were a profit it would be taxed at a reduced rate, the loss shall be deducted only in calculating income taxed at the same reduced rate, a lower reduced rate or exempt amounts. If the loss were a profit and the profit would be exempt, the loss shall be deducted only in calculating exempt amounts.

(4) The provisions of subsections from (1) to (3) shall subject to the provisions in subsection (5), apply to

calculating income from an investment and unrelieved losses from an investment so that –

- (a) unrelieved losses from a business may be deducted in calculating income from an investment;
- (b) unrelieved losses from an investment shall be deducted only in calculating income from an investment.

(5) Subject to section 194, a gain from the realisation of an investment asset shall not be reduced by any loss on the disposal of another investment asset.

(6) In this section –

“loss” of a person for a year of assessment from a business or investment shall be calculated as the excess of amounts deducted in accordance with this Act (other than under this section or subsection (5) of section 25) in calculating the person’s income from the business or investment over amounts included in calculating that income; and

“unrelieved loss” means the amount of a loss that has not been deducted in calculating a person’s income under this section or subsection (5) of section 25.

CHAPTER III

CALCULATION OF THE INCOME TAX

Division 1: Method of Accounting

Change in the year of assessment.

20. (1) The year of assessment means the period of twelve months commencing on the first day of April of any year and ending on the thirty first day of March in the immediately succeeding year.

(2) A trust or company may apply to the Commissioner-General for a change to its year of assessment and the Commissioner-General may, on such terms and conditions as the Commissioner-General thinks fit, approve the change. The Commissioner-General may revoke an approval if a trust or company fails to comply with a term or condition attached to the approval.

(3) A change in a trust or company's year of assessment shall result in altering the time at which the trust or company shall pay tax by instalments and on assessment under Chapter VIII.

21. (1) Unless otherwise provided by this Act, the timing of inclusions and deductions in calculating a person's income shall be made according to generally accepted accounting principles.

Method of accounting.

(2) An individual shall account for income tax purposes on a cash basis in calculating the individual's income from an employment or investment.

(3) An individual or entity conducting business shall account for income tax purposes on an accrual basis.

(4) A person shall account for income tax purposes the income from sources other than the sources referred to in subsections (2) and (3) on either a cash or accrual basis, whichever properly computes the person's income.

(5) Subject to subsections (2) and (3), the Commissioner-General may by written notice require a person to use a particular method of accounting or may approve an application of a person to change the person's method of accounting. The Commissioner-General shall be satisfied that the new method is necessary to properly compute the person's income.

(6) Where a person's method of accounting changes, adjustments shall be made in the year of assessment following

the change so that no item is omitted or taken into account more than once.

Cash basis
accounting.

- 22.** (1) Under the cash basis of accounting, a person –
- (a) derives an amount when payment is received by or made available to the person; and
 - (b) incurs an expense or other amount when it is paid by the person.

(2) For the purpose of this section, payment received in relation to an amount shall include –

- (a) used on behalf of the person either at the instruction of the person or under any law;
- (b) reinvested, accumulated or capitalised for the benefit of the person;
- (c) credited to an account, or carried to any reserve, or a sinking or insurance fund for the benefit of the person; or
- (d) constructive receipt.

Accrual basis
accounting.

- 23.** (1) Under the accrual basis of accounting, a person –
- (a) derives an amount when it is receivable by the person; and
 - (b) incurs an expense or other amount when it is payable by the person.

(2) An amount shall be receivable by a person when the person becomes entitled to receive it, even if the time for discharge of the entitlement is postponed or the entitlement is payable by instalments.

(3) An amount shall be treated as payable by the person when all the events that determine liability have occurred and the amount of the liability can be determined with reasonable accuracy, but not before economic performance with respect to the amount occurs.

(4) For the purposes of subsection (3), economic performance occurs –

- (a) with respect to the acquisition of services or assets, at the time the services or assets are provided;
- (b) with respect to the use of an asset, at the time the asset is used; and
- (c) in any other case, at the time the person makes payment in full satisfaction of the liability.

(5) Where in calculating income on an accrual basis an inaccuracy referred to in subsection (6) or (7) occurs –

- (a) appropriate adjustments shall be made at the time the payment is received or made to remedy the inaccuracy, or at the time of the deemed inaccuracy; and
- (b) the Commissioner-General may require the person to include the appropriate adjustment in the year of assessment in which the inaccuracy originally occurred notwithstanding the time limits specified in Part II of this Act for the amendment of assessments.

(6) An inaccuracy occurs –

- (a) when a person is calculating for a payment of a particular quantity to which the person is entitled or that the person is obliged to make; and

- (b) subsequently that entitlement or obligation being satisfied by a payment received or made by the person, as the case requires, of a different amount, including by reason of a change in currency valuations.

(7) An inaccuracy is deemed to occur when –

- (a) a person is calculating for a payment of a particular quantity that the person is obliged to make; and
- (b) subsequently that obligation is not satisfied by a payment being made by the person within three years of the obligation arising.

Reverse of amounts including bad debts.

24. (1) Where a person deducts an expense in calculating the person's income and the person later recovers the expense, the person shall, at the time of recovery, include the amount recovered in calculating the person's income.

(2) Where a person includes an amount in calculating the person's income, because of a legal obligation to do so, and the person later refunds the amount, the person shall, at the time of refund, shall deduct the amount refunded in calculating the person's income.

(3) Where, in calculating income on an accrual basis, a person deducts an expense that the person is obliged to make and the person later disclaims an obligation to incur the expense, the person shall, at the time of disclaimer, include the amount disclaimed in calculating the person's income.

(4) Subsection (5) shall be applicable where, in calculating income on an accrual basis, a person includes an amount to which the person is entitled and the person later –

- (a) disclaims an entitlement to receive the amount; or

(b) in the case where the amount constitutes a debt claim of the person, the person writes off the debt as bad.

(5) Subject to the provisions of subsection (6), the person may, at the time of disclaimer or write off, deduct the amount disclaimed or written off in calculating the person's income.

(6) Subject to section 66 (banking business activities), a person cannot disclaim the entitlement to receive an amount or write off a debt claim as bad unless the person has taken reasonable steps in pursuing payment and the person reasonably believes that the entitlement or debt claim will not be satisfied.

Division II: Long Term Contracts

25. (1) This section shall apply to a person who conducts a business, accounts for income tax purposes on an accrual basis with respect to that business and is a party to a long-term contract. Long-term contracts.

(2) Amounts to be included or deducted in calculating the person's income that relate to a long-term contract shall be taken into account on the basis of the percentage of the contract completed during each year of assessment.

(3) The percentage of completion shall be determined by comparing the total expenses allocated to the contract and incurred before the end of a year of assessment with the estimated total contract expenses as determined at the time of commencement of the contract.

(4) Subsection (5) shall apply where a long-term contract is completed and the person has an unrelieved loss attributable to that contract for the year of assessment in which the contract ended or any earlier year of assessment. An unrelieved loss of a business for a year of assessment shall be attributable to a long-term contract to the extent that there is a loss from the contract for the year.

(5) The Commissioner-General may allow the unrelieved loss to be carried back and treated as an unrelieved loss of an earlier year of assessment for the purpose of section 19. The amount carried back shall be limited to the profit, if any, from the contract for the year of assessment to which the loss is carried back.

(6) A profit or a loss from a long-term contract for a year of assessment shall be determined by comparing amounts included in income under the contract with deductions under the contract for that year.

(7) In this section –

“long-term contract” means a contract –

- (a) for manufacture, installation or construction or, in relation to each, the performance of related services; and
- (b) which is not completed within twelve months of the date on which work under the contract commences.

“unrelieved loss”, with respect to a business, shall have the meaning given in section 19.

Foreign
currency and
financial
instruments.

26. (1) Subject to subsections (4) and (5), this section shall apply to a person who is a financial institution where, under the provisions in Division II or IV of Chapter II, that person shall include an amount or may deduct an amount in relation to a financial instrument in calculating income from a business or investment.

(2) The time at which the amount is to be included or deducted shall be determined in accordance with generally accepted accounting principles. Those principles also determine to whom the amount shall be allocated, its quantum and its character.

(3) In particular, generally accepted accounting principles apply even if they require the inclusion or deduction of an amount on a fair value accounting (mark-to-market) basis irrespective of –

- (a) the other provisions of this Division;
- (b) whether or not the amounts have yet been derived, incurred or realised; and
- (c) whether or not the amounts are of a capital or revenue nature.

(4) With the prior written approval of the Commissioner-General a person may include an amount or deduct an amount in relation to a financial instrument in calculating income from a business or investment –

- (a) when realised;
- (b) using a specified treatment relating to the character and timing of the amount, including where the financial instrument has been entered into for hedging purposes; and
- (c) where the amount is in a currency other than Sri Lankan Rupees, using a specified translation method such as requiring that the amount must be translated to Sri Lankan Rupees at the exchange rate applying between the foreign currency and Sri Lankan Rupees on the date the amount is taken into account for the purposes of this Act.

(5) The Commissioner-General may specify the extent to which this section applies to another person or class of persons.

(6) In the absence of an applicable specification by the Commissioner-General under subsection (5), an amount taken

into account under this Act shall be expressed in Sri Lankan Rupees and, if an amount is in a currency other than Sri Lankan Rupees, the amount shall be translated to Sri Lankan Rupees at the Central Bank of Sri Lanka exchange rate applying between the foreign currency and Sri Lankan Rupees on the date the amount is taken into account for the purposes of this Act.

Quantifying a payment or amount.

27. (1) A payment or amount to be included or deducted in calculating income of a person shall be quantified in the amount, as specified by the Commissioner-General or, in any other case, according to market value.

(2) The amount of a payment shall be quantified without reduction for any tax withheld from the payment under Division II of Chapter VIII of this Act.

(3) Market value shall be determined –

- (a) with due regard for the arm's length standard referred to in section 33; but
- (b) in the case of an asset, without regard to any restriction on transfer of the asset or the fact that the asset is not otherwise convertible into a payment of money or money's worth.

Indirect payments.

28. (1) Subsection (2) shall apply where a person may indirectly benefit from a payment or direct who is to be the payee of a payment and the payer intends the payment to benefit the person.

(2) The Commissioner-General may, by notice in writing served on the person –

- (a) treat a person as the payee of the payment;
- (b) treat a person as the payer of the payment; or

- (c) treat the person as the payee of the payment and as making an equal payment to the person who would be considered the payee of the payment.

(3) In this section, an intention of the payer of a payment includes an intention of an associate of the payer or a third person under an arrangement with the payer or with an associate of the payer.

29. (1) In calculating a person's income from an investment that is jointly owned with another person, amounts to be included and deducted shall be apportioned among the joint owners in proportion to their interests in the investment. Jointly owned investments.

(2) Where the interests of joint owners cannot be ascertained they shall be treated as equal.

30. Where a person or an associate of the person derives an amount which compensates for or represents recovery of – Compensation and recovery payments.

- (a) income or an amount to be included in calculating income, which the person expects or expected to derive; or
- (b) a loss or an amount to be deducted in calculating income, which the person has incurred or which the person expects or is expected to incur,

subject to section 24, the compensation amount shall be included in calculating the income of the person and takes its character from the amount compensated for.

31. (1) Payments made by a person under a finance lease or in acquiring an asset under an instalment sale shall be treated as interest and a repayment of capital under a loan made by the lessor or seller to the lessee or buyer, as the case requires. Annuities, instalment sales and finance leases.

(2) Payments made to a person under an annuity shall be treated as interest and a repayment of capital under a loan made by the person to the payer of the annuity.

(3) The interest and repayment of capital under subsections (1) and (2) shall be calculated as if the loan were a blended loan with interest compounded six-monthly or such other period as the Commissioner-General may specify.

(4) Section 49 provides further provisions regarding transfers under finance leases and instalment sales.

(5) The Commissioner-General may specify any other forms of financing that relates to interest substitutes.

(6) For the purposes of this section –

“annuity” does not include an amount payable –

- (a) under an order of court by way of payment of alimony or maintenance; or
- (b) to a spouse under a duly executed deed of separation;

“blended loan” means a loan –

- (a) under which payments by the borrower represent in part a payment of interest and in part a repayment of capital;
- (b) where the interest part is calculated on capital outstanding at the time of each payment; and
- (c) where the rate of interest is uniform over the term of the loan;

“finance lease” means a lease where –

- (a) the lease agreement provides for transfer of ownership following the end of the lease term or the lessee has an option to acquire the asset after expiry of the lease term for a fixed or presupposed price;

- (b) the lease term exceeds seventy five *per cent* of the useful life of the asset;
- (c) the estimated market value of the asset after expiry of the lease term is less than twenty *per cent* of its market value at the start of the lease;
- (d) in the case of a lease that commences before the last twenty five percent of the useful life of the asset, the present value of the minimum lease payments equals or exceeds ninety *per cent* of the market value of the asset at the start of the lease term; or
- (e) the asset is custom-made for the lessee and after expiry of the lease term the asset will not be of practical use to any person other than the lessee;

“instalment sale” excludes a sale that provides for commercial periodic interest payable on sales proceeds outstanding; and

“lease term” includes an additional period for which the lessee has an option to renew a lease.

32. Income arising from any Islamic financial transaction shall be subject to tax in a similar manner as equivalent in substance to non-Islamic financial transactions.

Islamic financial transactions.

33. (1) Where an arrangement exists between associated persons, the persons shall calculate their income and tax payable according to the arm’s length standard.

Arm’s length standard and arrangements between associates.

(2) The arm’s length standard requires associated persons to quantify, characterise, apportion and allocate amounts to be included or deducted in calculating income to reflect arrangements that would have been made between independent persons.

(3) The Commissioner-General may by publication in the *Gazette* specify the manner in which arm's length agreements may be entered into for the purpose of determining the arm's length price.

(4) Where, in the opinion of the Commissioner-General, a person fails to comply with subsection (1), the Commissioner-General may make adjustments in compliance with subsection (1) and the Commissioner-General may –

- (a) re-characterise an arrangement made between associated persons, including re-characterising debt financing as equity financing;
- (b) re-characterise the source and type of any income, loss, amount or payment; and
- (c) apportion and allocate expenditure, based on turnover.

Income splitting.

34. (1) Where a person attempts to split income with another person, the Commissioner-General may prevent any reduction in tax payable by issuing a notice in writing.

(2) A notice referred to in subsection (1) may contain amounts to be included or deducted in calculating the income of each person or re-characterise the source and type of any income, loss, amount or payment.

(3) A reference to a person attempting to split income includes a reference to an arrangement between associated persons –

- (a) for the transfer of an asset (directly or indirectly), including the transfer of an amount to be derived;
- (b) where the transferor retains any legal or implicit right to benefit (currently or in the future) from the asset; and

- (c) where one of the reasons for the transfer is to lower tax payable by any person.

(4) Where a spouse receives income for services rendered in any business carried on or exercised –

- (a) by the other spouse; or
- (b) by a partnership of which that other spouse is a partner,

the income shall be included in the income of the spouse who carries on the business or that partnership of which that other spouse is a partner.

35. (1) This section shall apply where the Commissioner-General is satisfied that – Tax avoidance schemes.

- (a) a scheme has been entered into or carried out;
- (b) a person has obtained a tax benefit in connection with the scheme; and
- (c) having regard to the substance of the scheme, it can be concluded that a person, or one of the persons, who entered into or carried out the scheme did so for the sole or dominant purpose of enabling the person referred to in paragraph (b) to obtain a tax benefit.

(2) Notwithstanding anything in this Act, the Commissioner-General may determine the tax liability of the person who obtained the tax benefit as if the scheme had not been entered into or carried out, or as if a reasonable alternative to entering into or carrying out the scheme would have instead been entered into or carried out, or that any transaction which reduces or would have the effect of

reducing the amount of tax payable by any person is artificial or fictitious and can make compensating adjustments to the tax liability of any other person affected by the scheme.

(3) Where a determination or adjustment is made, the Commissioner-General shall issue an assessment giving effect to the determination or adjustment.

(4) The assessment made under subsection (3) shall be served within five years from the last day of the year of assessment to which the determination or adjustment relates.

(5) For the purposes of this section -

“scheme” includes any course of action, trust, grant, agreement, arrangement, understanding, promise, plan, proposal or undertaking, whether express or implied and whether or not enforceable;

“tax benefit” means –

- (a) a reduction in a liability to pay tax, including on account of a deduction, credit, offset or rebate;
- (b) a postponement of a liability to pay tax;
- (c) any other advantage arising because of a delay in payment of tax; or
- (d) anything that causes –
 - (i) an amount of gross revenue to be exempt income or otherwise not subject to tax; or
 - (ii) an amount that would otherwise be subject to tax not to be taxed.

CHAPTER IV

ASSETS AND LIABILITIES

Division I: Calculation of Gains and Losses

36. (1) A person's gain from the realisation of an asset or liability shall be the amount by which the sum of the consideration received for the asset or liability exceeds the cost of the asset or liability at the time of realisation. Calculating gains and losses.

(2) The loss of a person from the realisation of an asset or liability shall be the amount by which the cost of the asset or liability exceeds the sum of the consideration received for the asset or liability at the time of realisation.

(3) A gain made by a person on the realisation of an investment asset shall be reduced by any part of the gain that is included in calculating the person's income from an employment or business.

(4) Where an asset or liability owned by a person is used in the production of two or more sources of income, the cost of and consideration received for the asset shall be apportioned between each source according to the market value of the parts used to produce each source.

37. (1) Subject to this Act, the cost of an asset of a person shall be the sum of – Cost of an asset.

- (a) expenditure incurred by the person in acquiring the asset including, where relevant, expenditure on construction, manufacture or production of the asset;
- (b) expenditure incurred by the person in altering, improving, maintaining or repairing the asset;
- (c) incidental expenditure incurred by the person in acquiring and realising the asset; and

(d) income amounts referred to in subsection (2).

(2) An income amount shall be –

- (a) an amount required by Division II of Chapter II to be directly included in calculating the person's income or that is an exempt amount or final withholding payment of the person;
- (b) where the treatment in paragraph (a) results from the person acquiring the asset or another person incurring expenditure of the type mentioned in paragraph (b) or (c) of subsection (1) on behalf of the person.

(3) The cost of an asset shall not include consumption expenditure, excluded expenditure and expenditure to the extent to which it is deducted in calculating a person's income or included in the cost of another asset.

(4) In this section, "incidental expenditure" incurred by a person in acquiring or realising an asset shall include –

- (a) advertising expenditure, transfer taxes, duties and other expenditure of transfer;
- (b) expenditure of establishing, preserving or defending ownership of the asset; and
- (c) remuneration for the services of an accountant, agent, auctioneer, broker, consultant, legal advisor, surveyor or valuer relating to expenditure referred to in paragraph (a) or (b).

Consideration
received.

38. (1) Subject to this Act, consideration received for an asset of a person at a particular time shall be –

- (a) amounts received or receivable by the person for the asset, including the fair market value of any

consideration in kind determined at the time of realisation;

- (b) amounts derived by the person in respect of owning the asset including –
 - (i) amounts derived from altering or decreasing the value of the asset; and
 - (ii) amounts derived from the asset including by way of covenant to repair or otherwise; and
- (c) amounts derived by the person or an entitlement for the person to derive an amount in the future in respect of realising the asset.

(2) The consideration received for the realisation of an asset shall include the consideration for the grant of an option in relation to the asset, only if the person has not been subject to tax in respect of any income or gain made on the grant of the option.

(3) The consideration received for an asset shall not include an exempt amount, a final withholding payment or, other than in the case of trading stock, an amount to be directly included in calculating the person's income under Division II of Chapter II.

39. Subject to this Act, a person who owns an asset shall be treated as realising the asset – Realisation.

- (a) when that person parts with ownership of the asset, including when the asset is sold, exchanged, transferred, distributed, cancelled, redeemed, destroyed, lost, expired, expropriated or surrendered;
- (b) in the case of an asset of a person who ceases to exist, including by reason of the death of an

individual, immediately before the person ceases to exist;

- (c) in the case of an asset other than trading stock or a depreciable asset, where the sum of consideration received from owning the asset exceeds the cost of the asset;
- (d) in the case of an asset that is a debt claim owned by a person, the person reasonably believes the debt claim will not be satisfied, where the person has taken reasonable steps in pursuing the debt claim and the person writes the debt off as bad;
- (e) in the case of trading stock, a depreciable asset, a capital asset of a business or an investment asset, immediately before the person begins to employ the asset in such a way that it ceases to be an asset of any of those types; and
- (f) in the circumstances referred to in section 70 (change of residence).

Liabilities.

40. (1) The costs of and consideration received for a liability of a person shall be determined in accordance with sections 37 and 38 as though –

- (a) a reference to an asset were a reference to a liability;
- (b) expenditure incurred in realising the liability is included in the costs of the liability; and
- (c) amounts derived in respect of incurring the liability are included in the consideration received for the liability.

(2) Subject to this Act, a person who owes a liability shall be treated as realising the liability –

- (a) when the person ceases to owe the liability, including when the liability is transferred, satisfied, cancelled, released or expired;

- (b) in the case of a liability of a person who ceases to exist, including by reason of the death of an individual, immediately before the person ceases to exist; and
- (c) in the circumstances referred to in section 70 (change of residence).

(3) Subject to any regulations, the provisions of Division II shall apply, with any necessary adaptations, to liabilities in a manner similar to that in which they apply to assets.

41. (1) Subject to section 24, where a person includes expenditure in the cost of an asset or liability and later recovers the expenditure, the person shall include the amount recovered in the consideration received for the asset or liability, as the case requires.

Reversal,
quantification
and
compensation of
amounts.

(2) Subject to section 24 where a person includes an amount derived as consideration received for an asset or liability and, later refunds the amount, the person may include the amount refunded in the cost of the asset.

(3) Where a person or an associate of a person derives an amount which compensates for or represents –

- (a) recovery of actual or expected costs or expected but not received consideration for an asset or liability; or
- (b) a loss in value of an asset or increase in a liability,

subject to any other adjustment made under this Act, the compensation amount shall be included in the consideration received for the asset or liability, as the case requires.

Division II: Realisation of assets

Cost of trading stock and other fungible assets.

42. (1) For the purposes of determining the cost of trading stock of a business of a person –

- (a) no amount shall be included in respect of the repair, improvement or depreciation of depreciable assets; and
- (b) subject to the provisions of paragraph (a), the absorption-cost method shall be used for amounts that are eligible to be included in the cost of the trading stock (section 37).

(2) The owner of an asset referred to in subsection (3) may elect for the cost of the asset to be determined according to the first-in-first-out method or the average-cost method. Once chosen, the method shall only be changed with the written permission of the Commissioner-General.

(3) The assets referred to in subsection (2) shall be trading stock or any other type of asset specified by the Commissioner-General that are fungible and not readily identifiable.

(4) In this section –

“absorption-cost method” means the generally accepted accounting principle under which the cost of trading stock is the sum of direct asset costs, direct labour costs and factory overhead costs;

“average-cost method” means the generally accepted accounting principle under which costs are allocated to fungible assets of a particular type owned by a person based on a weighted average cost of all assets of that type owned by the person;

“direct labour costs” means expenditure incurred by a person on labour that directly relates to the production of trading stock;

“direct asset costs” means expenditure incurred by a person in acquiring any asset or assets that constitutes trading stock or becomes an integral part of trading stock produced;

“factory overhead costs” means all expenditure incurred by a person in producing trading stock except direct labour and direct asset costs; and

“first-in-first-out method” means the generally accepted accounting principle under which costs are allocated to a fungible asset of a particular type owned by a person based on the assumption that assets of that type owned by the person are realised in the order of their acquisition.

43. Where a person realises an asset in any of the manners set out in paragraphs (c) to (f) of section 39 – Realisation with retention of asset.

(a) the person shall be treated as having parted with ownership of the asset and deriving an amount in respect of the realisation equal to the market value of the asset at the time of the realisation; and

(b) the person shall be treated as reacquiring the asset and incurring expenditure of the amount referred to in paragraph (a) in the acquisition.

44. Where on death or as part of a divorce settlement or *bona fide* separation agreement an individual transfers, an asset to a spouse or former spouse and an election for this section to apply is made by the spouse or former spouse in writing – Transfer of asset to spouse or former spouse.

(a) the individual shall be treated as deriving an amount in respect of the realisation equal to the net cost of the asset immediately before the realisation; and

- (b) the spouse or former spouse shall be treated as incurring expenditure of the amount referred to in paragraph (a) in acquiring the asset.

Transfer of asset on death.

45. Where an individual realises an asset on death by way of transfer of ownership of the asset to another person –

- (a) the individual shall be treated as deriving an amount in respect of the realisation equal to the net cost of the asset at the time of realisation; and
- (b) the person who acquires ownership of the asset shall be treated as incurring expenditure of the amount referred to in paragraph (a) in the acquisition.

Transfer of asset to an associate or for no consideration.

46. (1) Subject to this section and sections 44 and 45, where a person realises an asset by way of transfer of ownership of the asset to an associate of the person or by way of transfer to any other person by way of gift –

- (a) the person shall be treated as deriving an amount in respect of the realisation equal to the greater of the market value of the asset or the net cost of the asset immediately before the realisation; and
- (b) the person who acquires ownership of the asset shall be treated as incurring expenditure of the amount referred to in paragraph (a) in the acquisition.

(2) Where an individual realises an asset by way of transfer of ownership of the asset to an associate of the individual or a charitable institution and the requirements of subsection (3) are met –

- (a) the individual shall be treated as deriving an amount in respect of the realisation equal to the net cost of the asset immediately before the realisation; and
- (b) the associate or the charitable institution shall be treated as incurring expenditure of the amount referred to in paragraph (a) in acquiring the asset.

(3) The requirements specified in subsection (2) shall be—

(a) in the case of a transfer to an associate—

(i) the associate in relation to the individual is the individual's child by marriage or adoption, spouse, parent, grandparent, grandchild, sibling, aunt, uncle, nephew, niece or first cousin; and

(ii) the asset is an interest in land or a building situated in Sri Lanka; or

(b) in the case of a transfer to a charitable institution, the transfer occurs by way of gift.

(4) Where a person realises an asset, being trading stock, a depreciable asset, an investment asset or a capital asset of a business, by way of transfer of ownership of the asset to an associate of the person and the requirements of subsection (5) are met —

(a) the person shall be treated as deriving an amount in respect of the realisation equal to the net cost of the asset immediately before the realisation; and

(b) the associate shall be treated as incurring expenditure of the amount referred to in paragraph (a) in acquiring the asset.

(5) The requirements specified in subsection (4) are —

(a) the person or the associate is an entity;

(b) the asset or assets are trading stock, depreciable assets, investment assets or capital assets of a business of the associate immediately after transfer by the person;

- (c) at the time of the transfer –
 - (i) the person and the associate are residents; and
 - (ii) the associate or, in the case of an associate partnership, none of its partners is exempt from income tax; and
- (d) there is continuity of underlying ownership in the asset of at least fifty *per cent*.

Involuntary
realisation of
asset with
replacement.

47. (1) Where a person involuntarily realises an asset in any manner set out in paragraph (a) of section 39 and acquires a replacement asset of the same type within six months before or within one year after the realisation and elects in writing for this subsection to apply, that person shall be treated as –

- (a) deriving an amount in respect of the realisation equal to the aggregate of –
 - (i) the net cost of the asset immediately before the realisation; and
 - (ii) the amount, if any, by which amounts derived in respect of the realisation exceed expenditure incurred in acquiring the replacement asset; and
- (b) incurring expenditure in acquiring the replacement asset equal to the aggregate of –
 - (i) the amount referred to in paragraph (a)(i); and
 - (ii) the amount, if any, by which expenditure incurred in acquiring the replacement asset exceeds amounts derived in respect of the realisation.

(2) The Commissioner-General may specify the circumstances in which the replacement of one security in a company with another security in the same company or a different company (including as a result of merger, demerger or reconstruction) constitutes an involuntary realisation.

48. (1) Subject to section 49 where rights or obligations with respect to an asset owned by one person are assigned to another person, including by way of lease of an asset or part thereof, then –

Realisation by separation.

- (a) where the rights or obligations are permanent, the one person shall be treated as realising part of the asset, but shall not be treated as acquiring any new asset or liability; and
- (b) where the rights or obligations are temporary or contingent, the person shall not be treated as realising part of the asset or liability, but as acquiring a new asset or incurring a new liability, as the case requires.

(2) Rights or obligations shall be considered permanent when they are likely to last for more than fifty years.

49. (1) Where a person grants a mortgage (legal or equitable) or similar form of security over an asset to secure a debt owed to another person –

Transfer by way of security, finance lease or instalment sale.

- (a) the first person shall not be treated as realising the asset or any part of it, but shall be treated as still owning the asset and as having incurred a liability being the secured debt; and
- (b) the other person shall not be treated as acquiring the asset or any part of it, but shall be treated only as owning the secured debt.

(2) Where an asset is leased under a finance lease, the lessor shall be treated as transferring ownership of the asset to the lessee.

(3) Subject to section 46 where a person transfers an asset under an instalment sale or, under a finance lease under subsection (2) –

- (a) the person shall be treated as deriving an amount in respect of the transfer equal to the market value of the asset immediately before the transfer; and
- (b) the person who acquires the asset shall be treated as incurring expenditure of the amount referred to in paragraph (a) in acquiring the asset.

(4) Where a lessee under a finance lease returns the asset to the lessor before ownership passes to the lessee (except the transaction referred to in subsection (2)) the lessee shall be treated as transferring ownership of the asset back to the lessor.

(5) In this section, “finance lease” and “instalment sale” shall have the same meaning as in section 31.

Payment of tax on gains from realisation of an asset.

50. The manner and the procedure relating to the payment of tax on the gain from realisation of an asset may be specified by the Commissioner- General.

Apportionment of costs and consideration received.

51. (1) Where a person acquires one or more assets by way of transfer at the same time or as part of the same arrangement, the expenditure incurred in acquiring each asset shall be apportioned between the assets according to their market values at the time of acquisition.

(2) Where a person realises one or more assets by way of transfer at the same time or as part of the same arrangement, the amounts derived in realising each asset shall be apportioned between the assets according to their market values at the time of realisation.

(3) Where a person who owns an asset realises part of it, the net cost of the asset immediately before the realisation

shall be apportioned between the part of the asset realised and the part retained according to their market values immediately after the realisation.

CHAPTER V

TYPES OF PERSONS

Division I: Individuals and Entities

52. (1) In arriving at the taxable income of an individual or entity for a year of assessment under section 3, the aggregate qualifying payments referred to in the Fifth Schedule to this Act shall be deducted. Qualifying payments and reliefs.

(2) In arriving at the taxable income of an individual who is resident in Sri Lanka for a year of assessment under section 3, the aggregate reliefs referred to in the Fifth Schedule to this Act shall be deducted.

(3) In arriving at the taxable income of an individual who is not resident in Sri Lanka for a year of assessment but is a citizen of Sri Lanka under section 3, the relief referred to in paragraph 2(a) of the Fifth Schedule to this Act shall be deducted.

Division II: Partnerships

53. (1) Subject to subsection (2), a partnership shall not be liable to pay income tax with respect to its taxable income and shall not be entitled to any tax credit with respect to that income, but shall be liable to pay income tax with respect to withholding payments. Partnerships.

(2) The provisions of subsection (1) shall not apply to a partnership to the extent that the partnership's taxable income includes a gain from the realisation of an investment asset.

(3) Partnership income or a partnership loss of a partnership shall be allocated to the partners in accordance with this Division.

(4) Amounts derived and expenditure incurred in common by partners shall be treated as amounts derived or expenditure incurred by the partnership and not by the partners.

(5) Assets owned and liabilities owed in common by partners shall be treated as assets owned or liabilities owed by the partnership and not by the partners and shall be treated as –

- (a) in the case of assets, acquired when they begin to owe such assets in that way;
- (b) in the case of liabilities, incurred when they begin to owe such liabilities in that way; and
- (c) realised when they cease to be so owned or owed in that way.

(6) Subject to this Act, all business activities of a partnership shall be treated as conducted in the course of a single partnership business.

(7) Subject to this Act, arrangements between a partnership and its partners shall be recognised in instances other than the following, which shall be taken into account in determining a partner's share under subsection (5) of section 55:-

- (a) loans made by a partner to a partnership and any interest paid with respect thereto; and
- (b) services provided by a partner to a partnership (including by way of employment) and any service fee or income from employment payable with respect thereto.

(8) Subject to any consequences under section 63, where there is a change of partners in a partnership at least two existing partners continue with the partnership, the partnership shall be treated as the same entity both before and after the change.

(9) The precedent partner or in the absence of such partner in Sri Lanka, an agent of the partnership in Sri Lanka, shall withhold tax in accordance with section 84 and at the rate provided for in paragraph 10 of the First Schedule to this Act on each partner's share of any partnership income of the relevant partnership year, excluding the share of any partnership income that includes a gain from the realisation of an investment asset in respect of which tax is payable on assessment by the partnership.

54. (1) Partnership income of a partnership for a year of assessment shall be the partnership's income from its business or investment for that year of assessment (sections 6 and 7).

Partnership
income or loss.

(2) A loss incurred by a partnership for a year of assessment shall be the partnership's loss from its business or investment for the year (subsection (5) of section 19).

55. (1) For the purposes of calculating a partner's income from a partnership for a year of assessment of the partner, the partner's share of any partnership income shall be included or the partner's share of any partnership loss of the relevant partnership year shall be deducted. The relevant partnership year is the year of assessment of the partnership ending on the last day of or during the year of assessment of the partner.

Taxation of
partners.

(2) Gains on disposal of an interest of a partner in a partnership shall be treated as income from a business and included in calculating the income of the partner from the partnership and shall be calculated under Chapter IV subject to the adjustments in section 56.

(3) Partnership income or a partnership loss allocated to partners under subsection (1) –

- (a) shall retain its character as to type and source;
- (b) shall be treated as an amount derived or expenditure incurred, respectively, by a partner at the end of the partnership's year of assessment; and
- (c) shall be allocated to the partners proportionately to each partner's share, unless the Commissioner-General, by notice in writing and for good cause, directs otherwise.

(4) Tax paid under the provisions of this Act and foreign income tax paid or treated as paid by the partnership with respect to the partnership income shall be allocated to the partners, proportionately to each partner's share, and shall be treated as paid by them. The allocation occurs at the time partnership income is treated as derived by the partners under paragraph (b) of subsection 3.

(5) For the purposes of this section and subject to subsection (7) of section 53, a "partner's share" shall be equal to the partner's percentage interest in any income of the partnership as set out in the partnership arrangement.

Cost of and consideration received for partnership interest.

56. (1) The following shall be included in the cost of a partner's membership interest in a partnership:-

- (a) amounts included in calculating the partner's income, under subsection (1) of section 55 at the time of the inclusion; and
- (b) the partner's share (subsection (5) of section 55) of exempt amounts and final withholding payments derived by the partnership, at the time the amount or payment is derived.

(2) The following shall be included in the consideration received for a partner's membership interest in a partnership:-

- (a) amounts deducted in calculating the partner's income, under subsection (1) of section 55 at the time of deduction;
- (b) distributions made by the partnership to the partner, at the time of distribution; and
- (c) the partner's share (subsection (5) of section 55) of domestic or excluded expenditure incurred by the partnership, at the time the expenditure is incurred.

Division III: Trusts and Unit Trusts

57. (1) Subject to subsection (2), a trust shall be liable to tax separately from its beneficiaries, and –

Taxation of trusts.

- (a) a trust shall be taxed as an entity, except a trust of an incapacitated individual (not being a minor), which shall be taxed as though it were an individual; and
- (b) amounts derived and expenditure incurred by a trust or a trustee (other than as a bare agent or for an absolutely entitled beneficiary) shall be treated as derived or incurred by the trust and not any other person, regardless of whether or not the amount is derived or incurred on behalf of another person and whether or not any other person is entitled to such an amount or income constituted by such an amount.

(2) A beneficiary of a trust (instead of the trust) shall be liable to tax on the income of the trust to which that beneficiary is presently entitled for the relevant year of

assessment of the trust ending on the last day of or during the year of assessment and –

- (a) amounts derived and expenditure incurred by a trust or a trustee shall be treated as derived or incurred by the beneficiary and not the trust or trustee or any other person;
- (b) each amount shall retain its character as to type and source;
- (c) each amount shall be treated as an amount derived or expenditure incurred, respectively, by the beneficiary at the end of the year of assessment of the trust;
- (d) each amount shall be allocated to the beneficiaries proportionately to each beneficiary's share, unless the Commissioner-General, by notice in writing and for good cause, directs otherwise; and
- (e) tax paid under this Act and foreign income tax paid or treated as paid by the trust with respect to the trust income shall be allocated to the beneficiaries at the time trust income is treated as derived by the beneficiaries under paragraph (c) proportionately to each beneficiary's share, and treated as paid by them.

(3) For the purposes of subsection (2) –

- (a) a beneficiary shall be presently entitled to the income of a trust if the beneficiary has a vested and indefeasible interest in the income and an immediate right to demand payment of the income from the trustee of the trust; and
- (b) provisions of subsection (2) shall not apply to a trust to the extent that the trust's taxable income include a gain from the realisation of an investment asset.

(4) Assets owned and liabilities owed by a trust or a trustee (other than as a bare agent or for an absolutely entitled beneficiary) shall be treated as owned or owed by the trust and not any other person.

(5) Separate calculations of income shall be made for separate trusts regardless of whether they have the same trustees.

(6) Subject to the provisions of this Act, arrangements between a trust and its trustees or beneficiaries shall be recognised.

58. (1) Distributions –

Taxation of beneficiaries.

(a) of a resident trust shall be exempt in the hands of the trust's beneficiaries; and

(b) of a non-resident trust shall be included in calculating the income of the beneficiaries of the trust, except to the extent that the distribution represents an amount that is subject to tax to the trust or trustee under subsection (1) of section 57 or a beneficiary under subsection (2) of section 57.

(2) Gains on disposal of the interest of a beneficiary in a trust shall be included in calculating the income of the beneficiary.

59. (1) For the purposes of this Act, every unit trust or every mutual fund that does not conduct an eligible investment business shall be deemed to be a company resident in Sri Lanka and the provisions of this Act relating to companies resident in Sri Lanka shall apply.

Taxation of unit trusts.

(2) Without prejudice to the generality of the provisions of subsection (1) –

(a) a “unit” in any unit trust or a mutual fund shall be deemed to be a share in that company;

- (b) a unit holder in any unit trust or mutual fund shall be deemed to be a shareholder in that company;
- (c) the income derived by or which arose from or accrued to the benefit of, the trustee of any unit trust or the custodian of any mutual fund from any property subject to that unit trust or mutual fund or from any business carried on by such trustee or such custodian for or on behalf of, that unit trust or mutual fund shall be deemed to be the income of that company;
- (d) any distribution, in any manner whatsoever, of the income of any unit trust or mutual fund to its unit holders shall be deemed to be a dividend distributed to the shareholders of that company; and
- (e) the paid up value of any unit in any unit trust or mutual fund shall be deemed to be the paid up value of any share in that company.

(3) Any sum appropriated or paid by way of remuneration to the manager or the trustee of any unit trust or to the manager or custodian of any mutual fund out of the funds of that unit trust or mutual fund shall, for the purposes of section 11 be deemed to be an expense incurred by that company in the production of its income.

(4) Where this section applies, section 57 shall not apply.

Division IV: Companies

Taxation of companies.

60. (1) A company shall be liable to tax separately from its shareholders.

(2) Subject to the provisions of this Act, all business activities of a company shall be treated as conducted in the course of a single company business.

(3) Subject to the provisions of this Act, arrangements between a company and its managers or shareholders shall be recognised.

61. (1) Dividends –

Taxation of shareholders.

- (a) distributed by a resident company shall be taxed on the company's shareholders; and
- (b) distributed by a non-resident company shall be included in calculating the income of the shareholders.

(2) Gains on disposal of shares in a company shall be included in calculating the income of the shareholder.

62. (1) A non-resident person who carries on business in Sri Lanka through a Sri Lankan permanent establishment shall pay tax on the remitted profits earned within the year of assessment.

Remittance tax.

(2) A non-resident person who has earned remitted profits under subsection (1) shall pay a final tax on the gross amount of the remitted profits to the Commissioner-General in accordance with the rate set out in the First Schedule to this Act on or before the thirtieth day succeeding the date of making such remittances.

(3) In this section, "remitted profits" means amounts remitted or retained abroad out of the profits and income of the non-resident person that are subject to income tax in Sri Lanka, and any amount received outside Sri Lanka by or on behalf of the non-resident person from conducting business in Sri Lanka that is subject to income tax in Sri Lanka, excluding dividends paid by a resident company to the non-resident person.

Division V: Entities

Asset dealings
between entities
and members.

63. Subject to section 46, where an asset is realised by way of transfer of ownership of the asset by an entity to one of its members or *vice versa* –

- (a) the transferor shall be treated as deriving an amount in respect of the realisation equal to the market value of the asset immediately before the realisation; and
- (b) the transferee shall be treated as incurring expenditure of the amount referred to in paragraph (a) in the acquisition.

Change in
control.

64. (1) When the underlying ownership of an entity changes by more than fifty percent as compared with that ownership at any time during the previous three years, the entity, after the change, shall not be permitted to –

- (a) deduct financial costs carried forward under subsection (3) of section 18 that were incurred by the entity prior to the change;
- (b) deduct a loss under subsection (1) of section 19 that was incurred by the entity prior to the change;
- (c) in a case where the entity has, prior to the change, included an amount in calculating income in terms of subsections (2), (4) or (5) of section 24, claim a deduction under those provisions after the change; or
- (d) carry back a loss under subsection (5) of section 25 that was incurred after the change to a year of assessment before the change.

(2) Where a change in ownership of the type referred to in subsection (1) occurs during a year of assessment of an entity, the parts of the year of assessment before and after the change shall be treated as separate years of assessment.

(3) This section shall not apply to a partnership or company that conducts the same business after a change as it conducted before the change for a period of two years after the change.

CHAPTER VI

SPECIAL INDUSTRIES

Division I: Petroleum Operations

65. (1) Any individual or entity who or which has entered into an agreement as a contractor or sub-contractor under the Petroleum Resources Act, No. 26 of 2003 shall be deemed to be resident in Sri Lanka over the term of such contract or sub contract, as the case may be, for the purposes of this Act. Petroleum operations.

(2) The turnover from exports and local sales of petroleum exploited under any Petroleum Resources Agreement referred to in subsection (1), shall be determined on the basis of accepted commercial practices and be subject to any specific provisions in the Petroleum Resources Agreements, entered into under the Petroleum Resources Act, No. 26 of 2003.

(3) The income, gains and profits from the business of petroleum exploitation under any Petroleum Resources Agreement referred to in subsection (1), shall be ascertained after allowing the following deductions in addition to other allowable deductions under the provisions of this Act, and shall notwithstanding anything to the contrary in any other provision of this Act, be chargeable with income tax at the appropriate rate set out in the First Schedule to this Act, provided that the same item of expenditure shall not be deducted more than once:-

- (a) payments made to service sub-contractors for conducting petroleum operations;

- (b) one hundred percent of the cost of acquisition of any plant, machinery or equipment used for the recovery of petroleum resources, instead of the capital allowances under section 16. Any proceeds realised on the sale of such assets shall be considered as a receipt from such business;
- (c) interest expenses;
- (d) royalty paid on petroleum resources recovered under any Petroleum Resources Agreement;
- (e) all expenses on the development and production of petroleum, including capital expenses, where a deduction under paragraph (b) above has not been granted;
- (f) in the year of first commercial production, all costs incurred by any contractor in the exploration for unsuccessful wells in exploration blocks under any Petroleum Resources Agreement, up to and including such year of first commercial production;
- (g) any costs incurred by any contractor in the exploration for unsuccessful wells in exploration blocks under any Petroleum Resources Agreement in any year of assessment, after the first commercial production.

Division II: Financial Institutions and Insurance Entities

Banking
business.

66. (1) For the purposes of this Act, a person's activities in conducting a banking business shall be treated as a business separate from any other activity of the person and the person's income or loss from the business for a year of assessment shall be calculated separately.

(2) Where a person conducting a banking business makes specific provision for a debt claim in accordance with the

relevant directives made by the Central Bank of Sri Lanka, the Commissioner-General may specify the extent to which that provision shall be deductible, but a person shall not deduct such provision unless such directives are complied with.

(3) In this section, “banking business” means the banking business of a financial institution.

67. (1) In the case of a person engaged in the business of life insurance, whether mutual or proprietary, the gains and profits from the business on which tax is payable shall be ascertained by taking the aggregate of—

Insurance
business.

- (a) the surplus distributed to share holders from the life insurance policy holders fund as certified by the Appointed Actuary functioning within the Regulation of the Insurance Industry Act, No. 43 of 2000; and
- (b) the investment income of the share holder fund less any expenses incurred in the production of such income,

subject to the deductions claimable under section 19 in arriving at the income from the business.

(2) For the purpose of subsection (1), the surplus distributed to a life insurance policy holder who shares the profits of a person engaged in the business of life insurance in a given year, as provided in the Regulation of Insurance Industry Act, No. 43 of 2000, shall be deemed as gains and profits of that person from the business and subject to tax accordingly.

(3) The profits of a non-resident company whether mutual or proprietary, from the business of insurance (other than life insurance) shall be ascertained by taking the gross

premiums from insurance business in Sri Lanka (less any premiums returned to the insured and premiums paid on reinsurance) and deducting therefrom a reserve from unexpired risks at the percentage adopted by the company in relation to its operations as a whole for such risks at the end of the period for which the profits shall be ascertained, and adding thereto a reserve similarly calculated for unexpired risks outstanding at the commencement of such period, and from the net amount so arrived at, deducting the actual losses (less the amount recovered in respect thereof under reinsurance), the agency expenses in Sri Lanka and a fair proportion of the expenses of the head office of the company, due account being taken in each case by set-off against such expenses, of any income or profits other than premiums.

(4) Where the Commissioner-General is satisfied that by reason of the limited extent of the business transacted in Sri Lanka by a non-resident insurance company, it would be unreasonable to require the company to furnish the particulars necessary for the application of subsections (1) and (2), the Commissioner-General may notwithstanding the provisions of such subsections, permit the profits of the company to be ascertained by reference to such proportion of the total profits and income of the company as is equal to the proportion which its premiums from insurance business in Sri Lanka bears to its total premiums, or on any other basis considered equitable in all the circumstances of the case.

Division III: Non-Governmental Organizations and Charitable Institutions

Non-Governmental organizations and charitable institutions.

68. (1) A non-government organization shall pay additional tax of three percent on amounts received in each year of assessment by way of grant, donation or contribution or in any other manner at the rate set out in the First Schedule.

(2) Where the Commissioner-General is satisfied that any non-governmental organization is engaged, in any year of assessment, in –

- (a) rehabilitation and the provision of infrastructure facilities and livelihood support to displaced persons in any area identified by the Government for the purposes of such rehabilitation and provision; or
- (b) any other activity approved by the Minister as being of humanitarian in nature, taking into consideration the nature and gravity of any disaster and the magnitude of relief required to be provided consequently,

the Commissioner-General may reduce or remove the tax payable by such non-governmental organization for that year of assessment if it appears that such reduction is just and equitable in all the circumstance of the case.

(3) Where any charitable institution provides in any year of assessment institutionalized care for the sick or the needy and where the Commissioner-General is satisfied that the cost of provision of such care is borne by such charitable institution, the Commissioner-General may, subject to specified conditions, grant a tax credit against the tax payable on the charitable institution's taxable income for the year of assessment, provided it appears to the Commissioner-General that such reduction or remission is just and equitable in all the circumstances of the case.

CHAPTER VII

INTERNATIONAL

Division I: Residence and Sources

69. (1) An individual shall be a resident in Sri Lanka for a year of assessment if the individual – Resident persons.

- (a) resides in Sri Lanka;

- (b) is present in Sri Lanka during the year and that presence falls within a period or periods amounting in aggregate to one hundred and eighty three days or more in any twelve month period that commences or ends during the year;
- (c) is an employee or an official of the Government of Sri Lanka and his spouse is posted abroad during the year; or
- (d) is an individual who is employed on a Sri Lanka ship, within the meaning of the Merchant Shipping Act, during the period the individual is so employed.

(2) A partnership shall be resident in Sri Lanka for a year of assessment if –

- (a) it was formed in Sri Lanka; or
- (b) at any time during the year the management and control of the affairs of the partnership are exercised in Sri Lanka.

(3) A trust shall be resident in Sri Lanka for a year of assessment if –

- (a) it was established in Sri Lanka;
- (b) at any time during the year a trustee of the trust is resident in Sri Lanka; or
- (c) at any time during the year a person resident in Sri Lanka directs or may direct senior managerial decisions of the trust, whether the direction is made alone or jointly with other persons or directly or through one or more interposed entities.

(4) A company shall be resident in Sri Lanka for a year of assessment if –

- (a) it is incorporated or formed under the laws of Sri Lanka;
- (b) it is registered or the principal office is in Sri Lanka; or
- (c) at any time during the year the management and control of the affairs of the company are exercised in Sri Lanka.

70. (1) An individual who is resident in Sri Lanka only by reason of paragraph (c) of subsection (1) of section 69, shall be so resident from the start of the one hundred and eighty three day period. Otherwise, a person who is resident in Sri Lanka during a year of assessment shall be treated as a resident for the whole of the year.

Change of residence.

(2) Subject to subsection (4), where a non-resident person becomes resident in Sri Lanka, the net cost of an asset held by the person immediately before becoming resident shall be equal to the market value of the asset at that time.

(3) Subject to subsection (4), when a person resident in Sri Lanka ceases to be resident in Sri Lanka, the person shall be treated as having immediately before the person ceases to be so resident realised all assets owned by the person and deriving in respect of each an amount equal to the market value of the asset at the time of the realisation.

(4) Provisions of subsections (2) and (3) shall not apply to an asset that is a domestic asset of the person immediately before becoming a resident or after ceasing to be a resident, respectively.

71. (1) Income of a person from an employment that has a source in Sri Lanka shall be calculated separately from income from that employment that has a foreign source.

Source of income and quarantining of foreign losses.

(2) Income or loss of a person from a business or investment that has a source in Sri Lanka shall be calculated separately from income or loss from that business or investment that has a foreign source.

(3) A person's income from an employment, business, investment or other source shall be treated as a source in Sri Lanka to the extent to which –

- (a) the amounts directly included in calculating the income that has a source in Sri Lanka, exceed;
- (b) the amounts directly deducted in calculating that income that has a source in Sri Lanka.

(4) A person's loss from a business or investment shall have a source in Sri Lanka to the extent to which the amounts referred to in paragraph (b) of subsection (3) exceed those referred to in paragraph (a) of subsection (3).

(5) A person's income from a foreign source from an employment shall be calculated as the person's worldwide income from that employment (calculated notwithstanding subsection (1)) less any income with a source in Sri Lanka from that employment.

(6) A person's foreign source of income or loss from a business or investment shall be calculated as the person's worldwide income or loss from that business or investment (calculated notwithstanding subsection (2)) –

- (a) less any income with a source in Sri Lanka from that business or investment; or
- (b) plus any loss with a source in Sri Lanka from that business or investment.

(7) For the purposes of section 19, a person may deduct an unrelieved loss –

- (a) in the case of a foreign source loss from an investment, only in calculating the person's foreign source income from an investment; and

- (b) in the case of a foreign source loss from a business, only in calculating the person's foreign source income from a business or investment.

72. (1) An amount directly included in calculating the income shall be a source in Sri Lanka where it consists of – Source directly to be included and amounts to be deducted.

- (a) consideration received, a gain or an amount, referred to in paragraph (b), (c) or (d) of subsection (2) of section 6 or paragraph (b) of subsection (3) of section 7 to the extent to which a domestic asset or domestic liability is involved; and
- (b) subject to paragraph (a), a payment that has a source in Sri Lanka.

(2) An amount directly deducted in calculating income shall have a source in Sri Lanka where it consists of –

- (a) to the extent to which it relates to domestic assets, an allowance referred to in subsection (1) of section 13 or section 16 or expenditure referred to in subsection (1) of section 14;
- (b) a loss from the realisation of a capital asset or liability of a business or an investment asset where the asset or liability involved shall be a domestic asset or domestic liability; and
- (c) subject to paragraphs (a) and (b), a payment that has a source in Sri Lanka.

73. (1) The following payments shall have a source in Sri Lanka:- Source of payments.

- (a) payments received in respect of employment –
 - (i) to the extent derived in respect of employment in Sri Lanka, wherever paid; or

- (ii) if paid by, or on behalf of, the Government of Sri Lanka, wherever the employment is;
- (b) dividends paid by a resident company;
- (c) interest, charges, annuities, a royalty, technical service fee, or similar payment if –
 - (i) paid by a resident person, other than as an expenditure of a business carried on by the resident person through a permanent establishment outside Sri Lanka; or
 - (ii) paid by a non-resident person as an expenditure of a business carried on by the non-resident person through a Sri Lankan permanent establishment;
- (d) winnings from lottery, betting, or gambling relating to a game of chance held in Sri Lanka;
- (e) natural resource payments made in respect of or calculated by reference to natural resources taken from land or the sea situated within Sri Lanka or its territorial waters;
- (f) rent paid for the use of, right to use or forbearance from using an asset situated in Sri Lanka;
- (g) premiums for general insurance paid to and proceeds from general insurance paid by a person in respect of the insurance of any risk in Sri Lanka;
- (h) payments received by a person who conducts a relevant transport business in respect of –
 - (i) the carriage of passengers who embark or cargo, mail or other moveable tangible assets that are embarked in Sri Lanka, other than as a result of transshipment; or

- (ii) rental of containers and related equipment which are supplementary or incidental to carriage referred to in subparagraph (i);
- (i) payments received by a person who conducts a business of transmitting messages by cable, radio, optical fibre or satellite or electronic communication in respect of the transmission of messages by apparatus established in Sri Lanka, whether or not such messages originate in Sri Lanka;
- (j) payments, including service fees, of a type not mentioned in paragraph (c), (h) or (i) for or attributable to service rendered or a forbearance from rendering service –
 - (i) in Sri Lanka, regardless of the place of payment; or
 - (ii) where the payer is the Government of Sri Lanka, irrespective of the place of exercise, rendering or forbearance;
- (k) proceeds of life insurance and retirement, termination and pension payments not falling within paragraph (a) if –
 - (i) paid by a resident person, other than as an expenditure of a business carried on by the resident person through a permanent establishment outside Sri Lanka;
 - (ii) paid by a non-resident person as an expenditure of a business carried on by the non-resident person through a Sri Lankan permanent establishment; or
 - (iii) paid by, or on behalf of, the Government of Sri Lanka;

- (l) gifts and other ex gratia payments to the extent received in respect of business or investment conducted with domestic assets; and
- (m) payments not mentioned in the above paragraphs –
 - (i) made in respect of the acquisition of a domestic asset, incurring of a domestic liability or realisation of such an asset or liability;
 - (ii) received in respect of activity conducted or a forbearance from conducting activity in Sri Lanka –
 - (iia) except, in relation to a resident person, to the extent attributable to a foreign permanent establishment; and
 - (iib) in relation to a non-resident person, to the extent attributable to a Sri Lankan permanent establishment or any other activity (including sales in Sri Lanka of goods and merchandise) of the same or similar kind as that conducted by the non-resident person through a Sri Lankan permanent establishment; or
 - (iii) made to any foreign entertainer or artist for activity relating to Sri Lanka.

(2) In this Section –

“relevant transport business” means a business of land, sea or air transport operator or charterer carrying passengers, cargo, mail or other moveable tangible assets; and

“technical service fee” means a service fee for managerial, technical, or consultancy services, including a fee for the provision of services of technical or other personnel.

74. An amount shall be treated as foreign sourced to the extent that it does not have a source in Sri Lanka. Foreign Source.

Division II: Double Taxation Agreements and Mutual Administrative Assistance Agreements

75. (1) The Minister may give effect to any double taxation agreement or mutual administrative assistance agreement with a foreign government or governments that has been approved by Parliament and published in the *Gazette*. Double taxation agreements and mutual administrative assistance agreements.

(2) Subject to the provision of subsection (3), where there is any conflict between the terms of a double taxation agreement having legal effect in Sri Lanka and the provisions of this Act, the double taxation agreement prevails.

(3) Subject to the provision of subsection (4), where a double taxation agreement provides that any income from a Sri Lankan source is exempt or excluded from tax, or the application of the agreement results in a reduction in the rate of Sri Lankan tax, the benefit of that exemption, exclusion, or reduction shall not be available to a body that, for the purposes of the agreement, is a resident of the other contracting state when fifty percent or more of the underlying ownership or control of that body is held by an individual or individuals who are not residents of that other contracting state for the purposes of the agreement.

(4) Provision of subsection (3) shall not apply if the resident of the other contracting state is a company listed on a stock exchange in that other contracting state.

(5) In this section –

“double taxation agreement” means an international agreement relating to the avoidance of double taxation and the prevention of fiscal evasion; and

“mutual administrative assistance agreement” means a tax information exchange agreement or other international agreement for mutual administrative assistance in relation to taxation matters.

Division III: Transfer Pricing

Profits and income or loss from international transactions between associates.

76. (1) Any income, gains and profits arising in, derived or accruing from, or any loss incurred by any person in Sri Lanka engaged in any international transaction entered into with its associated enterprises shall be ascertained having regard to the arm’s length price.

(2) For the purpose of this section –

(a) any business organization that has a permanent establishment in Sri Lanka shall be deemed to be a person for the ascertainment of the income, gains or profits arising in or derived from or any loss incurred in Sri Lanka from such permanent establishment;

(b) “permanent establishment” –

(i) in relation to a country with which an agreement has been entered into on avoidance of double taxation means, a permanent establishment defined in an agreement for the relief of double taxation where an agreement is in force between the government of Sri Lanka and the government of any territory in

which any person and their agencies, branches or establishments in Sri Lanka is resident; or

- (ii) in relation to a country with which an agreement has not been entered into on avoidance of double taxation, includes any business connection or a fixed place of business through which the business of the enterprise is wholly or partly carried out irrespective of the number of days of such business carried out in Sri Lanka;
- (c) any income, gains or profits arising, derived or accruing from, or any loss incurred in any transaction between a permanent establishment and its head office or other related branches in Sri Lanka, in which case the permanent establishment shall be treated as a distinct and separate entity from its head office and related branches, shall be ascertained having regard to the arm's length price; and
- (d) "international transaction" means a transaction between two or more associated enterprises, either one or both of whom are non-residents, in the nature of purchase, sale or lease of tangible or intangible property, or provision of services, lending or borrowing of money or any other transaction having a bearing on the income, gain or profits, losses or assets of such associated enterprises, and includes any allocation or apportionment of, or any contribution to any cost or expense incurred or to be incurred in connection with a benefit, service or facility provided or to be provided to any one or more of such associated enterprises under any mutual agreement or arrangement between two or more such associated enterprises.

Any transaction entered into by an enterprise with a person, other than an associated enterprise shall, for the purposes of subsection (1) be deemed to be an international transaction entered into between two associated enterprises, if there exists a prior agreement between such enterprises and other person and, by which the terms of such transaction are determined in substance between such enterprises and other person which results in the reduction of or would have the effect of reducing the amount of tax payable.

Without prejudice to the generality of the provision of this subsection, the allowance for any expense or interest arising from an international transaction shall also be determined having regard to the arm's length price.

(3) (a) Where it appears to the Transfer Pricing Officer that the income, gain or profits or the loss referred to in subsection (1), have not been ascertained having regard to the arm's length price, he may initiate a transfer pricing audit.

(b) Where it appears to an Assistant Commissioner in the course of his audit that the income, gain, profits or the loss referred to in subsection (1) have not been ascertained having regard to the arm's length price he shall refer to the Transfer Pricing Officer for the determination of arm's length price and if the Transfer Pricing Officer decides to proceed with a transfer pricing audit he shall initiate such transfer pricing audit.

(c) When determining the arm's length price, the Transfer Pricing Officer may in writing addressed to the person referred to in subsection (1) require him to prove to the satisfaction of the Transfer Pricing Officer, that such income, gain or profits or such loss, as the case may be, has in fact been ascertained having regard to the arm's length price. Where such person fails to so prove, the Transfer Pricing Officer may determine, the arm's length price.

(d) For the purposes of subsection (1), a Transfer Pricing Officer may give notice in writing to any person requiring him to furnish within the period specified in such notice, information in relation to any transactions between such person and any other persons.

(e) The arm's length price shall be determined in accordance with the arm's length principle and on the basis of the application of the most appropriate method as specified for that purpose.

(f) After determining arm's length price of the cases initiated under paragraph (a) or (b) of subsection (2), Transfer Pricing Officer shall prepare a preliminary order determining the arm's length price and refer to the Technical Review Committee which is appointed by the Deputy Commissioner-General of the subject of transfer pricing, for review.

(g) The Technical Review Committee shall review the determined arm's length price in the preliminary order and shall confirm, reduce or enhance the arm's length price and refer to the Transfer Pricing Officer –

- (i) a final order, if all the members of the Committee are in agreement; or
- (ii) an interim order in any other circumstances where all the members of the Committee are not in agreement.

(h) Transfer Pricing Officer shall communicate the final order or the interim order as the case may be to such person.

(i) A person, who is dissatisfied with the interim order may communicate his dissatisfaction to the Dispute Resolution Panel referred to in section 78 of this Act and the Dispute Resolution Panel shall issue a final order under subsection (4) of section 78.

(j) Where person or partner of a partnership has not communicated their dissatisfaction on an interim order received to the Dispute Resolution Panel, the interim order shall be deemed to be a final order.

(k) The Transfer Pricing Officer shall, subject to the provisions of section 135, assess the amount of income, gain or profits and issue assessment in accordance with the final order of the Technical Review Committee or the Dispute Resolution Panel as the case may be.

(l) Such person or partner of a partnership who is aggrieved by such assessment made based on the final order, may within thirty days of the notice of assessment make an appeal to the Commissioner-General under Chapter XIII.

(4) The provisions of this section shall not apply in a case where the computation of income under subsection (2) has the effect of reducing the income, gain or profits chargeable to tax or increasing the loss, as the case may be, computed on the basis of entries made in the books of account in respect of any year of assessment in which the international transaction was entered into.

(5) Notwithstanding anything to the contrary in any other section of this Act or any other law, no exemption or tax benefit provided under any of the provisions of this Act or any other law, shall be granted in respect of the amount of income, gain or profits by which the total income, gain or profits of the associated enterprises is increased after the computation of income, gain or profits under this section and in accordance with the arm's length price.

(6) An advance pricing agreement may be entered into between any person and the Commissioner-General in respect of arm's length price for the purposes of this section in the manner that may be specified.

(7) The determination of arm's length price referred to in subsection (1) may be subject to safe harbor rules specified by the Commissioner-General.

77. (1) Any income, gain or profits arising in, derived or accruing from, or any loss incurred in by any person in Sri Lanka engaged in any transaction, other than transactions referred to in subsection (1) of section 76 entered into with its associated enterprises shall be ascertained having regard to the arm's length price.

Profits and income or loss from transactions between associates.

- (2)(a) Where it appears to the Assistant Commissioner in the course of his audit, the income, gains or profits or the loss referred to in subsection (1), have not been ascertained having regard to the arm's length price, he may initiate a transfer pricing audit.
- (b) When determining the arm's length price the Assistant Commissioner may in writing address to the person, referred to in subsection (1) and require him to prove to the satisfaction of the Assistant Commissioner, that such profits and income or such loss, as the case may be, has in fact been ascertained having regard to the arm's length price. Where such person fails to so prove, the Assistant Commissioner may determine, the arm's length price.
- (c) For the purposes of subsection (1), the Assistant Commissioner may give notice in writing to any person requiring him to furnish within the period specified in such notice, information in relation to any transaction between such person and any other person.
- (d) The arm's length price shall be determined in accordance with the arm's length principle and on the basis of application of the most appropriate method, as specified for that purpose.

- (e) After determining arm's length price, the Assistant Commissioner shall prepare a preliminary order and refer to the Technical Review Committee, for review.
- (f) The Technical Review Committee shall review the determined arm's length price in the preliminary order and shall confirm, reduce or enhance the arm's length price and refer to the Assistant Commissioner -
 - (i) a final order, where all the members of the Committee are in agreement; or
 - (ii) a interim order in any other circumstances where all the members of the Committee are not in agreement.
- (g) Assistant Commissioner shall communicate the final order or the interim order as the case may be to such person or partner of such partnership.
- (h) A person, who is dissatisfied with the interim order may communicate his dissatisfaction to the Dispute Resolution Panel and the Dispute Resolution Panel shall issue a final order under subsection (4) of section 78.
- (i) Where a person has not communicated his dissatisfaction on an interim order, the interim order is deemed to be a final order.
- (j) The Assistant Commissioner shall subject to the provisions of section 135 assess the amount of income, gain or profits and issue assessment in accordance with the final order of the Technical Review Committee or the Dispute Resolution Panel as the case may be.

- (k) If such a person who is aggrieved by such assessment made based on the final order, may, within thirty days of the notice of assessment make an appeal to the Commissioner-General.

(3) The provisions of this section shall not apply in a case where the computation of income, gain or profits under subsection (2) has the effect of reducing the income, gain or profits chargeable to tax or increasing the loss, as the case may be, computed on the basis of entries made in the books of account in respect of any year of assessment in which the transaction was entered into.

(4) Notwithstanding anything in any other section of this Act or any written law, no exemption or tax benefit provided under any of the provisions of this Act or any written law, shall be granted in respect of the amount of income, gain or profits by which the total income, gain or profits of the associated enterprises is increased after the computation of income, gain or profits under this section and in accordance with the arm's length price.

(5) The determination of arm's length price referred to in subsection (1) may be subject to safe harbor rules.

For the purpose of sections 76 and 77 –

- (a) “a person” –
 - (i) shall be an associated enterprise of another enterprise, if one person participates directly or indirectly or through one or more intermediaries in the management, control or capital of the other person; or
 - (ii) shall be deemed to be an associated enterprise of another person if one person participates directly or indirectly or through one or more intermediaries in

the management, control or capital, in such manner or to such extent as may be specified;

- (b) a person referred to in paragraph (a) shall include a permanent establishment;
- (c) “Transfer Pricing Officer” means any officer of the Inland Revenue Department designated by the Commissioner-General as a Transfer Pricing Officer;
- (d) “safe harbor” means circumstances in which the Commissioner-General may propose a simplification measure that shall accept the transfer price declared by a person under certain conditions;
- (e) “Arm’s Length Price” means for the purpose of ascertaining income, gain or profits arising in, derived or accruing from or losses incurred in any transaction, operation or scheme entered into between two associated enterprises calculated in accordance with the arm’s length principle, as that where a connected transaction is carried out taking into account the terms and conditions that would have been used in comparable independent transactions.

Dispute
Resolution
Panel.

78. (1) There shall be a Dispute Resolution Panel (hereinafter referred to as “the Panel”) for the purpose of resolution of disputes on interim order. The Panel shall consist of a Chairman and four members and a Secretary appointed by the Commissioner-General. Every member of the Panel so appointed shall hold office for a term not exceeding two years, but shall be eligible for reappointment.

(2) At the request of the Chairman, the Secretary to the Panel shall summon a meeting of the Panel. The quorum of a meeting shall consist of three members.

(3) Any person who is dissatisfied with the interim order made by the Transfer Pricing Officer or Assistant Commissioner may communicate in writing or by electronic mean by himself or by his authorized representative to the Commissioner-General, his dissatisfaction with such interim order. Every such communication shall be made to the Secretary to the Panel within fourteen days from the date of receipt of such interim order.

(4) Where such person has communicated his dissatisfaction with the interim order in terms of section 76 or 77 as the case may be, to the Commissioner-General, the Dispute Resolution Panel shall, within six months of the date of such communication of dissatisfaction on such interim order, make a final order and shall transmit such order in writing or by electronic mean to such person. A copy of such final order shall be sent to the Transfer Pricing Officer or to the Assistant Commissioner, as the case may be, for him to issue the assessment.

(5) A person who is aggrieved by the amount of an assessment made under section 135, may make an appeal to the Commissioner-General within thirty days of the notice of assessment and thereupon Chapter XIII of this Act shall apply.

79. No deduction shall be allowed for an amount incurred by a non-resident person as an expenditure of a business carried on by the non-resident person through a Sri Lankan permanent establishment that represents head office expenditure where the amount would exceed ten *per cent* of the person's assessable income.

Head office expenditure.

Division IV: Relief From Double Taxation

80. A resident person (other than a partnership to which subsection (1) of section 53 applies or trust to which

Foreign tax credit.

subsection (2) of section 57 applies) may claim a foreign tax credit for a year of assessment for any foreign income tax paid by the person and to the extent to which the foreign income tax is paid with respect to the person's assessable foreign income for the year.

Calculation of foreign tax credit.

81. (1) Foreign tax credits claimed under section 80 –

- (a) shall be calculated separately for each year of assessment and separately for assessable foreign income from each employment, business, investment or other source and further separately for each gain from the realisation of an investment asset; and
- (b) with respect to each calculation, shall not exceed the average rate of Sri Lankan income tax of the person for the year applied to the person's assessable foreign income.

(2) A foreign tax credit shall be allowed under this section only if the foreign income tax is paid within two years after the end of the year in which the foreign income to which the tax relates was derived by the resident person or within such further time as the Commissioner-General may allow.

(3) Any foreign tax credit or part of a foreign tax credit allowed under this section for a year that is not credited under paragraph (b) of subsection (3) of section 2 shall not be refunded, carried back to the preceding year or carried forward to the following year and, in the case of the realisation of an investment asset, shall not be credited in relation to the realisation of another investment asset.

(4) For the purposes of this section –

“average rate of Sri Lankan income tax” of a resident person for a year of assessment means the percentage that tax payable by the person under

paragraph (a) of subsection (1) of section 2 (calculated under subsection (3) of section 2 without any deduction for any foreign tax credit) is of the taxable income of the person for the year; and

“assessable foreign income” means foreign source income included in the assessable income of a resident person for a year of assessment from an employment, business, investment or other source as the case requires.

CHAPTER VIII

TAX PAYMENT PROCEDURE

Division I: Methods and Time for Payments

82. (1) Tax imposed under section 2 shall be payable by withholding under Division II, by instalment under Division III or on assessment under Division IV.

Methods and time for payment.

(2) Tax shall be payable-

- (a) in the case of tax payable by withholding, at the time provided for in section 86;
- (b) in the case of tax payable by instalment, on the date by which the instalment is to be paid under section 90;
- (c) in the case of tax payable on assessment –
 - (i) on the date on which the capital gains tax return shall be filed under section 93 for a person with taxable income consisting of a gain from the realisation of an investment asset; or
 - (ii) on the date that is six months after the end of the year of assessment for which

a return of income shall be filed under section 93 in relation to tax payable on assessment not covered by subparagraph (i); and

- (d) in any other case not stated in subsection (1), on the date stated in a notice for payment.

Division II: Tax Payable by Withholding

Withholding by employers.

83. (1) The Commissioner-General may specify the circumstances in which an employer shall withhold tax from a payment that is to be included in calculating the taxable income of an employee.

(2) The obligation of an employer to withhold tax under subsection (1) shall not be reduced or extinguished when –

- (a) the employer has a right or is under an obligation to deduct and withhold any other amount from the payment; or
- (b) any other law provides that an employee’s income from employment shall not be reduced or subject to attachment.

Withholding from investment returns.

84. (1) Subject to subsection (3), a person shall withhold tax at the rate provided for in paragraph 10 of the First Schedule to this Act where –

- (a) such person –
- (i) pays a dividend, interest, discount, charge, natural resource payment, rent, royalty, premium or retirement payment or pays amounts as winnings from a lottery, reward, betting or gambling; or

- (ii) being the precedent partner or in the absence of such partner in Sri Lanka, the agent of the partnership in Sri Lanka, at the time that each partner's relevant share of any partnership income of the partnership year under subsection (9) of section 53 has been allocated; and

(b) the payment or allocation has a source in Sri Lanka.

(2) The National Gem and Jewellery Authority established by the National Gem and Jewellery Authority Act, No. 50 of 1993 shall withhold tax at the rate provided in paragraph 10 of the First Schedule, from the sale price of any gem sold at an auction conducted by it, from the sum payable to the seller of such gem and at the time of such sum is paid to the seller.

(3) This section shall not apply to –

- (a) payments subject to withholding under section 83;
- (b) payments made by individuals, unless made in conducting a business;
- (c) interest paid to a financial institution on the ordinary loans and advances provided by it; or
- (d) interest or discount paid to any person on Security or Treasury Bond under the Registered Stocks and Securities Ordinance (Chapter 420) or Treasury Bill under the Local Treasury Bills Ordinance (Chapter 417); or
- (e) payments or allocations that are exempt amounts under section 9.

Withholding from service fees and contract payments.

85. (1) Subject to subsection (3), a person shall withhold tax at the rate provided for in paragraph 10 of the First Schedule to this Act where such person –

- (a) pays a service fee with a source in Sri Lanka to a resident individual who is not an employee of the payer –
 - (i) for teaching, lecturing, examining, invigilating or supervising an examination;
 - (ii) as a commission or brokerage to a resident insurance, sales or canvassing agent;
 - (iii) as an endorsement fee;
 - (iv) in relation to the supply of any article on a contract basis through tender or quotation; or
 - (v) for such other matters as may be prescribed by regulation; or
- (b) pays a service fee or an insurance premium with a source in Sri Lanka to a non-resident person.

(2) Subject to the provisions of subsection (3), regulations may be made prescribing –

- (a) that a resident person shall withhold tax when the person makes a payment to a non-resident person of a type referred to in paragraph (h) or (i) of section 73 (land, sea or air transport or telecommunication services); and
- (b) the rate at which the tax referred to in paragraph (a) shall be withheld.

(3) This section shall not apply to –

- (a) payments subject to withholding under section 83;

- (b) payments made by individuals, unless made in conducting a business;
- (c) payments that are exempt amounts; or
- (d) payments of specified fees in respect of which a certificate is presented by the recipient person confirming that the payments are chargeable with the Economic Service Charge under the Economic Service Charge Act, No. 13 of 2006.

86. (1) Every withholding agent shall pay to the Commissioner-General within fifteen days after the end of each calendar month any tax that has been withheld in accordance with this Division during the month.

Statements and payments of tax withheld or treated as withheld.

(2) Every withholding agent shall file with the Commissioner-General within thirty days after the end of each year ending on the thirty first day of March an annual statement setting out the following:—

- (a) payments made by the agent during the period that are subject to withholding under this Division;
- (b) the name, address and tax identification number of the withholdee;
- (c) tax withheld from each payment; and
- (d) any other information that the Commissioner-General may specify.

(3) A withholding agent who fails to withhold tax in accordance with this Division shall however pay the tax that should have been withheld in the same manner and at the same time as tax that is withheld.

(4) Where a withholding agent fails to withhold tax from a payment as required by this Division –

- (a) the withholdee shall be jointly and severally liable with the withholding agent for the payment of the tax to the Commissioner-General; and
- (b) the tax shall be payable by the withholdee within fifteen days after the end of the calendar month in which the payment is received.

(5) A withholding agent who withholds tax under this Division and pays the tax to the Commissioner-General shall be treated as having paid the amount withheld to the withholdee for the purposes of any claim by the withholdee for payment of the amount withheld.

(6) A withholding agent who fails to withhold tax under this Division but pays the tax that should have been withheld to the Commissioner-General in accordance with subsection (3) shall be entitled to recover an equal amount from the withholdee.

Withholding certificates.

87. (1) A withholding agent shall prepare and serve on a withholdee a withholding certificate –

- (a) separately for each period referred to in subsections (3) and (4);
- (b) at the time referred to in those subsections; and
- (c) in the form specified.

(2) A withholding certificate shall set out the amount of payments made to the withholdee during the period and tax withheld by the withholding agent from those payments under this Division.

(3) Subject to subsection (4) a withholding certificate shall cover a calendar month and shall be served within thirty days after the end of the month.

(4) In the case of tax withheld under section 83, a withholding certificate-

- (a) shall cover the part of the year during which the employee is employed; and
- (b) shall be served not later than the thirtieth day of April of that year or, where the employee has ceased employment with the withholding agent during the year, no more than thirty days from the date on which the employment ceased.

(5) A resident company paying a dividend to a member shall also prepare and serve a certificate on that member (whether or not combined with or forming part of, a withholding certificate) setting out the amount of the dividend that is attributable to or derived from, another dividend received by that resident company that either was subject to withholding under section 84 to withholding tax or in respect of which another certificate was received by the resident company under this subsection.

88. (1) For the purposes of this Act, the following shall be the final withholding payments:-

Final
withholding
payments.

- (a) dividends paid by a resident company to a resident person;
- (b) interest paid to or treated as being derived by-
 - (i) a resident individual (other than such amount of interest paid to a senior citizen falling within the relief threshold in paragraph 2 (d) of the Fifth Schedule to this Act);
 - (ii) a charitable institution;
- (c) amounts paid as winnings from a lottery, reward, betting or gambling, other than amounts received

in conducting a business consisting of betting and gaming; and

- (d) payments made to non-resident persons that are subject to withholding under this Division, or would be so subject if paragraph (b) of subsection (2) of section 84 and paragraph (b) of subsection (3) of section 85 were disregarded, other than payments derived through a Sri Lankan permanent establishment.

(2) The following shall relieve a withholder's tax liability under paragraph (b) of subsection (1) of section 2:-

- (a) tax withheld from a final withholding payment under this Division; and
- (b) tax paid with respect to a final withholding payment in accordance with subsection (3) or (4) of section 86.

(3) Where a final withholding payment is not subject to withholding (whether by reason of paragraph (b) of subsection (2) of section 84 or paragraph (b) of subsection (3) of section 85 or that the payer is a non-resident) the recipient's tax liability under paragraph (b) of subsection (1) of section 2 with respect to the payment shall be payable by way of instalment and assessment. For the purposes of applying Divisions III and IV, the liability shall be treated as a liability under paragraph (a) of subsection (1) of section 2.

Credit for non-final withholding tax.

89. (1) The withholder of a payment that is not a final withholding payment shall be treated as having paid any tax –

- (a) withheld from the payment under this Division; or
- (b) paid with respect to the payment in accordance with subsection (3) or (4) of section 86.

(2) A withholdee shall be entitled to a tax credit in an amount equal to the tax treated as paid under subsection (1) for the year of assessment in which the payment is derived.

Division III: Tax Payable by Instalment

90. (1) A person who is an “instalment payer” shall pay tax by quarterly instalments if he derives or expects to derive assessable income during a year of assessment – Payment of tax by quarterly instalment.

- (a) from a business or investment; or
- (b) from an employment where the employer is not required to withhold tax under section 83.

(2) An instalment payer shall pay instalments of tax-

- (a) in the case of a person whose year of assessment is a twelve month period ending on the thirty first day of March, on or before the fifteenth day respectively of August, November and February in that year of assessment and the fifteenth day of May of the next succeeding year of assessment; or
- (b) in any other case, on or before the fifteenth day after each three-month period commencing at the beginning of each year of assessment and a final instalment on or before the fifteenth day after the end of each year of assessment, unless it coincides with the end of one of the three-month periods.

(3) Subject to subsections (4) and (5), the amount of each instalment of tax payable by an instalment payer for a year

of assessment shall be calculated according to the following formula:–

$$\frac{A - C}{B}$$

where 'A' is the current estimated tax payable under section 91 or 92 by the instalment payer for the year of assessment;

'B' is the number of instalments remaining for the year of assessment including the current instalment; and

'C' is the sum of any –

- (a) tax paid during the year of assessment, but prior to the due date for payment of the instalment, by the person by previous instalment under this section;
- (b) tax withheld under Division II during the year, but prior to the due date for payment of the instalment, from payments received by the person that are included in calculating the person's income for the year; and
- (c) tax paid in accordance with subsection (3) or (4) of section 86 that is paid to the Commissioner-General by a withholding agent or the person as withholdee during the year but prior to the due date for payment of the instalment.

(4) The Commissioner-General may specify by a *Gazette* Notification -

- (a) that a particular class of persons shall pay tax by instalments otherwise than or in substitution for instalments payable under this section;
- (b) that a particular class of organised association or recognized occupational group shall collect from its members tax payable by those members by instalment under this section;
- (c) the terms and conditions on which the tax shall be collected; and
- (d) the terms and conditions on which the association or group shall account to the Commissioner-General for the tax.

(5) An instalment payer shall be entitled to a tax credit for a year of assessment in an amount equal to the tax paid by way of instalment for the year.

91. (1) Every person who is an instalment payer for a year of assessment under section 90 shall file with the Commissioner-General by the date for payment of the first tax instalment an estimate of tax payable for the year.

Statement of estimated tax payable.

(2) The estimate under subsection (1) shall, subject to any instructions by the Commissioner-General to the contrary -

- (a) be in the specified manner and form and state-
 - (i) the person's assessable income for the year of assessment from each employment, business and investment and the source of that income;
 - (ii) the person's taxable income for the year and the tax payable with respect to that income

under paragraph (a) of subsection (1) of section 2; and

(iii) any other information that the Commissioner-General may specify; and

(b) have attached to it any other information that the Commissioner-General may specify.

(3) Subject to subsection (6) of this section and subsection (3) of section 92, the tax referred to in subparagraph (ii) of paragraph (a) of subsection (2) shall be the person's estimated tax payable for the year of assessment.

(4) In estimating tax payable for a year of assessment under subparagraph (ii) of paragraph (a) of subsection (2), a person may take into account a foreign tax credit to be claimed under section 80. However, in doing so a person may take account of foreign income tax only if the person has paid the tax or the person reasonably estimates that the tax will be paid during the year.

(5) An instalment payer's estimate under subsection (1) shall remain in force for the whole of the year of assessment unless the person files a revised estimate with the Commissioner-General.

(6) A revised estimate filed by a person under subsection (5) shall be the person's estimated tax payable for the year of assessment, but only for the purposes of calculating instalments payable under section 90 after the date the revised estimate is filed with the Commissioner-General.

Statement of
estimated tax
payable not
required.

92. (1) The Commissioner-General may specify by notice in writing that an instalment payer or class of instalment payers is not required to submit an estimate under section 91.

(2) Where an instalment payer is not required to submit an estimate by reason of subsection (1), the Commissioner-General shall –

- (a) make an estimate of the person's estimated tax payable for the year of assessment, which may be based on the tax payable for the previous year of assessment with an uplift; and
- (b) serve on the instalment payer a written notice stating the Commissioner-General's estimate and the manner in which it is calculated.

(3) Where the Commissioner-General serves a notice under subsection (2), for the purpose of section 90 the estimated tax payable by the person for the year of assessment shall be the amount estimated by the Commissioner-General.

Division IV: Tax Payable on Assessment

93. (1) Subject to section 94 and subsection (2), every person shall file with the Commissioner-General not later than eight months after the end of each year of assessment a return of income for the year.

Return of
income and
capital gains.

(2) A return of income of a person for a year of assessment shall subject to any instructions by the Commissioner-General–

- (a) be in the manner and form specified by the Commissioner-General and furnishing the following details :–
 - (i) the person's assessable income for the year from each employment, business and investment and the source of that income;
 - (ii) the person's taxable income for the year and the tax payable with respect to that income

under paragraph (a) of subsection (1) of section 2;

- (iii) any tax paid by the person for the year by withholding, instalment or assessment for which a tax credit is available under section 89 or 90;
- (iv) the amount of tax remaining to be paid for the year calculated as the sum of the tax referred to in subparagraph (ii) less the tax already paid referred to in subparagraph (iii); and
- (v) any other information that the Commissioner-General may specify;

(b) have attached to it –

- (i) any withholding certificates supplied to the person under section 87 with respect to payments derived by the person during the year; and
- (ii) any other information that the Commissioner-General may specify.

(3) Every person with taxable income consisting of a gain from the realisation of an investment asset shall file with the Commissioner-General a capital gains tax return not later than one month after that realisation.

(4) A capital gains tax return of a person shall, subject to any instructions by the Commissioner-General to the contrary be in the manner and form specified by the Commissioner-General setting out the following :–

- (i) the person's assessable income consisting of the gain from the realisation of the investment asset, including the calculation of that gain;

- (ii) the person's taxable income with respect to that gain and the tax payable on it under paragraph (a) of subsection (1) of section 2;
- (iii) any tax paid by the person for the year by instalment attributable to the gain for which a tax credit is available under section 90; and
- (iv) any other information that the Commissioner-General may specify.

94. (1) Subject to subsection (2), a return of income for a year of assessment shall not be required under section 93 from –

Return of income not required.

- (a) a resident individual –
 - (i) who has no tax payable for the year under paragraph (a) of subsection (1) of section 2; or
 - (ii) whose tax payable for the year under paragraph (a) of subsection (1) of section 2 relates exclusively to income from employment subject to withholding under section 83; or
- (b) a non-resident person who has no tax payable for the year under paragraph (a) of subsection (1) of section 2.

(2) Notwithstanding subsection (1), the Commissioner-General may serve a notice in writing on a person requiring the person to file a return.

(3) Notwithstanding subsection (1) a person may elect to file a return even though the person is not required to, where that person ceased an employment during the year.

95. A return of income or capital gains tax return filed under section 93 shall result in a self-assessment.

Assessment.

Payment of tax on realisation of investment assets by partnerships and trusts.

96. (1) Each trustee of a trust shall be responsible for performing any duties or obligations imposed by this Act on the trust in relation to its taxable income consisting of a gain from the realisation of an investment asset, including the payment of tax on that gain.

(2) Each partner in a partnership shall be responsible for performing any duties or obligations imposed by this Act on the partnership in relation to its taxable income consisting of a gain from the realisation of an investment asset, including the payment of tax on that gain.

(3) When a trust has more than one trustee, the duties and obligations imposed under this section on the trustee of the trust shall apply jointly and severally to the trustees but may be discharged by any of them.

(4) The duties and obligations imposed under this section on the partners in a partnership shall apply jointly and severally to the partners but may be discharged by any of them.

(5) The executor shall be responsible for performing any duties or obligations imposed by this Act in respect of a deceased person in relation to their taxable income consisting of a gain from the realisation of an investment asset, including the payment of tax on that gain.

PART II

CHAPTER IX

ADMINISTRATION PROVISIONS

Division I: Administration of this Act

Officers.

97. (1) For the purposes of this Act, there shall be appointed a Commissioner-General of Inland Revenue, such number of Deputy Commissioner-Generals of Inland

Revenue, Senior Commissioners of Inland Revenue, Commissioners of Inland Revenue, Senior Deputy Commissioners of Inland Revenue, Deputy Commissioners of Inland Revenue and Assistant Commissioners of Inland Revenue.

(2) A tax official exercising or performing or discharging any power, duty or function conferred or imposed on or assigned to the Commissioner-General by any provision of this Act, shall be deemed for all purposes to be authorized by the Commissioner-General to exercise, perform or discharge that power, duty or function until the contrary is proved.

(3) The Commissioner-General or an officer of the Department authorised by the Commissioner-General to perform any functions under this Act shall not be personally liable in civil proceedings in connection with any act done by the person in good faith in the discharge of those functions.

(4) The Commissioner-General may specify such forms as the Commissioner-General considers appropriate for the purposes of this Act.

98. (1) The Commissioner-General may delegate to a tax official of the Department a power or duty conferred or imposed on him by this Act.

Delegation of powers.

(2) The Commissioner-General may delegate a power or duty to a specific individual tax official within the Department.

(3) Subject to such conditions as the Commissioner-General may specify the Commissioner-General may provide that any information, declaration, or document required to be furnished to the Commissioner-General is to be supplied to tax officials as the Commissioner-General may nominate.

(4) A delegation under this section shall not prevent the Commissioner-General from performing a delegated power, duty, or function.

(5) A tax official shall not exercise a power, or perform a duty or function under this Act; that –

(a) relates to a person in respect of which the tax official has or had a personal, family, business, professional, employment, or financial relationship; or

(b) otherwise presents a conflict of interest.

(6) A tax official exercising or performing or discharging any power, duty or function conferred or imposed on or assigned to the Commissioner-General by any provision of this Act, shall be deemed for all purposes to be authorised to exercise, perform or discharge that power, duty or function until the contrary is proved.

(7) A Commissioner and Senior Deputy Commissioner may exercise any power conferred on any Deputy Commissioner or Assistant Commissioner by any provision of this Act.

Inland Revenue
Incentive Fund.

99. (1) The Minister in charge of the subject of Finance shall establish the Inland Revenue Incentive Fund (hereinafter referred to as the “Fund”).

(2) There shall be paid into the Fund in respect of each year, 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, in accordance with any scheme approved by the Minister; and

- (b) group incentive allowances to any class or category of officers of the Department, 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 tax official specially authorised by him in that behalf, shall administer the Fund in accordance with the procedure prescribed by the regulations.

100. (1) Except as provided for in subsection (3), (4), (5) or (7) every person having a duty under this Act or being employed in the administration of this Act, shall regard as secret and confidential all information and documents the person has received in an official capacity in relation to a specific taxpayer, and may disclose that information only to the following persons:- Confidentiality.

- (a) the employees of the Department and of the Customs Department in the course, and for the purpose, of carrying out their duties;
- (b) the Minister in charge of the subject of Finance in the course, and for the purpose, of carrying out supervision of the Department;
- (c) the Auditor-General or any person authorised by the Auditor-General, only when such disclosure is necessary for the purposes of official duties;
- (d) tax authorities of a foreign country, in accordance with an international agreement entered into with a specific authority;
- (e) the Attorney-General for the purpose any criminal proceedings or civil proceedings where actions are instituted by the State or actions filed against the

State or where the opinion or advice of the Attorney-General has been sought in writing by the Department of Inland Revenue;

- (f) a court, in a proceeding to establish a taxpayer's tax liability or responsibility for an offence;
- (g) the Land Reform Commission, only when such disclosure is necessary for the purposes of official duties;
- (h) the Controller of Exchange for the purpose of prosecuting violations of the Exchange Control Act;
- (i) a Commission appointed under the Commissions of Inquiry Act, in an investigation into the affairs of any person or any person's spouse or child; and
- (j) the Commission to Investigate Allegations of Bribery or Corruption established under the Commission to Investigate Allegations of Bribery or Corruption Act, No. 19 of 1994.

(2) A person who is permitted to disclose information under subsection (1) shall maintain secrecy except to the minimum extent necessary to achieve the object for which disclosure is permitted.

(3) A person who receives information under subsection (1) shall maintain secrecy except to the minimum extent necessary to achieve the object for which the information was received.

(4) The Commissioner-General may disclose information concerning a taxpayer's affairs to the taxpayer or the taxpayer's authorised representative only after obtaining reasonable assurance of the authenticity of the claim.

(5) Information concerning a taxpayer may be disclosed to another person with the taxpayer's written consent.

(6) The obligation as to secrecy imposed by this section shall continue to apply in respect of any person notwithstanding that the person ceases to be appointed under or employed in carrying out the provisions of this Act.

(7) The Commissioner-General may publish a list of the names of taxpayers –

- (a) who are in default of tax under section 152;
- (b) who have failed to file a return as required; or
- (c) on whom an understatement penalty has been imposed under Chapter XVII.

101. The Commissioner-General may pay any individual who provides information that results in the assessment and collection of income not disclosed by another person an amount considered reasonable in the circumstances from sums appropriated by Parliament for that purpose. Informants.

Division II: Taxpayer Registration and Taxpayer Identification Numbers

102. (1) Every person liable to furnish a return of income for a year of assessment, and who has not already registered, shall register with the Commissioner-General not later than thirty days after the end of the basis period for that year. Registration.

(2) A person registering under this section, shall submit an application for registration in the form and manner specified by the Commissioner-General and provide such information to the Commissioner-General as may be required by him under this Act.

(3) The Minister with the consent of the Commissioner-General may specify additional classes of persons required to register under this section.

(4) The Commissioner-General shall register any person whom the Commissioner-General considers to have fulfilled the requirements for registration and assign the person a Taxpayer Identification Number (hereinafter referred to as “TIN”).

(5) Where the Commissioner-General refuses to register a person who has applied for registration, the Commissioner-General shall serve the person with written notice of the refusal within fourteen days of making the decision with reasons.

Taxpayer
identification
number.

103. (1) The Commissioner-General shall assign a unique TIN to every taxpayer which shall be used in all correspondence relating to the administration of this Act.

(2) The Commissioner-General may assign a TIN to a person who is not a taxpayer, but who –

- (a) makes payments which are subject to tax in the hands of the recipient;
- (b) is, or may be, required to file a tax return;
- (c) is required under this Act or regulation made under this Act to furnish a TIN to another person; or
- (d) is required to register under subsection (3) of section 102.

(3) To the extent specified, a person is required –

- (a) to include the person’s TIN on documents relating to a tax to which this Act applies; and
- (b) to furnish the TIN to another person designated in regulations as a person who is

required to furnish tax information with respect to the person furnishing the number.

(4) The Commissioner-General shall include the TIN on all correspondence sent to a taxpayer concerning the taxpayer's tax liability, and the taxpayer shall include the TIN number on returns and correspondence with the Commissioner-General.

(5) A taxpayer shall notify the Commissioner-General in writing of a change in name (including business name or other trading name), address, place of business, or nature of the taxable activity carried on no later than thirty days following the date of the change.

Division III: Public Rulings

104. (1) To achieve consistency in the administration of this Act and to provide guidance to the general public and officers of the Department, the Commissioner-General may issue public rulings setting out the Commissioner-General's interpretation of the application of this Act.

Binding public rulings.

(2) A public ruling shall be binding on the Commissioner-General until withdrawn.

(3) A public ruling shall not be binding on taxpayers.

105. (1) The Commissioner-General may make a public ruling by publishing a notice of the public ruling in the *Gazette* and on the Department's website.

Making a public ruling.

(2) A public ruling shall state that it is a public ruling and have a heading specifying the subject matter of the ruling by which it can be identified and an identification number.

(3) A public ruling shall have effect from the date specified in the public ruling or, when no date is specified, from the date the ruling is published in the *Gazette* and on the Department's website.

(4) A public ruling shall set out the Commissioner-General's opinion on the application of the provisions of this Act in the circumstances specified in the ruling and shall not be a decision of the Commissioner-General for the purposes of this Act or any other law.

Withdrawal of a public ruling.

106. (1) The Commissioner-General may withdraw a public ruling, in whole or part, by publishing a notice of the withdrawal in the *Gazette* and on the Department's website.

(2) In the event a public ruling is subsequently found to be inconsistent in whole or in part with any law such public ruling shall be withdrawn in whole or in part by the Commissioner-General to the extent necessary to overcome such inconsistency.

(3) The withdrawal of a public ruling, in whole or part, shall have effect from the date specified in the notice of withdrawal.

Division IV: Private Rulings

Private rulings.

107. (1) A taxpayer may apply to the Commissioner-General for a private ruling setting out the Commissioner-General's position regarding the application of this Act to a transaction entered into, or proposed to be entered into, by the taxpayer.

(2) The Commissioner-General shall appoint a committee of senior officers of the Department known as the Interpretation Committee to review requests for private rulings and to issue private rulings as appropriate on behalf of the Commissioner-General.

(3) An application under this section shall be in writing and -

- (a) include full details of the transaction to which the application relates together with all documents relevant to the transaction;

- (b) specify precisely the question on which the ruling is required; and
- (c) give a full statement setting out the opinion of the applicant as to the application of this Act to the transaction.

(4) Subject to section 108, the Commissioner-General shall, within ninety days of receipt of the application under this section issue a private ruling on the question to the applicant.

(5) If the taxpayer has made a full and true disclosure of all aspects of the transaction relevant to the making of a private ruling and the transaction has proceeded in all material respects as described in the taxpayer's application for the private ruling, the private ruling shall be binding on the Commissioner-General as against the taxpayer identified but shall not be binding on the Commissioner-General as against any other taxpayer.

(6) A private ruling shall not be binding on a taxpayer.

(7) The Commissioner-General may specify reasonable fees to be charged in relation to an application for a private ruling.

108. (1) The Commissioner-General may refuse an application for a private ruling where-

Refusing an application for a private ruling.

- (a) the Commissioner-General has already decided the question that is the subject of the application in any of the following:-
 - (i) a notice of a tax assessment has been served on the applicant;
 - (ii) notice or other guidance issued by the Commissioner-General that is in force; or

- (iii) a ruling published under section 111 that is in force;
- (b) the application relates to a question that is the subject of a tax audit in relation to the applicant or an objection lodged by the applicant;
- (c) the application is frivolous or vexatious;
- (d) the transaction to which the application relates has not been carried out and there are reasonable grounds to believe that the transaction will not be carried out;
- (e) the applicant has not provided the tax official with sufficient information to make a private ruling;
- (f) in the opinion of the Commissioner-General, it would be unreasonable to comply with the application, having regard to the resources needed to comply with the application and any other matters the tax officer considers relevant; or
- (g) the making of the ruling involves the application of a tax avoidance provision.

(2) The Commissioner-General shall serve the applicant with a written notice of a decision to refuse to make a private ruling under this section.

Making a private ruling.

109. (1) The Commissioner-General may make a private ruling by serving written notice of the private ruling on the recipient of the ruling.

(2) The Commissioner-General may make a private ruling on the basis of assumptions about a future event or other matters as considered appropriate.

(3) A private ruling shall state that it is a private ruling, set out the question ruled on, and identify the following:-

- (a) the taxpayer;
- (b) the tax period to which the ruling applies;
- (c) the transaction to which the ruling relates; and
- (d) any assumptions on which the ruling is based.

(4) A private ruling is made when the applicant is served with written notice of the ruling and the ruling shall remain in force until withdrawn under section 110.

(5) A private ruling shall set out the Commissioner-General's opinion on the question raised in the ruling application and shall not be a decision of the Commissioner-General that can be formally reviewed, appealed or otherwise objected to, for the purposes of this Act or any other law. For the avoidance of doubt, this subsection shall not limit in any way a taxpayer's rights with respect to any tax assessment served on the taxpayer to which the ruling relates.

110. (1) The Commissioner-General may, for reasonable cause, withdraw a private ruling, in whole or part, by written notice served on the applicant.

Withdrawal of a private ruling.

(2) In the event a private ruling is subsequently found to be inconsistent in whole or part with any law, such private ruling shall be withdrawn in whole or part by the Commissioner-General to the extent necessary to overcome such inconsistency.

(3) The withdrawal of a private ruling, in whole or part, shall have effect from the date specified in the notice of withdrawal.

Publication of private rulings.

111. (1) The Commissioner-General shall publish a ruling made under section 109 on the Department's website except that the identity of the applicant to whom the ruling relates must not be indicated in the publication.

(2) When a ruling has been withdrawn in accordance with section 110, the Commissioner-General shall immediately publish a notice of withdrawal on the Department's website stating that the ruling ceases to be binding with effect from the date determined under subsection (3) of section 110.

Division V: Communications, Forms and Notices

Communications with taxpayers and other persons.

112. (1) A notice or statement, issued or an agreement entered into by the Commissioner-General or any tax official to a taxpayer or other person shall be effective if it is authorised by law and in writing, and signed by a tax official.

(2) Except as otherwise provided in this Act or any other law, a notice or other document required to be served on a person by the Commissioner General may be served in the following manner:-

- (a) delivering it personally to the person or the person's nominated officer;
- (b) delivering it to the person's usual or last known place of business or residence in Sri Lanka;
- (c) sending it by registered post to the person's usual or last known place of business or residence in Sri Lanka; or
- (d) transmitting it electronically in accordance with section 113.

(3) Where a person –

- (a) refuses to accept delivery of a letter addressed to the person; or
- (b) fails to collect a letter after being informed that the letter is available for collection at a post office,

the letter shall be treated as having been served on the person on the date on which the person refused to accept delivery of the letter or was informed that the letter was at the post office.

(4) A notice or other document sent by registered mail shall be considered served four days succeeding the day when posted where the address is in Sri Lanka and, where the address is not in Sri Lanka, twenty days succeeding the day when posted.

(5) A signature written on a notice, statement, agreement, return, form, declaration, table, certificate or other document and purporting to be the signature of a tax official shall be considered to be the signature of that person unless the contrary is proved.

113. (1) Notwithstanding any other provisions of this Act, the Commissioner-General may authorise the following to be done either in writing or electronically through a computer system or mobile electronic device:-

Application of electronic tax system.

- (a) the lodging of an application for registration under this Act;
- (b) the filing of a tax return or other document under this Act;

- (c) the payment of tax under this Act;
- (d) the paying of a refund under this Act;
- (e) the service of any document by the Commissioner-General, with such documents treated as being served on the date they are transmitted electronically; or
- (f) the doing of any other act or thing that is required or permitted to be done under this Act.

(2) The Commissioner-General may direct a person to do anything referred to in subsection (1) electronically through the use of a computer system or mobile electronic device.

(3) The Commissioner-General may specify conditions, including additional conditions, for the effective use of the Revenue Administration Management Information System.

(4) A person who files a tax return and pays tax electronically under this section shall continue to file tax returns and pay tax in that manner unless otherwise required or permitted by the Act or authorised by the Commissioner-General.

Forms and notices.

114. (1) The Commissioner-General shall specify the forms, notices, declarations, returns, statements, tables, and other documents and publish them for the efficient administration of this Act.

(2) The documents referred in subsection (1) shall be available to the public on the website of the Department or at its main office and at other locations, or by mail or electronically, as the Commissioner-General may determine.

115. The Commissioner-General may specify the circumstances under which a taxpayer may designate an authorized representative to communicate with the Department on behalf of the taxpayer and shall accept a designation made in accordance with such circumstances.

Authorized
representatives.

116. (1) No notice, assessment, form, certificate, or other proceeding purporting to be in accordance with the provisions of this Act shall be quashed, or deemed to be void or voidable for want of form or be affected by reason of a mistake, defect or omission, if it is in substance and effect in conformity with, or according to the intent and meaning of this Act, and where the person assessed or intended to be assessed or affected thereby, is reasonably described or identified.

Defect does not
affect validity.

(2) Without prejudice to the generality of subsection (1), an assessment shall not be affected or impugned by reason of –

- (a) a mistake as to the name or surname of the person chargeable, the amount of income assessed, or the amount of tax charged; or
- (b) any variance between the assessment and the notice thereof,

if the notice of such assessment is duly served on the person intended to be charged and contains in substance and effect all relevant particulars.

(3) Without prejudice to the generality of subsection (1) and subsection (2), no notice, assessment, form, certificate, or other proceeding purporting to be in accordance with the provisions of this Act shall be quashed, or deemed to be void or voidable or be affected by reason of any variance in the designation of the tax official who signed or executed such notice, assessment, form, certificate or other proceeding as the case may be.

Rectification of mistakes.

117. When a notice of a tax assessment or other document served by the Commissioner-General under this Act contains a mistake that is apparent from the record and the mistake does not involve a dispute as to the interpretation of the law or facts of the case, the Commissioner-General may, for the purposes of rectifying the mistake, amend the assessment or other document any time before the expiry of four years from the date of service of the notice of the tax assessment or other document.

Taxpayer's right to information.

118. Upon request by a taxpayer, an authorized officer of the Department shall –

- (a) inform the taxpayer of the status of the taxpayer's account with respect to tax;
- (b) provide a copy of a tax return filed by the taxpayer; and
- (c) provide a copy of any written agreement entered into with the Commissioner-General.

Due dates.

119. (1) When the last day for performing an act specified under this Act falls on a day on which the Department is not open to the public for business, the act shall be considered timely if it is performed on the next succeeding day on which the Department is open for business.

(2) A declaration, appeal, or other document, other than a payment, shall be considered filed on the date it is stamped, as received by the Department or, in the case of filing by post, within four days of the date of the postmark.

CHAPTER X

RECORD KEEPING AND INFORMATION COLLECTION

120. (1) A taxpayer engaged in business or investment activity or required under this Act to make a return shall keep and maintain in Sri Lanka records and accounts sufficient to record all transactions and to ascertain the gains and profits made or the loss incurred in respect of those transactions.

Accounts and records.

(2) The circumstances under which a person engaged in business or investment activity shall have accounts prepared by an approved accountant and the form by which an approved accountant shall attest to the accuracy and completeness of the accounts prepared shall be prescribed by regulations.

(3) Where the Commissioner-General is of the opinion that proper records or books of account are not being kept in accordance with subsection (1) or (2), or where no records or books of account are being kept, by any person carrying on business then in addition to prosecution for an offence, the Commissioner-General may direct such person to keep such records or books of account as the Commissioner-General may specify.

(4) The records or books of accounts required by this section shall be kept at the place of business or investment activity of the person unless the Commissioner-General approves of them being kept at some other place.

(5) In addition to the records and accounts referred to in subsections (1) and (2), a taxpayer shall also retain source documents and underlying documentation utilized in the creation of the records and accounts.

(6) A person required to prepare or retain records of a transaction under this Act shall retain such records—

- (a) for a period of five years from the date on which the transaction took place; or

- (b) for a period exceeding five years, until expiration of the time limit for assessment of tax for any tax period to which the records are relevant and until any related proceedings have been completed.

(7) Notwithstanding anything in any law, the Commissioner-General may specify a system of simplified record keeping for small businesses.

(8) Where a person has prepared records required under this section in a language other than Sinhala, Tamil or English, that person shall at that person's expense, upon request, provide a translation acceptable to the Commissioner-General.

(9) Financial statements, invoices, books of original entry, and all written communications between the Department and the taxpayer shall be in Sinhala, Tamil or English with amounts and values to be provided in Sri Lankan currency as well.

(10) For the purposes of this section, source documents include sales and purchase invoices, costing documents, bookings, diaries, purchase orders, delivery notes, bank statements, contracts, and other documents which relate to an element of a transaction.

Obligations of
Financial
Institutions.

121. A bank or financial institution shall keep records of all transactions with a client, including the client's identity.

Access to
information,
assets and land.

122. (1) An authorised officer may enter a business premises, or other premises open to the public, without prior notice, for an authorised purpose—

- (a) during normal business hours; or
- (b) at any time authorised in writing by a Magistrate upon application by the Commissioner-General and a showing the necessity to enter at that time.

(2) The authorised officer may enter a taxpayer's dwelling, or other premises not referred to in subsection (1), for an authorised purpose—

- (a) with the consent of the taxpayer; or
- (b) at the time stated and in the manner authorised in writing by a Magistrate upon application by the Commissioner-General and a showing of necessity to enter that time.

(3) An authorised officer may enter on any property for the purpose of surveying and valuing it—

- (a) with the consent of the taxpayer; or
- (b) after giving not less than twenty-four hours' notice in writing.

(4) An authorised officer who lawfully enters a premises or a dwelling under subsection (1), (2) or (3) may—

- (a) make a copy of a record;
- (b) seize a record or other item that appears to be relevant to an authorised purpose;
- (c) seal records or other items;
- (d) question any person in the premises or dwelling with respect to any matter arising under this Act;
- (e) open and examine any receptacle where any book of account, register, record, or other document may be found and examine and make an inventory of any materials found therein;
- (f) operate any computer and take a record of any data stored within; or

(g) count and make a record of any cash found.

(5) Where an authorised officer seizes a record or other item pursuant to the authority provided under this section, the Commissioner-General may make a copy of the record or other item and shall return the original to the person in the shortest time practicable.

(6) A copy of a document made pursuant to the power conferred by this section may be produced in Court and shall have the same evidentiary value as if it were an original.

(7) This section shall not authorise access to premises of diplomatic, consular, or other missions of foreign countries and international organizations which enjoy immunity from such investigations under international law.

(8) Where taxpayer or other specified person fails to provide any document required by the Commissioner-General under this section or section 123 such document shall not be used by the taxpayer or other person in a judicial proceeding challenging an assessment, except with the agreement of the Commissioner-General.

(9) The owner or lawful occupier of the premises or place in respect of which power is exercised under this section shall provide all reasonable facilities and assistance to the authorised officer.

(10) A person whose books, records, or other items have been seized under this section may examine them and make copies, at the person's expense, during office hours.

(11) An authorised officer shall sign for all records, books, or other items removed and retained under this section and shall return them to the owner within fourteen days of the conclusion of the investigation or related proceedings.

(12) The Commissioner-General may cause any land to be visited, inspected, and measured and may call on any person to produce for inspection any map, plan, title deed, instrument of title, or other document in the custody or under the control of that person which relates to the land.

(13) The Commissioner-General shall require a peace officer to be present for the purposes of exercising powers under this section, unless the Commissioner-General is of the opinion that the presence of a peace officer shall not be necessary in the circumstances.

(14) In this section-

“authorised purpose” means—

- (i) the collection of information for the purpose of determining the liability of person for the payment of tax;
- (ii) the collection of information for the purpose of collecting tax from a specific person; or
- (iii) the collection of information related to the investigation or prosecution of a specific person for an offence specified in this Act; and

“business premises” includes a place where any business is carried on, where anything is done in connection with a business, a dwelling used for the maintenance of stocks, keeping of records, signing of contracts or agreements, and attesting of deeds, and any place used for meeting clients.

123. (1) For the purpose of this Act, the Assistant Commissioner may require from the tax payer or the Commissioner may require from any other person, by giving reasonable notice in writing—

Notice to obtain information.

- (a) to furnish any information that is required by the notice, including information concerning another person;

- (b) to appear at the time and place designated in the notice for the purpose of being examined or of producing documents or other evidence in control of that person which are referred in the notice; or
- (c) to produce, within the time specified in the notice, all documents in the person's custody or under the person's control relating to the person's or any other person's tax affairs as specified in the notice.

(2) Without prejudice to the generality of subsection (1), the Commissioner may require any bank—

- (a) to furnish to the Commissioner details of any banking account or other assets which may be held on behalf of any person, or to furnish a copy of bank statements of any such banking account; or
- (b) to permit the Commissioner or Assistant Commissioner to inspect the records of the bank with respect to the banking account of any person; or
- (c) to furnish annually a schedule showing the amount of interest paid on deposits together with the names and addresses of the persons to whom such interest accrued or may require the attendance of any officer of a bank before the Commissioner to give evidence with regard to any bank account or other assets which may be held by the bank on behalf of any person.

(3) The provisions of subsection (1) shall extend to the furnishing of information, the production of documents and the giving of evidence to the Commissioner or Assistant Commissioner in relation to—

- (a) the payment of income by any person to a non-resident; or

- (b) the payment of remuneration by an employer to an employee, the deduction of tax therefrom and the accounting for any tax so deducted.

(4) The Commissioner or Assistant Commissioner may make copies of books of account or other documents that are produced for purposes of this section, or may retain them where such course of action appears to the Commissioner-General to be necessary for the purposes of any prosecution or the substantiation of any assessment.

(5) Subject to subsection (8) of section 122, this section shall have effect notwithstanding anything contrary in any written law relating to confidentiality, privilege, or the public interest with respect to the production of or access to documents or other evidence, including a law relating to bank secrecy and any contractual duty of confidentiality.

124. (1) For the purposes of determining whether a person has violated any provisions of this Act, the Commissioner-General or an authorised officer may make an ex parte application to a Magistrate for a search and seizure warrant.

Search and seizure with warrant.

(2) An application under subsection (1) shall set out the following:-

- (a) the provisions of this Act alleged to have been contravened;
- (b) the name of the person alleged to have contravened the provisions of this Act;
- (c) the premises to be searched; and
- (d) the documents sought.

(3) When an application is made under subsection (1), Magistrate may issue a search and seizure warrant where he is satisfied that there are reasonable grounds to believe that-

- (a) the search and seizure is necessary to determine whether a person has contravened any provision of this Act or committed an offence under this Act; and
- (b) any documents (including in electronic format) that are likely to be found on the premises which may provide evidence as to the matters specified in paragraph (a).

(4) A warrant issued under subsection (3) shall, as far as is reasonably practical contain the following information:-

- (a) the alleged commission of the offence under this Act which is the basis for the application;
- (b) the person alleged to have contravened any provision of this Act or committed an offence under this Act;
- (c) the premises to be searched; and
- (d) the documents that are the subject of the search.

Execution of a search and seizure with warrant and search without warrant.

125. (1) The owner or lawful occupier of premises to which access is sought under a search and seizure warrant may refuse access to the premises where the Commissioner-General or authorised officer fails to produce the warrant.

(2) An authorized officer shall not enter or remain on any premises which is subject to search and seizure warrant if, upon request by the owner or lawful occupier, the officer is unable to produce an authorisation in writing from the Commissioner-General permitting the officer to exercise powers under the warrant.

(3) In executing powers under a search and seizure warrant, the Commissioner-General or authorised officer -

- (a) shall have full and free access, at any time and without notice-
 - (i) to the premises specified in the warrant;
 - (ii) to any relevant material located on the premises, including in electronic format; and
 - (iii) to any data storage device located on the premises containing relevant material;
- (b) may open or cause to be opened or removed in conducting a search of the premises specified in the warrant, anything that the Commissioner-General or authorised officer reasonably suspects to contain relevant material;
- (c) may make an extract, or a paper or electronic copy of any relevant material, including on a data storage device;
- (d) may seize any relevant material;
- (e) may, if a paper or electronic copy of relevant material on a data storage device is not provided, seize and retain the device for as long as is necessary to copy the information required; and
- (f) may search any person on the premises specified in the warrant.

(4) The owner or lawful occupier of the premises to which an exercise of search and seizure warrant relates shall provide all reasonable facilities and assistance to the Commissioner-General or authorised officer including the following:-

- (a) answering questions, orally or in writing, concerning whether a person has violated the provisions of this Act; or

(b) providing access to information necessary to decrypt data to which access is sought in exercise of a search and seizure warrant.

(5) The Commissioner-General or authorised officer shall-

(a) make a written inventory of the relevant material seized and provide a copy thereof to the owner of the material; and

(b) sign for any relevant material or data storage device removed and retained under this section.

(6) An authorized officer may search a person only if such officer is of the same sex as the person being searched.

(7) For the purposes of the exercise of powers under this section, the Commissioner-General or any authorised officer may require a police officer to be present when executing a warrant under this section.

(8) The Commissioner-General or authorised officer shall not retain any document seized under this section for a period longer than six months from the date of seizure unless the document is required for the purposes of any proceedings under this Act or any other written law.

CHAPTER XI

TAX RETURNS

Tax returns.

126. (1) Every person chargeable with income tax under this Act shall furnish to the Assistant Commissioner in accordance with subsection (2) a tax return in the specified form containing such particulars as may be specified by the Commissioner- General either in writing or by electronic means within the stipulated time.

(2) The Commissioner-General may specify—

- (a) the form for returns;
- (b) the information to be furnished on the return and attachments, if any, required to be filed with the return; and
- (c) the manner of filing.

(3) An Assistant Commissioner shall not be bound by a tax return or information provided by, or on behalf of, a taxpayer and the Assistant Commissioner may determine a taxpayer's tax liability based on any sources of information available to the Assistant Commissioner.

(4) A taxpayer or the taxpayer's duly authorised agent, shall sign the return, attesting to its accuracy and completeness.

(5) Where a return or part of a return was prepared for reward by some other person, including by an approved accountant, other than a full-time employee of the taxpayer, that other person shall also sign the return.

(6) An Assistant Commissioner may, by notice in writing, require a person to file, whether on that person's own behalf or as agent or trustee for another person, additional returns for a tax period as the Assistant Commissioner requires, even if the taxpayer has not submitted a return for the period, with that person to be given a period of not less than seven days to file the additional returns.

127. (1) Where it appears to the Commissioner-General that any person who is liable to furnish a return and has not done so, the Commissioner-General may, by notice in writing, require such person to furnish a return within such time as may be specified in the notice, not being less than fourteen days from the date of service of such notice.

Notice to
require filing.

(2) Nothing in this section extends the time limits provided under this Act for the furnishing of a return.

Return deemed to be furnished by due authority.

128. Every return, statement, or form purporting to be furnished under this Act by or on behalf of any person shall be deemed to have been furnished by that person or with the person's authority, as the case may be, unless the contrary is proved, and any person signing such return, statement, or form shall be deemed to be cognisant of all matters contained therein.

Information Returns.

129. The provisions of this Act relating to returns shall apply to a person required under this Act to file a return of information related to matters other than the person's own tax liability.

Extension of time to file returns.

130. (1) The Commissioner-General may extend the time limit specified for filing a tax return where the taxpayer or other person required to file the return applies for the extension by due date.

(2) The granting of an extension of time under subsection (1) shall not affect the due date for payment of tax, unless an extension of time for payment is also expressly granted.

Tax return duly filed.

131. A tax return that is purported to be filed by or on behalf of a taxpayer shall be treated as having been filed by the taxpayer or with the taxpayer's authority unless the contrary is proved.

CHAPTER XII

ASSESSMENTS

Self-assessments.

132. (1) A self-assessment taxpayer who has filed a self-assessment return in the approved form for a tax period shall be treated, for all purposes of this Act, as having made an assessment of the amount of tax payable as set out in the return (including a nil amount) for the tax period to which the return relates.

(2) Where a self-assessment taxpayer liable for income tax has filed a self-assessment return in the approved form for a year of assessment and the taxpayer has a loss for the year, the taxpayer shall be treated, for all purposes of this Act, as having made an assessment of the amount of the loss set out in the return.

(3) A tax return in the approved form completed and filed in writing or electronically by a taxpayer shall be a self-assessment return despite the following:-

- (a) the form included pre-filled information provided by the Commissioner-General; or
- (b) the tax payable is computed electronically as information is inserted into the form.

133. (1) Where a taxpayer has failed to file a tax return for a tax period as required under this Act, the Assistant Commissioner may, based on such evidence as may be available and to the best of his or her judgement, make an assessment (hereinafter referred to as a “default assessment”) of the tax (including a nil amount) payable by the taxpayer for the period.

Default assessments.

(2) The Assistant Commissioner shall serve a taxpayer assessed under subsection (1) with notice, in writing, of a default assessment specifying the following:

- (a) the amount of tax assessed;
- (b) the amount assessed as penalty (if any) payable in respect of the tax assessed;
- (c) the amount of late payment interest (if any) payable in respect of the tax assessed;
- (d) the tax period to which the assessment relates;

(e) the due date for payment of the tax, penalty, and interest being a date that is not less than thirty days from the date of service of the notice; and

(f) the manner of objecting to the assessment.

(3) The service of a notice of a default assessment under this section shall not change the due date (hereinafter referred to as the “original due date”) for payment of the tax payable under the assessment, and late payment penalty and late payment interest shall remain payable based on the original due date.

(4) This section shall apply only for the purposes of a tax that is collected by assessment.

(5) A default assessment may be made at any time.

(6) Nothing in this section shall relieve a taxpayer from being required to file the tax return to which the default assessment served under this section relates.

(7) A tax return filed by a taxpayer for a tax period after a default assessment has been served on the taxpayer for the period shall not be a self-assessment return.

Advance
assessments.

134. (1) Subject to subsection (2), the Assistant Commissioner may, based on such evidence as may be available and to the best of his judgement, make an assessment (referred to as an “advance assessment”) of the tax payable by a taxpayer for a tax period.

(2) Subsection (1) shall apply only when:

(a) the taxpayer has not filed a tax return for the tax period; and

(b) the tax is collected by assessment.

(3) An advance assessment—

- (a) may be made before the date on which the taxpayer's tax return for the period is due; and
- (b) shall be made in accordance with the law in force at the date the advance assessment was made.

(4) The Assistant Commissioner shall serve a taxpayer assessed under subsection (1) with notice, in writing, of the advance assessment specifying the following:—

- (a) the amount of tax assessed;
- (b) the amount assessed as penalty (if any) payable in respect of the tax assessed;
- (c) the tax period to which the assessment relates;
- (d) the due date for payment of the tax and penalty, which may be a date before the tax would otherwise be due for the tax period; and
- (e) the manner of objecting to the assessment.

(5) The Assistant Commissioner may specify in a notice of an advance assessment that the tax and penalty due shall be payable immediately.

(6) An advance assessment may be the subject of an amended assessment so that the taxpayer is assessed in respect of the whole of the tax period to which the advance assessment relates.

(7) Nothing in this section shall relieve a taxpayer from the requirement to file the tax return to which the advance assessment served under this section relates.

(8) A tax return filed by a taxpayer for a tax period after an advance assessment has been served on the taxpayer for the period is not a self-assessment return.

Amended or
additional
assessments.

135. (1) Subject to this section, the Assistant Commissioner may amend a tax assessment (referred to in this section as the “original assessment”) by making such alterations or additions, based on such evidence as may be available and to the best of his judgement, to the original assessment of a taxpayer for a tax period to ensure that:

- (a) in the case of a loss carried forward under this Act, the taxpayer is assessed in respect of the correct amount of the loss carried forward for the tax period; or
- (b) in any other case, the taxpayer is liable for the correct amount of tax payable (including a nil amount) in respect of the tax period to which the original assessment relates.

(2) Subject to subsection (3), the Assistant Commissioner may amend a tax assessment under subsection (1):-

- (a) in the case of fraud, or gross or wilful neglect by, or on behalf of, the taxpayer, at any time; or
- (b) in any other case, within thirty months of:
 - (i) for a self-assessment, the date that the self-assessment taxpayer filed the self-assessment return to which the self-assessment relates; or
 - (ii) for any other assessment, the date on which the Assistant Commissioner served notice of the assessment on the taxpayer.

(3) Subject to subsection (4), where the Assistant Commissioner has served a notice of an amended assessment on a taxpayer under subsection (1), the Assistant Commissioner may further amend the original assessment to which the amended assessment relates within the later of:-

- (a) four years after:-
 - (i) for a self-assessment, the date the taxpayer filed the self-assessment return to which the self-assessment relates; or
 - (ii) for any other assessment, the date the Assistant Commissioner served notice of the original assessment on the taxpayer; or
- (b) one year after the Assistant Commissioner has served notice of the amended assessment on the taxpayer.

(4) In any case to which paragraph (b) of subsection (3) applies, the Assistant Commissioner is restricted to amending the alterations or additions made in the amended assessment to the original assessment.

(5) Where the Assistant Commissioner has made an amended or additional assessment under this section, he shall serve the taxpayer with notice, in writing, of the amended assessment specifying the following:-

- (a) the original assessment to which the amended assessment relates;
- (b) the amount of tax assessed and the basis upon which the amended or additional assessment has been made;
- (c) the amount assessed as penalty (if any) in respect of the tax assessed;
- (d) the amount of late payment interest (if any) payable in respect of the tax assessed;

- (e) the tax period to which the assessment relates;
- (f) the due date for payment of any tax, penalty, and interest being a date that is not less than thirty days from the date of service of the notice; and
- (g) the manner of objecting to the assessment.

(6) The service of a notice of an amended assessment under this section shall not change the original due date (referred to as the “original due date”) for payment of the tax payable under the assessment as determined under this Act, and late payment penalty and late payment interest shall remain payable based on the original due date.

Application for making an amendment to a self-assessment.

136. (1) A taxpayer who has filed a self-assessment return may apply to the Commissioner-General for making an amendment to the self-assessment.

(2) An application under subsection (1) shall:

- (a) state the amendments that the taxpayer believes are required to be made to correct the self-assessment and the reasons for the amendments; and
- (b) be filed with the Commissioner-General within the period specified in subparagraph (i) of paragraph (b) of subsection (2) of section 135.

(3) Where an application has been made under subsection (1), the Commissioner-General may make a decision to amend the self-assessment or to refuse the application.

(4) When the Commissioner-General makes a decision to amend the self-assessment:

- (a) the amended assessment shall be made in accordance with subsection (1) section 135; and

- (b) notice of the amended assessment shall be served on the taxpayer in accordance with subsection (5) section 135.

(5) Where the Commissioner-General makes a decision to refuse an application under subsection (1) he shall serve the taxpayer with written notice of the decision with reasons for the decision.

(6) Where the Commissioner-General has not made a decision on an application made under subsection (1) within ninety days of the application being filed, the Commissioner-General shall be deemed to have:-

- (a) made a decision to disallow the application; and
- (b) served the taxpayer with notice of the decision on the ninetieth day after the application was filed.

CHAPTER XIII

OBJECTIONS AND APPEALS

137. Except as provided for under this Chapter— Objections.

- (a) no decision relating to the payment of a tax under this Act shall be disputed at the Tax Appeals Commission, in any Court or Tribunal or any other proceedings on any other ground; and
- (b) the amount and particulars of every assessment made by the Commissioner-General in respect of a taxpayer shall be treated as correct and the liability of the taxpayer shall be determined accordingly.

138. In the event of any conflict or inconsistency The Act to prevail.
between the provisions of this Act and the provisions of any other written law, the provisions of this Act shall prevail.

Administrative
Review.

139. (1) A taxpayer who is dissatisfied with an assessment or other decision may request the Commissioner-General to review the decision.

(2) A request for review shall be made to the Commissioner-General in writing not later than thirty days after the taxpayer was notified of the decision, and shall specify in detail the grounds upon which it is made.

(3) Where the request is an objection against an assessment which has been made in the absence of a return required to be made, the notice of request relating to the objection shall be sent together with a return duly made.

(4) The receipt of every request shall be acknowledged within thirty days of its receipt and where so acknowledged, the date of the letter of acknowledgement shall for the purpose of this section, be deemed to be the date of receipt of such request.

(5) The Commissioner-General shall consider the taxpayer's request and notify the taxpayer in writing of the Commissioner-General's decision and the reasons for the decision. Taxpayer's request shall be considered by a tax official other than the tax official who made the assessment or other decision.

(6) The Commissioner-General shall give effect to the decision referred to in subsection (5) by confirming an existing assessment or making an amended assessment (including for a nil amount) or an additional assessment in accordance with this Act, or taking such other necessary action to give effect to that decision.

(7) Where the Commissioner-General hears the evidence of a taxpayer or of any other person in respect of the request, a record of such evidence shall be maintained or caused to be maintained.

(8) Notwithstanding the provisions of subsection (2), the taxpayer may make a request for administrative review upon satisfying the Commissioner-General that owing to absence from Sri Lanka, sickness, or other reasonable cause the taxpayer was prevented from making the request within thirty days of the event described in subsection (2), and that there has been no unreasonable delay on the taxpayer's part.

140. (1) A person aggrieved by the decision of administrative review under section 139 may appeal against the decision to the Tax Appeals Commission.

Appeal from
Administrative
Review.

(2) An appeal to the Tax Appeals Commission shall not be made unless a request for administrative review has first been made, and —

- (a) a decision has been received from the Commissioner-General; or
- (b) ninety days have lapsed since the request for administrative review was made.

(3) Where the Tax Appeals Commission is satisfied that the appellant is overcharged it may reduce the amount of the assessment by the amount of the overcharge, and if it is satisfied that the appellant is undercharged, it may increase the amount of the assessment by the amount of the undercharge, or may confirm or annul the assessment.

(4) Notwithstanding anything contained in Chapter XVI, where the Tax Appeals Commission is satisfied that tax in accordance with its decision upon the appeal may not be recovered, the Tax Appeals Commission may require the appellant to furnish security for payment of the tax, if any, which may become payable by the appellant as may seem to the Tax Appeals Commission to be proper.

(5) Notice of an appeal under this section shall be given in writing to the Tax Appeals Commission with a copy to the Commissioner-General within thirty days from the date of the decision of the Commissioner-General under section 139.

(6) Notwithstanding the provisions of subsection (5), the appellant may appeal against an assessment or other decision upon satisfying the Tax Appeals Commission that owing to absence from Sri Lanka, sickness, or other reasonable cause the appellant was prevented from giving notice of appeal within thirty days as required under subsection (2), and that there has been no unreasonable delay on the appellant's part.

Burden of proof.

141. The burden of proof shall be on the taxpayer or person making an objection to an assessment to show that the assessment is incorrect.

Appeals do not suspend collection of amounts.

142. Notwithstanding that a request for administrative review of an assessment has been filed or a taxpayer has appealed to the Tax Appeals Commission against an assessment, the tax payable under the assessment shall remain due and payable, unless the Commissioner-General grants an extension of time under section 151 and may be recovered, despite the request for review or appeal.

Finality of assessment.

143. (1) Subject to the right of the Assistant Commissioner to issue a new or revised assessment under section 135 and subject to subsection (2), if no request for review is made within the time permitted by section 139, an assessment shall be treated as final.

(2) If an assessment is treated as final under subsection (1), and the taxpayer timely files an amended return under section 136, the filing of the amended return has the effect of revising the assessment, but only if the tax shown on the amended return exceeds the tax assessed.

Appeal from a decision of the Tax Appeals Commission.

144. (1) Either party to a proceeding before the Tax Appeals Commission who is dissatisfied with the decision of the Tax Appeals Commission may, within one month after being notified of the decision, file a notice of appeal with the Court of Appeal; and the party so appealing shall serve a copy of the notice of appeal on the other party to the proceeding before the Tax Appeals Commission.

(2) An appeal to the Court of Appeal shall not be made unless an appeal request to the Tax Appeals Commission has first been made, and—

- (a) a decision has been received from the Tax Appeals Commission; or
- (b) ninety days have lapsed since the request for appeal to the Tax Appeals Commission was made and no response to the request for appeal has been received from the Tax Appeals Commission.

(3) An appeal from a decision of the Tax Appeals Commission to the Court of Appeal shall be made only on a question of law.

(4) Where an appeal is made from a decision of the Tax Appeals Commission, the Tax Appeals Commission shall provide a written statement of the decision, including a summary of the evidence, the Commission's finding of the facts, and their conclusions on the points of law involved.

CHAPTER XIV

LIABILITY FOR AND PAYMENT OF TAX

145. (1) Tax shall be due and payable at the time stipulated under this Act.

Liability of taxpayer and due date.

(2) Subject to subsection (1), the amount of tax—

- (a) stated in a notice of assessment to be due; or
- (b) deemed to be assessed under Chapter XII,

shall be due and payable on the date stated in the notice or, in the case described in paragraph (b), on the due date for the return in question.

(3) Tax shall be paid in the manner and place specified by the Commissioner-General.

(4) Where the Commissioner-General has reasonable grounds to believe that a taxpayer may leave Sri Lanka before the due date for payment of an amount that would be due under this Act, inform the person by notice in writing that tax is due on the date specified by the Commissioner-General.

(5) Where a taxpayer fails to pay tax on the due date, the taxpayer shall be liable for any costs incurred by the Commissioner-General in taking action to recover the unpaid tax.

Liability and obligations of representatives.

146. (1) For the purposes of this Act, subject to subsection (2), “representative,” in respect of a person, means—

- (a) where the person is an individual under a legal disability, the guardian or manager who receives or is entitled to receive income on behalf of, or for the benefit of, the individual;
- (b) where the person is a company, a director or principal officer of the company or an agent referred to in subsection (4);
- (c) where the person is a partnership, a partner;
- (d) where the person is a trust, a trustee;
- (e) where the person is a body of persons other than a partnership or company, an individual responsible for accounting for the receipt and payment of moneys or funds on behalf of the body;
- (f) where the person is the Government of Sri Lanka, an individual responsible for accounting for the receipt and payment of moneys or funds on behalf of the Government;
- (g) where the person is a public corporation or local authority in Sri Lanka, an individual responsible for accounting for the receipt and payment of moneys or funds on behalf of such public corporation or local authority;

- (h) where the person is a foreign government or political subdivision of a foreign government, an individual responsible for accounting for the receipt and payment of moneys or funds in Sri Lanka on behalf of the government or political subdivision of the government; or
- (i) where the person is a non-resident, a person controlling the person's affairs in Sri Lanka, including a manager of a business of that person in Sri Lanka.

(2) Where, in relation to a person, there is more than one representative, described in subsection (1), then that person shall nominate which of them shall serve as the representative, but in the absence of a designation all shall serve as representatives pending the designation.

(3) The nomination under subsection (2) shall be of a person residing in Sri Lanka, unless there is none in relation to the person.

(4) Every company carrying on business in Sri Lanka shall be represented for the purposes of this Act by a principal officer residing in Sri Lanka and where there is none, by an authorised agent residing in Sri Lanka, and shall notify the Commissioner-General of its appointed representative within one month after it commences carrying on business in Sri Lanka, or one month after the representative ceases to qualify as such.

(5) Where a representative of a person nominated under subsection (1) is unable to perform duties, the Commissioner-General may, by notice in writing, declare another individual to be a representative of the person for the purposes of this Act.

(6) Every representative of a person shall be responsible for performing duties or obligations imposed by this Act on the person, including maintaining records, filing returns and other documents, and the payment of tax.

(7) Subject to subsection (9), the tax that, by virtue of subsection (6), is payable by a representative of a person shall be recoverable from the representative only to the extent of any assets of the person that are in the possession or under the control of the representative.

(8) A representative of a person who pays tax owed by the person shall be entitled to recover the amount so paid from the person or to retain the amount so paid out of any moneys of the person that are in the representative's possession or under the representative's control.

(9) A representative of a tax payer shall be personally liable for the payment of tax due by the tax payer if, while the amount remains unpaid, the representative—

- (a) alienates, charges, or disposes of moneys received or accrued in respect of which the tax is payable; or
- (b) disposes of or parts with moneys or funds belonging to the taxpayer that are in the possession of the representative or which come to the representative after the tax is payable, if the tax could legally have been paid from or out of the moneys or funds.

(10) A representative of a tax payer shall not be personally liable for tax under subsection (9) if-

- (a) the monies were paid by the representative on behalf of a taxpayer and the amount paid has priority, in law or equity, over the tax payable by the taxpayer; or
- (b) at the time the monies were paid, the representative had no knowledge, and could not reasonably be expected to know, of the taxpayer's tax liability.

(11) Nothing in this section shall relieve a person from performing duties imposed under this Act, notwithstanding any failure to perform such duties by his representative.

(12) Where there are two or more representatives of a person, the duties or obligations referred to in this section shall apply jointly and severally to the representatives but may be discharged by any of them.

(13) Where—

- (a) a partnership or other unincorporated association or body is dissolved or otherwise ceases to exist because of the retirement or withdrawal of one or more, but not all, of its partners or members, or because of the admission of a new partner or member;
- (b) apart from the provisions of this Act a new partnership, association, or body, consisting of the remaining members, or of the existing or remaining members and one or more new members, thereby comes into existence; and
- (c) the new partnership, association, or body continues to carry on the activity that was carried on by the dissolved partnership, association, or body,

the dissolved partnership, association, or body and the new partnership, association, or body are, for the purposes of this Act, shall be deemed to be one and the same.

(14) Where, after the death of a taxable person or the sequestration of a taxable person's estate, a taxable activity previously carried on by the taxable person is carried on by or on behalf of the executor or trustee of the person's estate or anything is done in connection with the termination of the taxable activity, the estate of the taxable person, as represented by the executor or trustee, shall be deemed for the purposes of this Act to be the taxable person in respect of the taxable activity.

(15) Where a mortgagee is in possession of land or other property previously mortgaged by a mortgagor who is a taxable person, and the mortgagee carries on a taxable activity in relation to the land or other property, the mortgagee shall be deemed, from the date the mortgagee took possession of that land or property until such time as the mortgagee ceases to be in possession of the land or property, to be the taxable person carrying on the taxable activity.

(16) For the purposes of this Act, where a person is a trustee in more than one capacity, the person shall be treated as a separate person in relation to each of those capacities.

Officers of
unincorporated
bodies.

147. (1) A liability or obligation imposed by this Act on an unincorporated body shall be imposed on the body and on any person who is an officer of the body at the time the liability or obligation is imposed, and the body and each such officer shall be jointly and severally liable for that liability or obligation.

(2) For the purposes of this Act, the existence of an unincorporated body and any taxable activity carried on by the unincorporated body shall be deemed not to be affected by any change in its members or officers.

(3) A document which is required to be served on an unincorporated body under this Act may be served on an officer of the body.

(4) Where an offence under this Act has been committed by an unincorporated body, the offence shall be deemed to have been committed by the officers of the unincorporated body.

Liability for tax
following
winding-up.

148. (1) This section shall apply to a company which is wound up without having satisfied its tax liabilities, including any liability to withhold and remit tax,

(2) A person who was a shareholder of the company at the time of the winding-up or during the preceding year shall be jointly and severally liable to pay the unpaid tax to the extent of a distribution of cash or property from the company received as a shareholder within one year prior to its winding-up.

(3) A person liable for tax of a company under this section may invoke any rights as against the Department that would have been available to the company.

149. (1) Where an entity fails to pay tax on time, every person who is or has been a manager of the entity at any time since the relevant time shall be jointly and severally liable with the entity and every other such person for payment of the tax.

Managers of entities.

(2) Subsection (1) shall apply irrespective of whether the entity has ceased to exist or not.

(3) Provisions of subsection (1) shall not apply to a manager who has exercised the degree of care, diligence, and skill that a reasonably prudent person in the position of the manager would have exercised in preventing in the initial and continuing failure to pay tax.

(4) Amounts payable to the Commissioner-General by a manager under this section shall be a personal tax liability of the manager.

(5) Where a manager pays tax by reason of a liability under subsection (1), the manager may recover the payment from the entity as a debt due.

(6) A manager of an entity may not be assessed for an amount under this section after the period of limitations for collecting the relevant tax from the entity has expired.

(7) In this section-

“entity” means any taxpayer other than a partnership, unincorporated body, or an individual;

“manager” of an entity includes a person purporting to act as a manager of the entity and, in the case of a company, includes a director, the chief executive officer, and the chief financial officer of the company; and

“relevant time” is six months before the events that gave rise to the entity’s tax liability.

Refundable amounts.

150. (1) Where the amount of tax which has been paid by a taxpayer exceeds the amount of tax assessed or found to be payable, the Commissioner-General shall —

- (a) refund the amount against the taxpayer’s assessed liability to pay tax, interest, late fees, or penalties under this Act; and
- (b) unless the taxpayer objects, apply an amount remaining against the taxpayer’s liability to make advance payments of tax that shall become due within the succeeding six months.

(2) Subject to subsection (1), refundable amounts shall be paid to the taxpayer.

(3) A refund or credit may be made under this section only if the taxpayer applies for it within four years of the date of payment or, if made on the Commissioner-General’s initiative, within the specified time period.

Extension of time for payment.

151. (1) The taxpayer may apply, on a form specified by the Commissioner-General, for an extension of the time for payment of tax beyond the date on which it is required to be paid under section 145 of this Act.

(2) The Commissioner-General may, with good cause, extend the time for payment as requested under subsection (1) and may grant an extension period different from the period requested by the taxpayer, pending resolution of an appeal, and may make other arrangements to ensure payment of the tax, including arrangements requiring the person to pay the amount due in instalments or by requiring security.

(3) Where the Commissioner-General does not notify the person who made application under subsection (1), of the decision in writing within thirty days, the application shall be deemed to be granted.

(4) Where a taxpayer has been granted an extension under subsection (1), interest shall be payable notwithstanding the extension of time.

(5) If an extension is granted by permitting the taxpayer to pay the tax by instalments and the taxpayer defaults in paying any of the instalments, the amount of the outstanding tax shall become payable immediately.

152. (1) The Commissioner-General may send a notice to the taxpayer demanding payment when a tax is not paid by the date on which it became due and payable. Default in payment.

(2) The notice shall state:

- (a) the name of the taxpayer;
- (b) the taxpayer identification number (TIN), if such number has been issued to the taxpayer;
- (c) the date of issue of the notice;
- (d) the amount of tax, interest, and penalties payable, and the tax period or periods to which they relate;
- (e) a demand for payment of these amounts;

(f) the place at which payment is to be made; and

(g) that the taxpayer is on notice that, if payment is not made within twenty one days after service of the notice, the Commissioner-General has the right to institute action to collect the amounts specified in the notice.

(3) The taxpayer shall be in default, twenty-one days after service of the notice in respect of any amounts remaining unpaid as of that date.

(4) Subsection (3) shall not apply where the taxpayer has—

(a) entered into a payment arrangement with the Commissioner-General; or

(b) received an extension pursuant to section 151 and complied with terms of the arrangement.

Priority of tax.

153. (1) This section shall apply to the following amounts:—

(a) withholding tax;

(b) an amount that a payer is required to pay under a notice issued under section 170.

(2) A person owing, holding, receiving, or withholding an amount to which this section applies shall hold the amount in trust for the Republic of Sri Lanka and, in the event of the liquidation or bankruptcy of the person, the amount:-

(a) shall not form part of the person's estate in liquidation or bankruptcy; and

(b) shall be paid to the Commissioner-General before any distribution of property is made.

(3) Notwithstanding any other written law, withholding tax withheld by a person:-

- (a) shall not be subject to attachment in respect of any debt or liability of the person;
- (b) shall be a first charge on the payment or amount from which the tax shall be withheld; and
- (c) shall be withheld prior to any other deduction that the person may be required to make from the payment or amount under an order of any court or any law.

154. (1) Payments of a specific tax shall be applied against the taxpayer's liability in the following order:— Order of payment of tax debts.

- (a) interest relating to the tax;
- (b) penalties relating to the tax; and
- (c) the principal amount of the tax.

(2) The Commissioner-General may apply a tax payment to any tax which has been assessed and is due—

- (a) where the taxpayer fails to indicate to which specific tax or taxation period the payment should be applied; or
- (b) where the payment has been collected pursuant.

155. Tax shall be payable in Sri Lanka currency, except as otherwise provided in this Act. Currency.

CHAPTER XV

INTEREST

156. (1) Procedures for the payment, collection and dispute of a tax shall apply equally to interest relating to a tax. General.

(2) Liability for interest under this Act shall be calculated separately and shall be in addition to penalties provided by law.

(3) If a person has paid interest and an amount to which the interest relates is found not to have been payable, the interest paid on that amount shall be refunded to the person.

Interest on
under
payments.

157. (1) If an amount of tax is not paid by the due date, the taxpayer shall be liable for interest on the amount for the period from the due date (determined without having regard to an extension of time) under section 151 to the date the tax is paid.

(2) In the case of tax due under a revised assessment, the due date for the calculation of interest shall be the original due date of the tax.

Interest on
refundable
amounts.

158. (1) Where the Commissioner-General is required to refund an interest amount, it shall be paid to the taxpayer from the later of –

(a) the due date; or

(b) the date the tax was paid,

until the date on which the refundable amount is paid.

(2) Notwithstanding the provisions of subsection (1), no interest shall be payable in respect of a refund that is based on a claim for refund and is paid to the taxpayer within sixty days of the filing of the claim for refund.

(3) A refundable amount that is applied against another tax liability under section 150 shall be considered to have been paid to the taxpayer on the due date of the liability against which the refundable amount was applied.

Interest rate.

159. (1) The interest rate for payments pursuant to section 157 shall be one and one-half per cent per month or part month, compounded monthly.

(2) The interest rate for payments pursuant to section 158 shall be one-half per cent per month or part month, compounded monthly.

(3) Notwithstanding the provisions of subsections (1) and (2), the Minister may vary the interest rate by Order published in the *Gazette*.

CHAPTER XVI

RECOVERY OF TAX

160. The Commissioner-General may proceed with any remedy under this Chapter once the taxpayer is in default pursuant to section 152. General.

161. Institution of action under this Chapter shall be commenced within five years of the date on which the taxpayer was in default. Period of limitations for collection.

162. (1) Where the Commissioner-General is unable to recover an amount of tax, interest, or penalty due and payable by a person under this Act, the Minister may, on recommendation of the Commissioner-General and approval by the Cabinet, order the extinguishment of the liability as a debt due to the Government. Extinguishment of uncollectible amounts.

(2) Where the Commissioner-General determines that a person whose debt was extinguished under subsection (1) has assets that may be attached to recover all or part of the unpaid amounts, the liability for the debt may be reinstated by an order of the Minister, approved by Cabinet, revoking the order made under subsection (1).

163. (1) Tax that is due and payable shall be a debt to the Government and shall be payable to the Commissioner-General. Court proceedings.

(2) Where a person fails to pay tax when it is due, the Commissioner-General may commence proceedings in a court of competent jurisdiction to recover the debt outstanding in respect of the amount owing.

(3) In any proceedings under this section, the production of a certificate signed by the Commissioner-General, stating the name of the defendant and the amount of tax owing, shall be sufficient evidence that the amount is due for the court to give judgment in that respect.

(4) In any proceedings for the recovery of tax it shall not be a defence for the defendant that —

- (a) the tax, the taxable income or other tax base is incorrect;
- (b) the tax charged is excessive; or
- (c) the assessment is the subject of objection or appeal.

Lien.

164. (1) Where a taxpayer fails to pay a tax by the due date, a lien in favour of the Commissioner-General shall be created in the amount owing (together with interest, penalty and costs of collection that may accrue) on all property belonging to the taxpayer, and has priority as against all other rights, except as otherwise provided in this section.

(2) The lien referred to in subsection (1) shall arise at midnight at the commencement of the date of default and shall continue until the liability is satisfied or becomes unenforceable by reason of lapse of time.

(3) The lien imposed under this section shall not be valid against the interest of a person who is a purchaser from the taxpayer, a holder of a security interest granted by the taxpayer, or other lien holder specified in regulations, if the interest arises—

- (a) before the person had actual knowledge of the lien; or
- (b) before notice of the lien has been duly registered by the Registrar of the High Court and the Registrar of Lands,
whichever occurs first.

(4) The Commissioner-General may file notice of a lien at any time after a taxpayer is determined to be in default pursuant to section 152.

(5) The Commissioner-General may specify procedures for filing notice of a lien and may specify categories of interests against which the lien shall not be valid even though notice of the lien has been filed.

(6) At least fifteen days prior to registering a lien with the Registrar of the High Court and the Registrar of Lands, the Commissioner-General shall send notice of the intention to register the lien to the taxpayer.

(7) Subsection (6) shall not apply where the Commissioner-General believes that the ability to collect tax is in jeopardy.

(8) The Commissioner-General may file action in the High Court to enforce the lien created by this section.

(9) An affected person may apply to the Commissioner-General for a release of the lien on the person's property and a decision by the Commissioner-General not to release a lien may be appealed to the High Court.

165. (1) Where the taxpayer is in default, the Commissioner-General may cause execution to be levied on the taxpayer's property but, except when a determination has been made under subsection (7) of section 164, the Commissioner-General may proceed to execution only if the taxpayer has been served with a notice of intention to levy execution, and the taxpayer has failed to pay the tax within thirty days after service of the notice.

Execution
against
taxpayer's
property.

(2) Where the Commissioner-General has reasonable grounds to believe that the collection of tax is in jeopardy, the Commissioner-General may demand immediate payment

of the tax and, on failure of the taxpayer to pay the tax within the period stated in such demand, may proceed to levy execution on the taxpayer's property immediately, notwithstanding subsection (3) of section 152.

(3) A person (including a bank or other financial institution) in possession of, or holding security over, property on which a levy has been made shall, on demand, surrender the property, or discharge the security, to the Commissioner-General, except in respect of the part of the property that is already subject to attachment or execution under judicial process.

(4) A person who fails to comply with the demand shall be liable to the Commissioner-General in the amount of the value of the property or security held, but not in excess of the amount for the collection of which the levy is made.

(5) A person complying with the requirements of this section or of section 170 shall, from the time of compliance, be discharged from an obligation to the taxpayer or another person to the extent of the value of property surrendered, or the security discharged, to the Commissioner-General and shall not be personally liable for loss or damage incurred as a consequence of compliance.

(6) A levy under this section shall commence within five years of the date on which the taxpayer was in default.

(7) A taxpayer's personal effects and household furnishings without substantial value shall be exempt from a levy.

Sale of seized property.

166. (1) Unless the Commissioner-General has good reason to release the seized property, the Commissioner-General shall sell the property seized pursuant to a levy.

(2) The sales proceeds shall be applied first against the expenses of the levy and sale, then against the liability for penalties, interest and tax and the excess shall be returned to the taxpayer.

(3) The Commissioner-General may make conditions with respect to the procedure on sale by public auction under the power of sale conferred on the Commissioner-General by this Act, and may—

- (a) fix an amount of a deposit to be made by the highest bidder;
- (b) reserve a price;
- (c) specify a time within which a deposit shall be made and the events following which it may be forfeited; and
- (d) declare, in the event that the highest bidder fails to make the required deposit or to complete the purchase within the required time, the next highest bidder to be the highest bidder and purchaser of the property.

(4) Seized goods or property shall be sold at public auction at a time and place as the Commissioner-General may direct, but no sale shall take place within fourteen days of the seizure of the goods or property, unless the goods seized are, in the opinion of the Commissioner-General, of a perishable nature, or the owner of the goods has requested their earlier sale.

(5) All goods seized under this Act shall be deposited in some fit place, or left in the possession of some fit person, as the Commissioner-General may determine.

(6) The date, time, and place of sale of all goods seized under this Act shall be published in the Gazette and notice thereof shall be given to the taxpayer prior to the date of sale unless those goods are being sold before the expiry of the fourteen day period under subsection (4).

(7) For the purpose of seizing and selling goods, a person may, if expressly authorised in writing by the Commissioner-General, execute a warrant of distress, and if necessary break

open a building in the day-time to levy such distress; and may seek assistance from a police officer, when so required, to assist in the execution of a warrant of distress and in levying the distress.

(8) At the sale of goods or other property, a duly designated officer of the Government may bid for and purchase the goods or other property on behalf of the Republic of Sri Lanka.

(9) Where goods or property advertised for sale are not sold on the day appointed for the sale, the property may be put up for sale again.

(10) The officer or other person conducting the sale may report to the Commissioner-General the result of the sale and the Commissioner-General may direct that, upon payment of the purchase money the property be conveyed to the purchaser.

(11) Where the Commissioner-General, after review of the report provided pursuant to subsection (10), is satisfied that there has been fraud or improper conduct in relation to the sale of a property mentioned in the report or that the relevant tax had been paid prior to the date of sale, the Commissioner-General may declare the sale to be *null and void*.

(12) Upon the execution of the deed of conveyance or the assignment to the purchaser by the Commissioner-General in accordance with this section, the goods or property shall be vested in the purchaser freed and discharged from all encumbrances arising under this Act.

(13) Notwithstanding anything contained in this Act authorising the Commissioner-General to sell a property for the recovery of tax, the conveyance or assignment executed to give effect to the sale shall not affect any interest, or right of the Republic of Sri Lanka in the property.

167. (1) Where the Commissioner-General is of opinion that any person who is a defaulter is about to or likely to leave Sri Lanka without paying:—

Departure
Prohibition
Order.

- (a) tax that is payable by that person; or
- (b) tax that is payable by a company in which that person is a controlling member,

which has become default as assessed upon his or otherwise, he may issue a certificate containing particulars of such tax and the name of such person to a Magistrate, who shall on receipt thereof issue a direction to the Controller General of Immigration and Emigration to take such measures as may be necessary to prevent such person from leaving Sri Lanka without paying the tax or furnishing security to the satisfaction of the Commissioner-General, for payment thereof.

(2) At the time of issue of the certificate to the Magistrate, the Commissioner-General shall issue to such person a notification thereof by registered post. However, the non-receipt of any such notification by such person shall not invalidate proceedings under this section.

(3) Where the Commissioner-General has reasonable grounds to believe that the departure from Sri Lanka of any person who is a defaulter referred to in subsection (1) is imminent and that sufficient time is not available to act in terms of subsection (1), the Commissioner-General may issue a departure prohibition order, in writing, to the Controller General of Immigration and Emigration stating—

- (i) the name and address of the person;
- (ii) the amount of tax that is or will become payable by the person or by the company in which the person is a controlling member,

and the Controller General of Immigration and Emigration shall take such measures as may be necessary to prevent such person from leaving Sri Lanka without paying the tax or furnishing security to the satisfaction of the Commissioner- General, for payment thereof:

Provided however that the Commissioner General shall, as soon as may be practicable and in any event within seventy two hours of issuing such departure prohibition Order, make an application to the Magistrate to have the Order confirmed. Such departure prohibition Order shall be treated as revoked where no application has been made to the Magistrate within the aforementioned time period.

(4) The production of a certificate signed by the Commissioner-General or a Deputy Commissioner, stating that the tax has been paid or that security had been furnished to for the payment of the tax, or payment of the tax to a police officer in charge of a police station, shall be sufficient authority for allowing such person to leave Sri Lanka. Any police officer to whom the amount of any tax has been paid shall forthwith pay such amount to the Commissioner-General.

Priority in
bankruptcy.

168. Notwithstanding anything contained in any other written Law—

(a) the trustee in bankruptcy of an individual; or

(b) the liquidator of a company which is being wound up,

shall apply the assets of the bankrupt individual or the company, as the case may be, in payment of tax due under this Act (whether assessed before or after the date of

bankruptcy or commencement of winding up) as a privileged debt in priority over all debts of that individual or company.

169. Where a government department, institution or Ministry is about to make a payment to any person, other than a payment in respect of wages or salary, that department, institution or Ministry may apply the whole or part of that payment in satisfaction in whole or in part to any amount in respect of which that person is in default under section 152, and shall notify that person accordingly. Offset against payments.

170. (1) If a taxpayer is in default, the Commissioner-General may serve a notice in writing on a third party debtor. Third party debtors.

(2) On receiving a notice, the third party debtor shall pay to the Commissioner-General (on account of the taxpayer and by the date specified in the notice) the least of the following three amounts:—

- (a) the amount in respect of which the taxpayer is in default;
- (b) the money owed by the third party debtor to the taxpayer; and
- (c) the amount specified in the notice.

(3) A notice may be served on a third party debtor in relation to an amount in a joint account only when:—

- (a) all the holders of the joint account have unpaid tax liabilities; or
- (b) the taxpayer may withdraw funds from the account (other than a partnership account) without the signature or authorisation of the other account holders.

(4) The date for payment specified in the notice shall not be before fifteen days following the date the third party debtor is served with the notice.

(5) On receiving a notice under subsection (1), the third party debtor shall not pay any amount to the taxpayer until the Commissioner-General withdraws the notice.

(6) As soon as practicable after service of the notice on the third party debtor, the Commissioner-General shall serve the taxpayer with a copy of the notice.

(7) Amounts payable to the Commissioner-General by a third party debtor under this section shall be a personal liability of the third party debtor, which may be collected in the same manner as a tax.

(8) Money owed to a taxpayer shall include—

- (a) amounts currently owing or that may subsequently become owing to a tax payer;
- (b) amounts held or that may subsequently be held for or on account of a tax payer;
- (c) amounts held or that may subsequently be held on account of a third person for payment to a tax payer;
- (d) amounts held by a person who has authority from a third person to pay the money to a tax payer; and
- (e) in relation to a third party debtor that is a financial institution, amounts that the tax payer holds in an account with the institution.

(9) A notice may be served under this section on the taxpayer's employer, requiring the employer to withhold and to pay to the Department, for a specified period, some part of the future wages or salary that becomes payable to the tax payer.

(10) The first seventy five thousand rupees of wages per month shall not be subject to withholding under a notice referred to in subsection (9).

(11) When the third party debtor fails to pay the amount specified within the time specified in a notice under this section, the provisions of this Act apply as if such amount were tax due and payable by the third party debtor on the date by which the third party debtor was required to make the payment to the Commissioner-General.

(12) In this section:—

“money” includes a debt obligation denominated or payable in money; and

“third party debtor”, in relation to a taxpayer, means a person who owes money to the taxpayer.

171. (1) A third party who pays to the Commissioner-General, pursuant to section 170 shall be treated as having acted with the authority of the taxpayer and of all other persons concerned. Compliance with notice.

(2) Subsection (1) shall apply irrespective of a provision to the contrary in any other written law, contract, or agreement.

(3) A notice issued under section 170 shall cease to have effect once the tax or obligations described in it is paid or otherwise satisfied.

(4) If a third party served with a notice under section 170 and is unable to comply with the notice by reason of lack of money owing to or held for the taxpayer, the person shall notify the Commissioner-General by notice hereinafter referred to as a “third party notice”.

(5) A third party notice shall—

(a) be in writing;

- (b) set out the reasons for the inability; and
- (c) be filed with the Commissioner-General as soon as practicable after the third party becomes aware of the inability and, in any event, before the payment date specified in section 170 notice.

(6) On receipt of a third party notice the Commissioner-General may, by notice in writing served on the third party—

- (a) accept the third party notice and cancel or amend the notice; or
- (b) reject the third party notice.

(7) The filing of a third party notice shall have no effect on the third party's personal liability for amounts unless and until the Commissioner-General cancels or amends the section 170 notice.

(8) In this section, "third party" means a third party debtor served with a notice under the preceding section.

Preservation of assets.

172. (1) This section shall apply where the Commissioner-General has reasonable cause to believe that:—

- (a) a taxpayer will not pay the full amount of tax owing when due; and
- (b) the taxpayer will take steps to frustrate the recovery of the tax, including the dissipation of the taxpayer's assets.

(2) The Commissioner-General may make an *ex-parte* application to the District Court having jurisdiction, for an order (hereinafter referred to as an "Asset Preservation Order") for the preservation of the assets of the taxpayer and prohibiting any person holding, controlling or managing assets belonging to the taxpayer from transferring, withdrawing, disposing or otherwise dealing with the assets.

(3) The Commissioner-General may take such steps as necessary to secure the assets of the taxpayer, including seizure of the assets, pending making an application for an order under subsection (2), which application shall be made within twenty four hours from taking steps to secure the taxpayer's assets.

(4) The District Court shall issue an asset preservation order when such court is satisfied that the requirements in subsection (1) are satisfied and the order shall be served on the taxpayer and any person having custody, control or management of the taxpayer's assets.

(5) An Asset Preservation Order shall be valid for ninety days and may be extended by the District Court on application by the Commissioner-General.

(6) A taxpayer whose funds are the subject of an Asset Preservation Order may, within fifteen days of being served with the order, apply to the District Court to discharge or vary the order.

(7) Where the District Court has issued an Asset Preservation Order, the Commissioner-General shall, within thirty days of service of notice of the order, determine the tax due by the taxpayer to whom the order relates and serve a notice of a tax assessment on the taxpayer and commence recovery of the tax assessed in accordance with the provisions of this Act.

(8) An Asset Preservation Order shall automatically expire upon service of a notice of assessment under subsection (7) unless the District Court extends the Order upon application by the Commissioner-General under subsection (5).

(9) A person who preserves funds pursuant to an Asset Preservation Order shall be, for all purposes, deemed to have acted within the authority thereof and such person and all other persons concerned shall be indemnified in respect of the actions taken in connection with the Order, against all

proceedings, civil or criminal and all process, judicial or extrajudicial, notwithstanding any provisions to the contrary in any written law, contract or agreement.

(10) A person who, without reasonable cause, fails to comply with an Asset Preservation Order served on the person shall be personally liable for the amount specified in the Order.

Non-arm's length transferees.

173. (1) Where a taxpayer's liability has not been satisfied after levy of execution on property known to the Commissioner-General, a person who has received assets of the taxpayer in a transaction that is not at arm's length in the period of one year preceding the date of the levy shall be secondarily liable for the tax to the extent of the value of the assets received.

(2) Provisions of subsection (1) shall not apply to an amount for which a person is liable under section 148.

Transferred tax liabilities.

174. (1) When a taxpayer (hereinafter referred to as the "transferor") has a tax liability in relation to a business carried on by the taxpayer and the taxpayer has transferred all or some of the assets of the business to an associate (hereinafter referred to as the "transferee"), the transferee shall be personally liable for the unpaid tax liability (hereinafter referred to as the "transferred liability") of the transferor in relation to the business.

(2) Provisions of subsection (1) shall not preclude the Commissioner-General from recovering the whole or part of the transferred liability from the transferor.

Receivers.

175. (1) A receiver shall be required to notify the Commissioner-General of the receiver's appointment within fourteen days after being appointed.

(2) The Commissioner-General may notify the receiver of the amount that appears to the Commissioner-General to

be sufficient to provide for payment of tax owing, or that will become owing, by the person whose assets are in the possession or care of the receiver.

(3) A receiver shall not dispose of an asset situated within Sri Lanka held in the receiver's capacity as receiver, without the prior permission of the Commissioner-General.

(4) A receiver shall set aside out of the proceeds of sale of an asset the amount notified by the Commissioner-General under subsection (2) or a lesser amount as may be agreed with the Commissioner-General.

(5) A receiver shall be personally liable for the amount of tax notified in subsection (2) to the extent of an amount required to be set aside under subsection (4), if the receiver fails to comply with the requirements of this section.

(6) In this section, "receiver" means a person who, with respect to an asset situated in Sri Lanka, is—

- (a) a liquidator of a company or other entity;
- (b) a receiver appointed out of court or by a court;
- (c) a trustee in bankruptcy;
- (d) a mortgagee in possession;
- (e) an executor, administrator or heir of a deceased individual's estate;
- (f) conducting the affairs of an incapacitated individual; or
- (g) a successor in a corporate reorganisation.

CHAPTER XVII

PENALTIES

Penalties.

176. (1) This section shall apply to penalties under this Act.

(2) Procedures for the assessment, payment, collection, and dispute of a tax shall apply equally to penalties relating to a tax.

(3) A person's liability for a penalty under a section in this Chapter is separate and distinct from the person's liability, if any, for a penalty under another section of this Act or any other law and is in addition to interest levied under Chapter XV and to a criminal sanction imposed under Chapter XVIII.

(4) The burden of proof shall be on the Commissioner-General to show non-compliance with the provisions of this Act with respect to the imposition of a penalty.

(5) The Commissioner-General may make an assessment of a penalty charged as if the penalty were tax payable under this Act, and may specify the date on which the penalty is payable.

(6) A notice of an assessment of a penalty shall be served on the person who is liable to the penalty and shall state the amount of the penalty payable, the provision under which it is payable, and the due date for payment, and on service of the notice —

- (a) the notice and the assessment shall be treated as if they were a notice and assessment of tax payable under this Act;
- (b) the amount of the penalty specified in the notice shall be treated as tax payable under this Act; and
- (c) the due date for payment is the date specified in the notice.

(7) A person's liability to pay a penalty shall arise on the making of an assessment by the Commissioner-General under subsection (6).

(8) The period of limitations for assessing a penalty shall be five years after the violation which causes the penalty, except for a violation under section 180, in which case the limitation for assessing a penalty shall be the same as the limitation for assessing the tax to which the penalty relates.

(9) If a person liable for a penalty shows reasonable cause, the Commissioner-General may—

- (a) refrain in whole or in part from assessing the penalty; or
- (b) remit or waive in whole or in part a penalty that has been assessed.

(10) A penalty payable for each day, month or other period during which a particular state of affairs exists or continues, shall be payable in full for part of that day, month or other period in which the state of affairs commences, continues or ends.

177. A person who fails to register as required by section 102 or notify the Commissioner-General as required by sections 103(5) or 146(4) shall be liable for a penalty not exceeding fifty thousand rupees.

Failure to register or notify of changes in taxpayer information.

178. (1) A person who fails to file a tax return on or before the date by which filing is required shall be liable to pay a penalty equal to the greater of—

Late filing of tax return.

- (a) five *per cent* of the amount of the tax owing, plus a further one *per cent* of the amount of tax owing for each month or part of a month during which the failure to file continues; and

(b) fifty thousand rupees plus a further ten thousand rupees for each month or part of a month during which the failure to file continues.

(2) The amount of the penalty in respect of a given tax return under subsection (1) shall be limited to four hundred thousand rupees.

(3) The penalty under this section shall be treated as an addition to the tax liability for the tax period to which the return relates and may be assessed and collected in the same manner as the tax for that period.

Late payment.

179. (1) A person who fails to pay all or part of a tax due for a tax period within fourteen days of the due date, or by the due date specified in the notice of assessment, if later, shall be liable to a penalty equal to twenty *per cent* of the amount of tax due but not paid.

(2) A person who fails to pay all or part of an instalment required under this Act within fourteen days of the due date for the instalment shall be liable to a penalty equal to ten *per cent* of the amount of tax due but not paid.

(3) Where an extension is granted under section 151, a person shall not be liable to a penalty under subsection (1) unless the extension period expires without payment having been made.

Negligent or fraudulent underpayment.

180. Where tax is underpaid, as a result of an incorrect statement or a material omission in a taxpayer's tax return, and that statement or omission is a result of intentional conduct or negligence on the part of the taxpayer, the taxpayer shall be liable to a penalty in the amount of—

(a) twenty five *per cent* of the underpayment if paragraph (b) does not apply; or

- (b) seventy five *per cent* of the underpayment if the amount of the underpayment is —
 - (i) higher than ten million rupees; or
 - (ii) higher than twenty five *per cent* of the person's tax liability for the period.

181. (1) A person who makes a statement to a tax official that is false or misleading in a material particular shall be liable for a penalty if an amount properly payable by or refundable to the person under this Act exceeds or is less than the amount that would be payable or refundable if the person were assessed on the basis that the statement was true.

False or misleading statements.

(2) The amount of the penalty for which the person is liable shall be the greater of fifty thousand rupees —

- (a) if an amount payable by the person would have been less if it were determined on the basis of the information provided in the statement, the amount by which that amount would have been so reduced; or
- (b) if the amount of a refund that the person applied for would be increased if it were determined on the basis of the information provided in the statement, the amount by which that amount would have been so increased.

(3) No penalty shall be imposed under this section if the person who made the statement did not know and could not reasonably be expected to know that the statement was false or misleading in a material particular.

(4) A reference in this section to a statement made to a tax official shall include a reference to a statement made orally,

in writing, or in another form to that officer acting in the performance of the officer's duties under this Act, and shall include a statement made—

- (a) in an application, certificate, declaration, notification, return, objection or other document made, prepared, given, filed, submitted or furnished under this Act;
- (b) in any information required to be furnished under this Act;
- (c) in a document furnished to a tax official otherwise than pursuant to this Act;
- (d) in an answer to a question asked of a person by a tax official; or
- (e) to another person with the knowledge or reasonable expectation that the statement would be conveyed to a tax official.

(5) A reference in this section to a statement that is misleading in a material particular shall include a reference to a statement which contains an omission of a matter or thing from the statement.

(6) This section shall not apply to conduct subject to the penalty under section 180.

Failure to maintain documents or provide facilities.

182. (1) A person who fails to maintain proper documents as required by this Act shall be liable for a penalty for each month or part of a month during which the failure continues.

(2) The penalty shall be one thousand rupees per day for each day the failure continues.

(3) Before assessing a penalty under this section, the Commissioner-General shall issue a warning notice, and no

penalty shall be due under this section if the taxpayer complies with the warning notice within the time specified in the notice.

(4) A person who fails to render reasonable facilities and assistance to a tax official as required by or under this Act shall be liable for a penalty in an amount not exceeding ten thousand rupees.

183. A person who fails to comply with a notice issued under section 170 shall be liable for a penalty of twenty five *per cent* of the difference between the amount payable by the third party and the amount paid to the Commissioner-General by the due date specified in the section 170 notice.

Failure to comply with third party notice.

184. Where any person fails to comply with the requirements, of section 76 or 77 in relation to transactions with associated enterprises, the Commissioner- General may impose on such person—

Transfer pricing penalties.

- (a) a penalty of a sum not exceeding one *per centum* of aggregate value of transactions with associated enterprises, where required documents have not been maintained;
- (b) a penalty of a sum not exceeding two hundred and fifty thousand rupees, where required documents have not been submitted;
- (c) a penalty of a sum not exceeding two *per centum* of aggregate value of transactions with its associated enterprises, in case of non-disclosure of any required information;
- (d) a penalty of a sum not exceeding one hundred thousand rupees, where required documents have not been submitted on the specified date; or

- (e) a penalty of two hundred *per centum* of the value of additional tax where such person has—
 - (i) concealed the particulars of his income, or furnished inaccurate particulars of such income; and
 - (ii) sought to evade by reason of concealment of particulars of his income or the furnishing of inaccurate particulars of such income,

and by notice in writing require such associated enterprise, to pay such penalty within such period as may be specified in such notice.

Failure to comply with notice to give information.

185. (1) A person who fails to comply with a request for information properly made under this Act, within the specified time, shall be liable for a penalty of an amount not exceeding one million rupees.

(2) Before assessing a penalty, the Commissioner-General shall issue a notice of warning, and no penalty shall be due under this section where the taxpayer complies with the warning notice within thirty days of service of the notice.

CHAPTER XVIII

CRIMINAL PROCEEDINGS

Criminal proceedings.

186. (1) The Commissioner-General may investigate an offence under this Act.

(2) The Attorney-General or a delegate authorized by the Attorney-General shall prosecute any person who commits an offence under this Act. Such criminal proceedings shall be initiated in the name of the Commissioner-General.

(3) Proceedings under this Act shall not affect criminal proceedings that may be brought under any other law.

(4) Where, in respect of a single act, omission or course of conduct, a person is convicted for more than one offence under this Chapter—

- (a) the maximum term of imprisonment imposed for the offences shall not exceed a term of five years; and
- (b) the person shall not subsequently be prosecuted for additional offences in relation to the same act, omission or course of conduct.

(5) No penalty shall be payable under Chapter XVII in respect of an act, omission or course of conduct by a person where—

- (a) the person has been convicted of an offence under this Chapter in respect of the same act, omission or course of conduct; or
- (b) the offence has been compounded by the Court with the consent of the Commissioner-General.

187. A person who wilfully aids, abets, assists, counsels, incites or induces another person to commit a criminal offence under this Chapter shall be liable on conviction to the same punishment as if the offence had been committed by that person. Aiding and abetting.

188. Proceedings under this Chapter may be commenced where the offence alleged involves — Period of limitations.

- (a) the doing of an act, within twelve years after the doing of the act;
- (b) the failure to do an act, within twelve years after the failure occurred or, if later, within three years after the Commissioner-General becomes aware of the failure; or

- (c) the non-disclosure or incorrect disclosure by a person of information relating to that person's liability to pay tax, within three years after the person's correct liability to tax becomes final for that tax period.

Tax evasion.

189. A person who wilfully evades or attempts to evade the assessment, payment or collection of tax or who wilfully and fraudulently claims a refund of tax to which the person is not entitled, shall be guilty of an offence and shall be liable on conviction to a fine not exceeding ten million rupees or to imprisonment for a term not exceeding two years or to both such fine and imprisonment.

Impeding tax administration.

190. (1) A person who wilfully impedes or attempts to impede the Department in the administration of this Act shall be guilty of an offence and shall be liable on conviction to a fine not exceeding one million rupees or to imprisonment for a term not exceeding one year or to both such fine and imprisonment.

(2) For the purposes of this section, a person impedes the administration of this Act if the person—

- (a) fails to comply with a lawful request by a tax official to examine documents, records, or data within the control of the person;
- (b) fails to comply with a lawful request by a tax official to have the person appear before officials of the Department;
- (c) interferes with the lawful right of a tax official to enter into premises;
- (d) fails to file a return;
- (e) uses a false taxpayer identification number or a taxpayer identification number that does not apply to the person;

- (f) refuses to allow the Commissioner-General or authorized officer to inspect or measure land or refuses to deliver for inspection any map, plan, title deed, instrument of title or other document;
- (g) makes a statement to a tax official that is false or misleading in a material particular;
- (h) fails to comply with a notice issued under section 170;
- (i) fails to maintain required records; or
- (j) otherwise impedes the determination, assessment or collection of tax.

191. A person who contravenes subsection (2) or (3) of section 100 shall be guilty of an offence and shall be liable on conviction to a fine not exceeding one million rupees or to imprisonment for a term not exceeding one year or to both such fine and imprisonment.

Failure to preserve secrecy.

192. A tax official who, in carrying out the provisions of this Act—

Offences by tax officials.

- (a) directly or indirectly asks for or takes, in connection with the officer's duties, a payment or reward, whether pecuniary or otherwise or a promise or security for the payment or reward, not being a payment or reward which the officer is lawfully entitled to receive; or
- (b) enters into or acquiesces in an agreement to do, permit, conceal or connive at an act or thing that is contrary to the provisions of this Act or to the proper execution of the officer's duty or that has the effect that the tax revenue is or may be defrauded,

commits an offence and shall be liable on conviction to a fine not exceeding one million rupees or to imprisonment for a term not exceeding one year or to both

such fine and imprisonment and the Court may, in addition to imposing a fine, order the convicted person to pay to the Commissioner-General an amount of tax that has not been paid as a result of the officer's wrongdoing and which cannot reasonably be recovered from the person liable for the tax.

Compounding
of offences.

193. (1) Where a person has committed an offence under this Chapter, other than an offence under section 191 or 192, the Commissioner-General may, at any time prior to the commencement of the hearing by a Court of the proceedings relating thereto, compound the offence and order the person to pay the sum of money as specified by the Commissioner-General, not exceeding the maximum amount of the fine specified for the offence.

(2) The Commissioner-General may compound an offence under this section only if the person concerned requests the Commissioner-General in writing to do so.

(3) Where the Commissioner-General compounds an offence under this section, the order referred to in subsection (1) shall—

- (a) be in writing and have attached the written request referred to in subsection (2);
- (b) specify—
 - (i) the offence committed;
 - (ii) the sum of money to be paid; and
 - (iii) the due date for the payment; and
- (c) be served on the person who committed the offence.

(4) An order under subsection (3) shall be final and shall not be subject to appeal.

(5) Where the Commissioner-General compounds an offence under this section, the offender shall not be liable for prosecution or penalty in respect of that offence.

(6) The Commissioner-General's power under this section shall be subject to the powers of the Attorney-General under the Constitution and the Code of Criminal Procedure Act, No. 15 of 1979, and the Commissioner-General shall give the Attorney-General a copy of the order referred to in subsection (3) at the time it is served on the taxpayer.

(7) The amount ordered to be paid under subsection (1) shall be recoverable as if it were tax due and payable under this Act.

CHAPTER XIX

REGULATIONS

194. (1) The Minister may make regulations for the purpose of carrying out or giving effect to the principles and provisions of this Act and for matters authorised to be made or prescribed under this Act. Regulations.

(2) A regulation made under this section, other than a regulation—

- (a) prescribing a penalty for; or
- (b) enhancing a penalty prescribed for,

the contravention of or failure to comply with, a regulation made under this section,

may be declared to take effect from a date earlier than the date of its publication in the *Gazette*.

(3) A regulation prescribing a penalty for the contravention of or failure to comply with a regulation, shall not come into operation until it is approved by Parliament and notice of such approval is published in the *Gazette*.

(4) Every regulation made by the Minister other than a regulation referred to in subsection (2), shall come into operation on the date of its publication in the *Gazette* or on such other date as may be specified in the regulation.

(5) Every regulation referred to in subsection (2) shall as soon as convenient after its publication in the *Gazette*, be brought before Parliament for approval. Any such regulation which is not so approved shall be deemed to be rescinded as from the date of disapproval, but without prejudice to anything previously done thereunder. Notification of the date on which a regulation shall be deemed rescinded shall be published in the *Gazette*.

CHAPTER XX

INTERPRETATION

Interpretation.

195. (1) In this Act, unless the context otherwise requires-

“agricultural business” means the business of producing agricultural, horticultural or any animal produce and includes an undertaking for the purpose of rearing livestock or poultry;

“approved accountant” means –

- (a) an accountant who is a member of the Institute of Chartered Accountants of Sri Lanka; or
- (b) an accountant who is a fellow member of the Association of Accounting Technicians of Sri Lanka incorporated under the Companies Act, No. 7 of 2007 in relation to any person, or any partnership other than a company where the turnover of the business of the person or partnership for the year does not exceed one hundred million rupees;

“arrangement” means –

- (a) an action, agreement, course of conduct, dealing, promise, transaction, understanding or undertaking, whether express or implied, whether or not enforceable by legal proceedings and whether unilateral or involving more than one person; or
- (b) a part of an item described in paragraph (a);

“asset” includes a tangible or intangible asset, currency, goodwill, know-how, property, a right to income or future income, a benefit that lasts longer than twelve months and a part of an asset;

“Assistant Commissioner” includes a Deputy Commissioner appointed under this Act;

“authorised officer,” in relation to a function, means the tax official employed in the Department and authorised in writing by the Commissioner-General to perform the function;

“authorised representative” means any individual who is authorized in writing by a person to act on his behalf from time to time for the purposes of this Act and who is -

- (a) in any case-
 - (i) a member of the Institute of Chartered Accountants of Sri Lanka;
 - (ii) an attorney-at-law;
 - (iii) an employee regularly employed by that person; or
 - (iv) a member of the Sri Lankan Institute of Taxation established under the Sri Lanka Institute of Taxation Act, No. 21 of 2000;

- (v) an individual approved by the Commissioner-General and registered as an auditor under the Companies (Auditors) Regulations;
- (vi) an individual specified by the Commissioner-General of any other kind;
- (b) in the case of an individual, a relative;
- (c) in the case of a company, a director or the secretary of that company;
- (d) in the case of a partnership, a partner of that partnership;
- (e) in the case of a body of persons, a member of such body;

“body” means a company, partnership, trust or other body of persons whether formed in Sri Lanka or elsewhere;

“business”-

(a) includes-

- (i) a trade, profession, vocation or isolated arrangement with a business character however short the duration of the arrangement; and
- (ii) a past, present or prospective business; but

(b) excludes an employment;

“capital asset”-

(a) means each of the following assets:-

- (i) land or buildings;

- (ii) a membership interest in a company, partnership or trust;
- (iii) a security or other financial asset;
- (iv) an option, right or other interest in an asset referred to in the foregoing paragraphs; but

(b) excludes trading stock or a depreciable asset;

“charitable institution” means the trustee or trustees of a trust or corporation or an unincorporated body of persons established for a charitable purpose only or engaged solely in carrying out a charitable purpose;

“charitable purposes” means a purpose for the benefit of the public or any section of the public in or outside Sri Lanka, of any of the following categories:

- (a) the relief of poverty;
- (b) the advancement of education or knowledge other than by any institution established for business purposes or by any institution established under the Companies Act;
- (c) activities for the protection of the environment or eco-friendly activities;
- (d) the advancement of religion or the maintenance of religious rites and practices or the administration of a place of public worship;
- (e) any other purpose beneficial to the community, not falling within any of the above categories;

“Commissioner-General” means the Commissioner-General of Inland Revenue appointed under section 97 and includes a Deputy Commissioner-General,

Senior Commissioner, Commissioner or Senior Deputy Commissioner who is specially authorised by the Commissioner-General either generally or for some specific purpose, to act on behalf of the Commissioner-General;

“company” -

(a) means a corporation, unincorporated association or other body of persons;

(b) includes –

(i) a friendly society, building society, pension fund, provident fund, retirement fund, superannuation fund or similar fund or society; and

(ii) a government excluding the Sri Lankan government, a political sub-division of a government, or a public international organization; but

(c) excludes a partnership or trust; and

(d) the following shall be deemed to be a company:-

(i) a partnership in which at least twenty of the partners have limited liability for the debts of the partnership; and

(ii) a unit trust or mutual fund to which section 59 applies;

“Department” means the Inland Revenue Department;

“depreciable asset” –

(a) means an asset to the extent to which it is employed in the production of income from a

business and which is likely to lose value because of wear and tear, obsolescence or the passing of time; but

- (b) excludes goodwill, an interest in land, a membership interest in an entity and trading stock;

“dividend”–

- (a) means a payment derived by a member from a company, whether received as a division of profits, in the course of a liquidation or reconstruction, in a reduction of capital or share buy-back or otherwise;

- (b) includes a capitalisation of profits –

- (i) whether by way of a bonus share issue, increase in the amount paid-up on shares or otherwise; and

- (ii) whether an amount is distributed or not; and

- (c) excludes a payment to the extent to which it is –

- (i) matched by a payment made by the member to the company;

- (ii) debited to a capital, share premium or similar account; or

- (iii) otherwise constitutes a final withholding payment or is included in calculating the income of the member;

“domestic asset” means –

- (a) an asset owned by a resident person (other than foreign land or buildings or an asset held by a

foreign permanent establishment of the person)
or held by a Sri Lankan permanent
establishment;

(b) an interest in land or a building situated in Sri
Lanka; and

(c) shares in a resident company;

(d) a membership interest in a body, if more than
fifty *per cent* of the value of the interest is
derived, directly or indirectly through one or
more interposed bodies, from land or buildings
in Sri Lanka;

“eligible investment business” means a business or
investment comprising predominately of owning,
investing or trading in –

(a) capital assets;

(b) financial instruments; or

(c) other similar assets;

“employee” means an individual engaged in
employment;

“employer” means the person who engages or remunerates
an employee in employment or pays a pension or
other remuneration to a former employee or to any
other person for the past services of such former
employee, and includes in the case of an entity
specified in Column I hereunder, the person specified
in the corresponding entry in Column II:

<i>Column I</i>	<i>Column II</i>
A company or a body of persons whether corporate or unincorporate	Director, Secretary, Manager or other principal officer of such company or body of persons
A partnership	The precedent partner or any active partner resident in Sri Lanka, and in the case of a partnership of which no active partner is resident in Sri Lanka, the agent of such partnership in Sri Lanka
A trust	The trustee or trustees of the trust
A non- resident person	The agent or attorney of such person in Sri Lanka
A Government Institution	Accountant or Director of Finance or Administrative Officer or Head of the Department or Institution, or Secretary to the Ministry or Chairman of Commission or Committee or any other person who pays remuneration

“employment” –

(a) means –

- (i) a position of an individual in the employment of another person;
- (ii) a position of an individual as manager of an entity;

- (iii) a position of an individual entitling the individual to a fixed or ascertainable remuneration in respect of services performed;
- (iv) a public office held by an individual;
- (v) a position of an individual to whom any payment is made or due by or from an employer or who receives any other benefit as an employee or in a similar capacity;
- (vi) a position as a corporation or company director; and

(b) includes a past, present or prospective employment;

“entertainment” means the provision to any person of food, beverages, tobacco, accommodation, amusement, recreation or hospitality of any kind;

“entity” means a company, partnership or trust, but excludes an individual;

“expenditure” or “expense” means a payment made that reduces the assets of the person making the payment;

“export” includes specified undertaking;

“financial institution” means –

(a) any company or body of persons carrying on banking business and includes a licenced specialized bank, within the meaning of the Banking Act, No. 30 of 1988;

(b) a non-banking financial institution regulated in the same way as a bank in paragraph (a); or

- (c) any other category of person as may be prescribed;

“foreign permanent establishment” means a fixed place of business of a resident person situated in a foreign country where the business is conducted continuously for at least six months, but excludes any place at which only activities of a preparatory or auxiliary nature are conducted;

“generally accepted accounting principles” means—

- (i) those adopted, from time to time, by the Institute of Chartered Accountants (Sri Lanka); and
- (ii) the International Financial Reporting Standards;

“gift” means a transfer without consideration or a transfer with consideration to the extent that the market value of the property exceeds the market value of the consideration;

“interest” includes –

- (a) a payment, including a discount or premium, made under a debt obligation that is not a repayment of capital; and
- (b) a swap or other payment functionally equivalent to interest;
- (c) a commitment, guarantee or service fee paid in respect of a debt obligation or swap agreement; and
- (d) a distribution by a building society;

“investment” means –

- (a) the owning of one or more assets, including one or more assets of a similar nature or that are used in an integrated fashion, and
 - (i) includes a past, present or prospective investment; but
 - (ii) excludes a business or employment; or
- (b) a game of chance, including lotteries, betting or gambling;

“investment asset” –

- (a) means a capital asset held as part of an investment, but-
- (b) excludes the principal place of residence of an individual, provided it has been owned by the individual continuously for the three years before disposal and lived in for at least two of those three years (calculated on a daily basis);

“land or buildings” includes a structural improvement to land or buildings, an interest in land or buildings or an interest in a structural improvement to land or buildings, and includes the following:—

- (a) a lease of land or buildings;
- (b) a lease of a structural improvement to land or buildings; or
- (c) an exploration, prospecting, development, or similar right relating to land or buildings; and
- (d) information relating to a right referred to in paragraph (c);

“lease” means an arrangement providing a person with a temporary right in respect of an asset of another person, other than money, and includes a licence, profit-a-prendre, option, rental agreement, royalty agreement or tenancy;

“local authority” means any Municipal Council, Urban Council, or Pradeshiya Sabha and includes any Authority established by or under any law to exercise, perform and discharge powers, duties and functions, corresponding or similar to the powers, duties and functions exercised, performed and discharged by any such Council or Sabha;

“manager”, in relation to an entity –

(a) means a councillor, director, manager, member, officer or other person who participates or may participate, whether alone or jointly with other persons, in making senior management decisions on behalf of the entity; and

(b) includes–

(i) a working partner of a partnership and a trustee of a trust;

(ii) a person treated as a manager of an entity by any law; and

(iii) a non-resident person with respect to a Sri Lankan permanent establishment owned by the person;

“member” in relation to an entity means any person who owns a membership interest in the entity;

“membership interest” in an entity means a right, whether of a legal or equitable nature, including a contingent right, to participate in income or capital of the entity and includes the interest of a partner in a partnership, the interest of a beneficiary in a trust and shares in a company;

“Minister” means the Minister assigned the subject of Finance;

“natural resource” means minerals, petroleum, water or any other non-living or living resource that may be taken from land or the sea;

“natural resource payment” means a payment, including a premium or like amount, for the right to take natural resources from land or the sea or calculated in whole or part by reference to the quantity or value of natural resources taken from land or the sea;

“net cost” for an asset or liability at a particular time is equal to –

- (a) in the case of a depreciable asset, its share of the written down value of the pool to which it belongs at that time (paragraph 4 of the Fourth Schedule) apportioned according to the market value of all the assets in the pool; and
- (b) in the case of any other asset or a liability, the amount by which cumulative costs for the asset or liability exceed cumulative consideration received for the asset or liability to the time;

“non-governmental organization” means any organization or association, whether incorporated or unincorporated, formed by a person or a group of persons on a voluntary basis and which is non-governmental in nature, and established and constituted –

- (a) for the provision or relief and services of a humanitarian nature to the poor and destitute, the sick, orphans, widows, youth, children; or
- (b) generally for the provision of relief to the needy,

unless such organization or association is determined by the Commissioner-General not to be a non-governmental organization, but in all cases does not include an approved charity;

“non-traditional goods” means goods other than black tea not in packet or package form and each packet or package weighing not more than one kilogram, crepe rubber, sheet rubber, scrap rubber, latex or fresh coconuts, or agricultural, horticultural or dairy produce, includes and organic tea in bulk;

“partnership” means an association of two or more individuals or corporations carrying on business jointly for the purpose of making profit, irrespective of whether the association is recorded in writing;

“payment” means the conferring of value or a benefit in any form by one person on another person and includes –

- (a) the transfer by one person of an asset or money to another person or the transfer by another person of a liability to the one person;
- (b) the creation by one person of an asset that on creation is owned by another person or the decrease by one person of a liability owed by another person;
- (c) the provision by one person of services to another person; and
- (d) the making available of an asset or money owned by one person for use by another person or the granting of use of such an asset or money to another person;

“person” means an individual or entity and includes a body of persons corporate or unincorporate, an executor, non-governmental organization and charitable institution;

“precedent partner” means the partner who, of the active partners resident in Sri Lanka –

- (a) is first named in the agreement of partnership;
- (b) if there is no such agreement, is specified by name or initials singly or with precedence to the other partners, in the usual name of the partnership; or
- (c) is the first name in the statement made under section 4 of the Business Names Act, No.7 of 1987;

“public corporation” means any corporation, board or other body which was or is, established by or under, any written law, other than the Companies Act, No. 07 of 2007, with capital wholly or partly provided by the Government, by way of grant, loan or other form;

“received”, in relation to a person, includes –

- (a) applied on behalf of the person either at the instruction of the person or under any law;
- (b) reinvested, accumulated or capitalised for the benefit of the person;
- (c) credited to an account, or carried to any reserve, or a sinking or insurance fund for the benefit of the person; or
- (d) made available to the person;

“rent” –

- (a) means a payment, including a payment of a premium or like amount, for the use of or right to use property of any kind;
- (b) includes a payment for the rendering of, or the undertaking to render, assistance ancillary to a use or a right referred to in paragraph (a); but
- (c) excludes a natural resource payment or a royalty;

“residence” or “resident” with respect to a person is determined in accordance with section 69;

“royalty” means a payment, including a payment of a premium or like amount, derived as consideration for –

- (a) the use of or right to use a copyright of literary, artistic or scientific work, including cinematograph films, software or video or audio recordings, whether the work is in electronic format or otherwise;
- (b) the use of or right to use a patent, trade mark, design or model, plan, or secret formula or process;
- (c) the use of or right to use any industrial, commercial, or scientific equipment;
- (d) the use of or right to use information concerning industrial, commercial or scientific experience;
- (e) the rendering of or the undertaking to render assistance ancillary to a matter referred to in paragraph (a), (b), (c) or (d); or

- (f) a total or partial forbearance with respect to a matter referred to in paragraph (a), (b), (c), (d) or (e);

“senior citizen” with respect to a year of assessment means an individual who is –

- (a) a citizen of Sri Lanka during the year of assessment;
- (b) resident in Sri Lanka for the year of assessment; and
- (c) who is sixty years old or above at any time during the year of assessment;

“service fee” means a payment to the extent to which, based on market values, it is reasonably attributable to services rendered by a business of a person, but excludes interest, rent or a royalty;

“shareholder” means a person who is a member of a company;

“Small and Medium Enterprise” means a person who satisfies the following conditions:—

- (a) the person who conducts business solely in Sri Lanka other than an individual who is engaged in providing professional services individually or in partnership being an individual who is professionally qualified;
- (b) the person does not have an associate that is an entity; and
- (c) the person’s annual gross turnover is less than Rs. 500,000,000;

“specified undertaking” means an undertaking which is engaged in –

- (a) entrepot trade involving import, minor processing and re-export;
- (b) offshore business where goods can be procured from one country or manufactured in one country and shipped to another country without bringing the same into Sri Lanka;
- (c) providing front end services to clients abroad;
- (d) headquarters operations of leading buyers for management of financial supply chain and billing operations;
- (e) logistic services such as bonded warehouse or multi-country consolidation in Sri Lanka;
- (f) transshipment operations;
- (g) freight forwarding;
- (h) supply of services to any exporter of goods or services or to any foreign principal of such exporter directly, being services which could be treated as essentially related to the manufacture of such goods or provision of such services exported by such exporter either directly or through any export trading house, including any service provided by an agent of a ship operator to such agent’s foreign principal, and the payment for such services are made by such exporter or foreign principal to such person in Sri Lanka in foreign currency;
- (i) production or manufacture, and supply to an exporter of non-traditional goods; and

- (j) the performance of any service of ship repair, ship breaking repair and refurbishment of marine cargo containers, provision of computer software, computer programmes, computer systems or recording computer data, or such other services as may be specified by the Minister by notice published in the Gazette, for payment on foreign currency;
- (k) sale for foreign currency, of any gem or jewellery, being a sale made in Sri Lanka by any person authorized by the Central Bank of Sri Lanka to accept payment for such sale in foreign currency;

“Sri Lankan permanent establishment” means a place in Sri Lanka where a non-resident person carries on business or that is at the disposal of the person for that purpose and includes –

- (a) a place in Sri Lanka where a person has, or is using or is installing substantial equipment or substantial machinery;
- (b) a place in Sri Lanka where a person is engaged in a construction, assembly or installation project for ninety days or more, including a place where a person is conducting supervisory activities in relation to such a project;
- (c) the provision of services in Sri Lanka, but only if activities of that nature continues (for the same or a connected project) for a period of one hundred and eighty three days or more in any twelve month period; and

- (d) a place in Sri Lanka where an agent performs any function on behalf of the business of a non-resident person –
 - (i) including, in the case of an insurance business, the collection of premiums or the insurance of risks situated in Sri Lanka; but
 - (ii) excluding a case involving a general agent of independent status acting in the ordinary course of business as such;

“tax” means a compulsory payment to the government imposed under this Act regardless of whether that payment is designated as a tax, fee, duty, levy or otherwise, and, unless the context otherwise requires, includes withholding tax, instalments, interest, late fee, or penalty in relation to a tax;

“tax official” means –

- (a) the Commissioner-General; and
- (b) Deputy Commissioners General, Senior Commissioners, Commissioners, Senior Deputy Commissioners, Deputy Commissioners and Assistant Commissioners;

“tax return” means a return, including an information return, that a person is required to file with the Department, in which information about that person’s or some other person’s possible tax liability is provided;

“taxpayer” means—

- (a) a person who is required to pay tax under this Act including a person who has zero chargeable or taxable income or a loss for a year of assessment; or

- (b) a person who is required to withhold tax and pay it to the Department;

“trading stock” means assets owned by a person that are sold or intended to be sold in the ordinary course of a business of the person, work in progress on such assets, inventories of materials to be incorporated into such assets and consumable stores;

“Transfer Pricing Officer” means any officer of Inland Revenue specified by the Commissioner-General as a Transfer Pricing Officer;

“trust” means an arrangement under which a trustee holds assets;

“trustee” means an individual or body corporate holding assets in a fiduciary capacity for the benefit of identifiable persons or for some object permitted by law and whether or not—

- (a) the assets are held alone or jointly with other individuals or bodies corporate; or
- (b) the individual or body corporate is appointed or constituted trustee by personal acts, by will, by order or declaration of a court or by operation of the law; and
- (c) includes –
 - (i) an executor, administrator, tutor or curator;
 - (ii) a liquidator, receiver, trustee in bankruptcy or judicial manager;
 - (iii) a person having the administration or control of assets subject to a usufruct or other limited interest;

- (iv) a person who manages the assets of an incapacitated individual; and
- (v) a person who manages assets under a private foundation or other similar arrangement;

“underlying ownership” –

- (a) in relation to an entity, means membership interests owned in the entity, directly or indirectly through one or more interposed entities, by individuals or by entities in which no person has a membership interest; or
- (b) in relation to an asset owned by an entity, is determined as though the asset is owned by the persons having underlying ownership of the entity in proportion to that ownership of the entity;

“USD” means the United States Dollar;

“withholdee” means a person receiving or entitled to receive a payment from which tax is required to be withheld under this Act; and

“withholding agent” means a person required to withhold tax from a payment under this Act.

196. (1) For the purposes of this Act, two persons are associates or associated persons where the relationship between the two is –

Associated persons.

- (a) that of an individual and a relative of the individual;
- (b) that of partners in the same partnership;
- (c) that of an entity and a person referred to in subsection (2); or

- (d) in any case not covered by paragraphs (a) to (c), such that one may reasonably be expected to act, other than as employee, in accordance with the directions, requests, suggestions or intentions of the other.

(2) A person and an entity are associated persons where –

- (a) the person controls the entity or may benefit from fifty percent or more of the rights to income, capital or voting power of the entity –
 - (i) either alone or together with persons who, under another application of this section, are associated with the person; and
 - (ii) whether directly or through one or more interposed entities; or
- (b) the person, under another application of this section, is an associate of a person referred to in paragraph (a).

(3) In this section, “relative” in relation to an individual, means the individual’s child, spouse, parent, grandparent, grandchild, sibling, aunt, uncle, nephew, niece or first cousin, including by way of marriage or adoption.

Domestic
expenditure.

197. (1) Where an individual incurs expenditure in respect of himself, the expenditure shall be domestic expenditure to the extent that it is incurred –

- (a) in maintaining the individual, including in providing shelter as well as meals, refreshment, entertainment or other leisure activities;
- (b) in the individual commuting from home;

- (c) in acquiring clothing, including shoes, for the individual, other than clothing that is not suitable for wearing outside of work;
- (d) in educating the individual, other than education that is directly relevant to a business conducted by the individual and that does not lead to a degree or diploma; or
- (e) in paying any personal debts, including credit card debts, of the individual.

(2) Where another person incurs expenditure in making a payment to or providing any other benefit for an individual, the expenditure shall be domestic expenditure except to the extent that –

- (a) the payment or benefit shall be included in calculating the income of the individual;
- (b) the individual provides consideration of an equal market value for the payment or benefit; or
- (c) the amount of the expenditure is so small as to make it unreasonable or administratively impracticable to account for it.

(3) Expenditure referred to in subsections (1) and (2) shall include interest incurred with respect to money borrowed that is used in a manner referred to in those subsections.

198. (1) For the purposes of this Act, the term “financial instrument” – Financial instruments.

- (a) means –
 - (i) a debt claim or debt obligation;
 - (ii) a derivative instrument;

- (iii) a foreign currency instrument; and
 - (iv) any other instrument prescribed by regulations or, in the absence of regulations, treated as a financial instrument by generally accepted accounting principles; but
- (b) except to the extent as may be prescribed by regulations, excludes a membership interest in an entity.
- (2) For the purposes of this Act –
- (a) “debt claim” means a right to receive a payment under a debt obligation;
 - (b) “debt obligation” means an obligation to make a payment to another person that is denominated in money, including accounts payable and the obligations arising under deposits, debentures, stocks, treasury bills, promissory notes, bills of exchange and bonds.
- (3) For the purposes of this Act, a person –
- (a) derives a financial gain when the person derives interest or gains with respect to a financial instrument; and
 - (b) incurs a financial cost when the person incurs interest or losses with respect to a financial instrument.
- (4) For the purposes of this Act, a person –
- (a) derives a relevant financial gain when the person derives a financial gain with respect to a derivative or foreign currency instrument; and

(b) incurs a relevant financial cost when the person incurs a financial cost with respect to a derivative or foreign currency instrument.

(5) The Minister may by regulation prescribe -

(a) the derivative instruments; and

(b) the foreign currency instruments.

CHAPTER XXI

SPECIAL PROVISIONS

199. (1) The Minister may, on behalf of the Government, enter into, amend, or terminate a mutual administrative assistance agreement with a foreign government or governments.

Implementation
of Mutual
Administrative
Assistance
Agreements.

(2) A mutual administrative assistance agreement for which Parliament has issued an instrument of ratification shall have legal effect in Sri Lanka according to its terms.

(3) If there is any conflict between the terms of a mutual administrative assistance agreement to which subsection (2) applies and any other law, the mutual administrative assistance agreement shall prevail.

(4) If a tax treaty or mutual administrative assistance agreement having legal effect in Sri Lanka provides for exchange of information, or reciprocal assistance in the recovery of tax or service of process, the Commissioner-General shall use the powers available under this Act or any other law to meet Sri Lanka's obligations under the treaty or agreement on the basis that a reference in this Act or other law:

(a) to "tax" includes a foreign tax to which the exchange of information or reciprocal assistance relates;

- (b) to “unpaid tax” (or words to that effect) includes an amount specified in paragraph (a) that has not been paid by the due date;
- (c) to “taxpayer” includes a person liable for an amount specified in paragraph (a); and
- (d) to “tax law” includes the law under which a foreign tax specified in paragraph (a) is imposed.

(5) In this section -

“international agreement” means an agreement between the Republic of Sri Lanka and a foreign government or governments;

“mutual administrative assistance agreement” means a tax information exchange agreement or other international agreement for mutual administrative assistance in relation to taxation matters.

Sinhala text to prevail in case of inconsistency.

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

CHAPTER XXII

TEMPORARY CONCESSIONS AND TRANSITIONAL PROVISIONS

Temporary Concessions.

201. (1) The provisions of the Sixth Schedule to this Act provide for concessions of a temporary nature, and apply to modify the application of this Act for the periods set out therein.

(2) Unless expressly stated to the contrary, the provisions of the Sixth Schedule –

- (a) shall be applied strictly and only in accordance with their clear wording; and
- (b) expire five years after they become operative.

(3) For the purposes of this Act, where a provision of the Sixth Schedule applies to grant a concession to a person with respect to a particular type of business –

- (a) the business shall be construed narrowly and only the person's activities devoted wholly and exclusively to that business shall be treated as part of the business; and
- (b) the person's income or loss from the business for a year of assessment shall be calculated separately from any other activity of the person.

202. (1) The Inland Revenue Act, No. 10 of 2006 is hereby repealed. Repeal and Savings.

(2) The repealed Act shall continue to apply in respect of events occurring prior to the date of commencement of this Act.

(3) All appointments and delegations made under the repealed Act and subsisting at the date of commencement of this Act shall be deemed to be as appointments and delegations made under this Act.

(4) All forms and documents used in relation to the repealed Act shall continue to be used under this Act, and all references in those forms and documents to provisions of and expressions appropriate to the repealed Act shall deem to refer to the corresponding provisions and expressions of this Act.

(5) Appeals, prosecutions and other proceedings commenced before the commencement date of this Act shall continue and shall be disposed of as if this Act had not come into force.

(6) Tax liabilities that arose before the commencement date of this Act may be recovered by fresh proceedings under this Act, but without prejudice to an action already taken for the recovery of the tax.

(7) When the law concerning tax administration and procedure in effect prior to the commencement of this Act is silent with respect to a matter addressed in this Act, the relevant provision in this Act shall apply with retroactive effect to matters that are not closed under the period of limitations.

Transitional
Provisions.

203. (1) The repealed Act shall continue to apply for years of assessment commencing prior to the date on which this Act comes into effect.

(2) A reference in this Act to –

(a) a previous year of assessment includes, where the context requires, a reference to a year of assessment under the repealed Act; or

(b) this Act or to a provision of this Act includes, where the context requires, a reference to the repealed Act or to a corresponding provision of the repealed Act, respectively.

(3) This subsection shall apply where a person's year of assessment under the repealed Act is (at the time the repealed legislation ceases to have effect) a period of twelve months other than the year ending 31 March. The person shall be deemed to have been granted approval by the Commissioner-General under section 20(2) to use that period as the person's year of assessment under this Act.

(4) The cost of an investment asset held by a person as at, September 30, 2017 is equal to the market value of the asset at that time.

(5) For the purpose of calculating the amount of each instalment of tax payable by an instalment payer under section 90 for the first year of assessment commencing on or after 1 April 2017, the instalment payer may assume that its current estimated tax payable for that year of assessment is equal to the amount of tax that was payable by the instalment payer in the previous year of assessment, increased by an uplift of five percent. A person shall not be required to pay tax by quarterly instalments under section 90 where that person had no tax payable in the previous year of assessment.

FIRST SCHEDULE

(Section 2)

TAX RATES

1. Tax rates for resident and non - resident individuals.

(1) Subject to the provisions of subparagraph (2), the taxable income of a resident or non-resident individual for a year of assessment shall be taxed at the following rates:

<i>Taxable Income</i>	<i>Tax Payable</i>
Not Exceeding Rs. 600,000	4% of the amount in excess of Rs. 0
Exceeding Rs. 600,000 but not exceeding Rs. 1,200,000	Rs. 24,000 plus 8% of the amount in excess of Rs. 600,000
Exceeding Rs. 1,200,000 but not exceeding Rs. 1,800,000	Rs. 72,000 plus 12% of the amount in excess of Rs. 1,200,000
Exceeding Rs. 1,800,000 but not exceeding Rs. 2,400,000	Rs. 144,000 plus 16% of the amount in excess of Rs. 1,800,000
Exceeding Rs. 2,400,000 but not exceeding Rs. 3,000,000	Rs. 240,000 plus 20% of the amount in excess of Rs. 2,400,000
Exceeding Rs. 3,000,000	Rs. 360,000 plus 24% of the amount in excess of Rs. 3,000,000:

(2) Where an individual's taxable income includes gains from the realisation of investment assets or the types of income referred to in subparagraphs (3) or (4), then –

- (a) those gains from the realisation of investment assets shall be taxed at the rate of 10%;
- (b) the types of income from employment referred to in subparagraph (3) for a year of assessment shall be taxed at the following rates:—

- (i) where the period of contribution or the period of employment is 20 years or less:

<i>Total Income from Employment</i>	<i>Tax Payable</i>
Not exceeding Rs. 2,000,000	0% of the amount in excess of Rs. 0
Exceeding Rs. 2,000,000 but not exceeding Rs. 3,000,000	5% of the amount in excess of Rs. 2,000,000
Exceeding Rs. 3,000,000	Rs. 50,000 plus 10% of the amount in excess of Rs. 3,000,000

- (ii) where the period of contribution or the period of employment is more than 20 years:

<i>Total Income from Employment</i>	<i>Tax Payable</i>
Not exceeding Rs. 5,000,000	0% of the amount in excess of Rs. 0
Exceeding Rs. 5,000,000 but not exceeding Rs. 6,000,000	5% of the amount in excess of Rs. 5,000,000
Exceeding Rs. 6,000,000	Rs. 50,000 plus 10% of the amount in excess of Rs. 6,000,000

- (c) the type of business income referred to in subparagraph (4) shall be taxed at 40%; and
- (d) only the remainder of the individual's taxable income shall be taxed at the rates referred to in subparagraph (1)
- (3) The types of income from employment referred to in subparagraph (2) shall be –
- (a) amount received in commutation of a pension;
- (b) amount received as a retiring gratuity;
- (c) amount received as compensation for loss of office or employment under a scheme which the Commissioner-General considers to be uniformly applicable to all individuals employed by the employer;

- (d) amount paid to a person at or after the time of retirement from employment from a provident fund approved by the Commissioner-General that does not represent the person's contributions to that provident fund;
- (e) amount paid to a person from a regulated provident fund that does not represent the contributions made by the employer to that provident fund before April 1, 1968, and the interest which accrued on such contributions made by the employer, if tax has been paid by the employer at 15% on such contributions made and the interest accruing thereon; and
- (f) amount paid to a person at or after the time of retirement from employment from the Employees' Trust Fund, established by the Employees' Trust Fund Act, No. 46 of 1980.

(4) The type of income referred to in subparagraph (2) (c) shall be income from a business consisting of betting and gaming, liquor or tobacco.

2. Tax rate for partnerships.

Where a partnership's taxable income includes gains from the realisation of investment assets, those gains shall be taxed to the partnership at the rate of 10%.

3. Tax rates for trusts.

(1) Subject to the provisions of subparagraph (2), the taxable income of a trust for a year of assessment to which subsection (1) of section 57 applies shall be taxed at the rate of [24%].

(2) Where a trust's taxable income includes gains from the realisation of investment assets, then –

- (a) those gains, shall be taxed to the trust at the rate of 10%; and
- (b) only the remainder of the trust's taxable income shall be taxed at the rate referred to in subparagraph (1).

(3) Where a trust's taxable income (not otherwise covered by this paragraph) includes gains from the realisation of investment assets, those gains shall be taxed to the trust at the rate of 10%.

4. Tax rates for companies.

(1) Subject to subparagraphs (2) and (3), the taxable income of a company for a year of assessment shall be taxed at the rate of 28%.

(2) The taxable income of a company for a year of assessment shall be taxed at the following rates:—

- (a) in the case of an Small and Medium Enterprises – 14%;
- (b) in the case of a company predominantly conducting a business of exporting goods and services – 14%;
- (c) in the case of a company predominantly conducting an agricultural business – 14%;
- (d) in the case of a company with income from a business consisting of betting and gaming, liquor and tobacco (excluding such income which is merely incidental to another business) – 40%;
- (e) in the case of a company predominantly providing educational services – 14%;
- (f) in the case of a company predominantly engaged in an undertaking for the promotion of tourism- 14%; and
- (g) in the case of a company predominantly providing information technology services-14%.

(3) In this paragraph –

- (i) providing information technology means –
 - (a) software development services; or
 - (b) the provision of information technology services under a business process outsourcing arrangement or a knowledge process outsourcing arrangement;
- (ii) undertaking for the promotion of tourism means an undertaking for the operation of-
 - (a) any hotel or guest house approved by the Ceylon Tourist Board;
 - (b) any restaurant graded by the Ceylon Tourist Board as being in “Class A” or “Class B”;
 - (c) any business of travel agent who provides travel management services for domestic travel in Sri Lanka;
 - (d) any business of transporting tourists only; or

(e) any business approved by the Ceylon Tourist Board for providing facilities for recreation or sports;

(iii) “predominantly” means 80% or more calculated based on gross income

(4) Where a company’s taxable income includes gains from the realisation of investment assets, then –

(a) those gains, shall be taxed to the company at the rate of 10%; and

(b) only the remainder of the company’s taxable income shall be taxed at the rate referred to in subparagraph (1).

5. Tax rates for unit trusts or mutual funds.

(1) Subject to the provisions of subparagraph (2), the taxable income of a unit trust or mutual fund to which section 59 applies for a year of assessment shall be taxed at the rate of [28%].

(2) Where a unit trust’s or mutual fund’s taxable income includes gains from the realisation of capital assets then –

(a) those gains, shall be taxed to the unit trust or mutual fund at the rate of 10%; and

(b) only the remainder of the unit trust’s or mutual fund’s taxable income shall be taxed at the rate referred to in subparagraph (1).

6. Tax rates for charitable institutions.

(1) Subject to subparagraph (2), the taxable income of a charitable institution for a year of assessment shall be taxed at the rate of [14%].

(2) Where a charitable institution’s taxable income includes gains from the realisation of investment assets, then –

(a) those gains shall be taxed to the charitable institutions at the rate of 10%; and

(b) only the remainder of the charitable institution’s taxable income shall be taxed at the rate referred to in subparagraph (1).

7. Tax rates for non-governmental organizations.

(1) Subject to subparagraph (2), the taxable income of a non-governmental organization for a year of assessment shall be taxed at the rate of [28%].

(2) Where a non-governmental organization's taxable income includes gains from the realisation of investment assets, then –

- (a) those gains, shall be taxed to the non-governmental organization at the rate of 10%; and
- (b) only the remainder of the non-governmental organization's taxable income shall be taxed at the rate referred to in subparagraph (1).

(3) The rate of tax payable by a non-governmental organization on amounts received in a year of assessment by way of grant, donation or contribution or in any other manner under section 68 shall be [28%].

8. Tax Rates for Employees Trust Funds, Provident or Pension Funds and Termination Funds.

(1) The taxable income of an employees trust fund, an approved provident or pension fund, or an approved termination fund for a year of assessment shall be taxed at the rate of [14%].

(2) For this paragraph, “approved termination fund” means any thrift, saving or building society or welfare fund to which contributions are made by employees only or any gratuity fund approved by the Commissioner-General and maintained for the purposes of payment under the Payment of Gratuity Act, No. 12 of 1983, of gratuities to employees on the termination of their services.

9. Remittance tax rate.

The rate of tax payable by a non-resident person who has remitted profits under section 62 shall be [14%].

10. Withholding tax rates.

(1) The rates of tax to be withheld from payments shall be –

- (a) for payments to which section 83 applies –
 - (i) in the case of a resident withholder - at the rates specified by the Commissioner General and published in the Gazette; and
 - (ii) in the case of a non-resident withholder - at the rates specified by the Commissioner General and published in the Gazette;
- (b) for payments to which section 84(1)(a)(i) applies –
 - (i) in the case of interest or discount paid to a person (other than to an individual who is a senior citizen in relation to a bank deposit account) - 5%;

- (ii) in the case of interest paid to a senior citizen - at the rate and in the manner prescribed in regulations;
 - (iii) in the case of rent paid to a resident person – 10%;
and
 - (iv) in all other cases – 14%;
- (c) for payments to which section 85 applies –
- (i) in the case of service fees referred to in section 85(1)(a) - 5% on amounts exceeding Rs. 50,000 per month;
 - (ii) in the case of service fees referred to in section 85(1)(b) - 14%; and
 - (iii) in the case of insurance premiums referred to in section 85(1)(b) - 14%.

(2) The rate of tax to be withheld from each partner's share of any partnership income under section 53(9) and section 84(1) (a) (ii) shall be 8% of the amount.

(3) The rate of tax to be withheld from payments to which section 84 (2) applies - 2.5%.

SECOND SCHEDULE

INVESTMENT INCENTIVES

Enhanced Capital Allowances

1. (1) A person who invests in Sri Lanka (other than the expansion of an existing business) during a year of assessment shall be granted enhanced capital allowances computed in accordance with this paragraph, in addition to the capital allowances computed under the Fourth Schedule.

(2) A capital allowance of 100% of the expenses incurred by a person on depreciable assets, other than intangible assets during a year of assessment shall be granted to that person for that year if the total expenses incurred by that person during that year on depreciable assets (other than intangible assets) that are used in a part of Sri Lanka other than the Northern Province exceeds USD 3 million but does not exceed USD 100 million.

(3) A capital allowance of 150% of the expenses incurred by a person on depreciable assets other than intangible assets during a year of assessment shall be granted to that person for that year if the total expenses incurred by that person during that year on depreciable assets (other than intangible assets) that are used in a part of Sri Lanka other than the Northern Province exceeds USD 100 million.

(4) A capital allowance of 200% of the expenses incurred by a person on depreciable assets other than intangible assets during a year of assessment shall be granted to that person for that year where the total expenses incurred by that person during that year on depreciable assets (other than intangible assets) that are used in the Northern Province exceeds USD 3 million.

(5) A capital allowance of 150% of the expenses incurred by a person on assets or shares of a state owned company during a year of assessment shall be granted to that state owned company for that year if the total expenses incurred by that person during that year on assets of a state owned company that are used in a part of Sri Lanka exceeds USD 250 million.

(6) Capital allowances arising under a subparagraph of this paragraph 1 with respect to a particular year of assessment cannot be accumulated with another subparagraph and shall be taken in that year and shall be deferred to a later year of assessment.

Extended Period for Deducting Unrelieved Losses

(7) Subject to the provisions of subparagraph (9), and despite subsection 19(1), where enhanced Capital allowances computed under

this paragraph and deducted under section 16 result in an unrelieved loss for a person, that unrelieved loss may be deducted by that person for the purposes of calculating the person's income from a business for a year of assessment in any of the succeeding ten years of assessment.

(8) Notwithstanding anything in subsection (1) of section 19, where a person has incurred more than USD 1,000 million on depreciable assets (other than intangible assets) in Sri Lanka or entitled to enhanced capital allowances under subparagraph (5) of this paragraph in respect of which enhanced Capital allowances have been computed under this paragraph and deducted under section 16 resulting in an unrelieved loss for a person, that unrelieved loss may be deducted by that person for the purposes of calculating the person's income from a business for a year of assessment in any of the succeeding twenty-five years of assessment.

Assessable Charges and Balancing Allowances

(9) Where an asset for which Capital allowance has been granted under this paragraph is disposed of (or deemed to be disposed of) during a year of assessment –

- (a) if the consideration received for the disposal exceeds the written down value of the asset, the excess shall be included in calculating a person's income for a year of assessment from a business in which the depreciable assets are or were employed; and
- (b) if the written down value of the asset exceeds the consideration received for the disposal, an additional Capital allowance shall be granted for the year in an amount equal to the excess.

(10) In this paragraph-

“Capital allowance expenditure” means expenditure for which Capital allowances are available under this Schedule; and

“state owned company” means any company, where fifty *per centum* or more of the shares are held by the Government and includes a company of which forty *per centum* or more of the shares held by the Government are acquired by a person for an amount not less than USD 250 million; and

“written down value” of an asset means the cost of the asset less all Capital allowances granted with respect to expenditure included in that cost.

Exemption of Certain Dividends from Withholding Tax

2. Notwithstanding anything in the First Schedule, the rate of tax to be withheld from a dividend paid by a company to a non-resident member shall be zero, if the company paying the dividend has incurred more than USD 1,000 million on depreciable assets (other than intangible assets) in Sri Lanka or entitled to an enhanced capital allowance under subparagraph (5) of paragraph 1, and that dividend is paid out of profits sheltered by enhanced Capital allowances under this Schedule.

Exemption of Employment Income from Withholding Tax

3. Notwithstanding anything in the First Schedule, the rate of tax to be withheld from a payment made by an employer to an expatriate employee shall be zero, if the company paying the dividend has incurred more than USD 1,000 million on depreciable assets (other than intangible assets) in Sri Lanka or entitled to an enhanced capital allowance under subparagraph (5) of paragraph 1, and that dividend is paid out of profits sheltered by enhanced Capital allowances under this Schedule, where the number of expatriate employees is not exceeding twenty.

THIRD SCHEDULE

EXEMPT AMOUNTS

The following shall be exempt amounts:-

- (a) amounts derived by –
 - (i) the Government of Sri Lanka or a local authority, including any Government department;
 - (ii) the Central Bank of Sri Lanka, including the Monetary Board;
 - (iii) any University which is established or deemed to be established under the Universities Act, No. 16 of 1978 or the Buddhist and Pali University of Sri Lanka Act, No. 74 of 1981;
 - (iv) any Government assisted private school other than that incorporated under the Companies Act, No. 7 of 2007 which is registered with the Ministry of Education and mandated to follow the Circulars and mandated to follow the Circulars issued by Government and the Ministry of Education;
 - (v) any registered society within the meaning of the Co-operative Societies Law, No. 5 of 1972;
 - (vi) the Government of a foreign country of foreign territory to the extent specified under a diplomatic immunities law or a similar law;
 - (vii) an international organisation to the extent specified under a diplomatic immunities law or a similar law or an agreement between the organisation and the Government of Sri Lanka, provided that the exemption provided under the agreement shall be broader than that provided under diplomatic immunities law or a similar law;
- (b) capital sums paid to a person as compensation or a gratuity in relation to –
 - (i) personal injuries suffered by the person; or
 - (ii) the death of another person;
- (c) the pension of a person where the pension income is paid by the Government of Sri Lanka or a department of the Government of Sri Lanka;

- (d) an amount paid to an employee at the time of retirement from—
- (i) any pension fund or the Employees Trust Fund established by the Employees Trust Fund Act, No.46 of 1980, as represents income derived by that fund, for any period commencing on or after April 1, 1987, from investments made by it;
 - (ii) a provident fund approved by the Commissioner-General;
- (e) the income of an individual entitled to privileges to the extent provided for by –
- (i) a diplomatic immunities law or a similar law;
 - (ii) an Act giving effect to the Convention on the Privileges and Immunities of the United Nations and the Convention on the Privileges and Immunities of the Specialised Agencies of the United Nations; or
 - (iii) regulations made under this Act relating to an international organisation, or a law or Act referred to in subparagraph (i) or (ii);
- (f) a gain made by a resident individual from the realisation of an investment asset that does not exceed Rs. 50,000 and where the total gains made by the resident individual from the realisation of investment assets in the year of assessment do not exceed Rs. 600,000, except –
- (i) where the Commissioner-General is satisfied that an investment asset has been realised in two or more parts for the purpose of taking advantage of this paragraph, any gain arising from the realisations shall be exempt under this paragraph only if the total gain from the realisation of all parts does not exceed Rs. 50,000 and the total gains made by the resident individual from the realisation of investment assets in the year of assessment do not exceed Rs. 600,000;
 - (ii) in the case of the realisation of an investment asset that is jointly owned, this paragraph applies only if the total gain made by all owners of the investment asset on realisation of the asset does not exceed Rs. 50,000 and the total gains made by the resident individual in the year of assessment do not exceed Rs. 600,000;

- (g) a gain made by a resident individual on the realisation of the individual's principal place of residence, provided it has been owned by the individual continuously for the three years before being realised and lived in by the individual for at least two of those three years (calculated on a daily basis);
- (h) gain made on realisation of an asset consisting of shares quoted in any official list published by any stock exchange licensed by the Securities and Exchange Commission of Sri Lanka;
- (i) the interest derived by a charitable institution, where it is proved to the satisfaction of the Commissioner-General that such interest is applied solely for the purpose of providing care to children, the elderly or the disabled in a home maintained by such charitable institution;
- (j) any prize received by a person as an award made by the President of the Republic of Sri Lanka or by the Government in recognition of an invention created, or any research undertaken, by such person;
- (k) any sum received by a person from the President's Fund established by the President's Fund Act, No. 7 of 1978 or National Defence Fund established by the National Defence Fund Act, No. 9 of 1985;
- (l) an amount equal to the interest or the discount paid or allowed, as the case may be, to any non-resident person or to any licensed commercial bank in Sri Lanka, by the issuer of any sovereign bond denominated in foreign currency, issued on or after October 21, 2008, by or on behalf of the Government of Sri Lanka;
- (m) any amount derived by a senior citizen from an annuity for life for a period of not less than ten years purchased from a bank or an insurance company registered under the Regulation of Insurance Industry Act, No. 43 of 2000;
- (n) any winning from a lottery, the gross amount of which does not exceed Rs. 500,000;
- (o) a dividend paid by a resident company to a member to the extent that dividend payment is attributable to, or derived from, another dividend received by that resident company or another resident company that was subject to withholding under section 84; and
- (p) benefits received or derived by an employee of the government of Sri Lanka from a road vehicle permit issued to that employee;

- (q) the profits and income from any property donated by royal or other grant before March 2, 1815, to any place of public worship administered by a charitable institution, in so far as such profits and income are applied to the purposers for which such grant was made;
- (r) dividends from and gains on the realisation of shares in a non-resident company where derived by a resident company with respect to a substantial participation in the non-resident company. In this paragraph, “substantial participation” means—
 - (i) holding 10 percent or more of the value of shares in the company, excluding redeemable shares; together with
 - (ii) control, either directly or indirectly, of 10 percent or more of the voting power in the company;
- (s) any amount derived by a person from the sale of any gem on which tax has been deducted under subsection (2) of section 84.

FOURTH SCHEDULE

CAPITAL ALLOWANCES, BALANCING ALLOWANCES AND
ASSESSABLE CHARGES**Types and classification of depreciable assets.**

1. (1) The types and classification of depreciable assets shall be as follows:

<i>Class</i>	<i>Depreciable Assets</i>
1	computers and data handling equipment together with peripheral devices.
2	buses and minibuses, goods vehicles; construction and earth-moving equipment, heavy general purpose or specialised trucks, trailers and trailer-mounted containers; plant and machinery used in manufacturing.
3	railroad cars, locomotives, and equipment; vessels, barges, tugs, and similar water transportation equipment; aircraft; specialised public utility plant, equipment, and machinery; office furniture, fixtures, and equipment; any depreciable asset not included in another class.
4	buildings, structures and similar works of a permanent nature.
5	intangible assets, excluding goodwill.

(2) Where a depreciable asset owned by a person is only partly used in the production of income from a business at the end of a year of assessment, the cost of and consideration received for the asset shall be apportioned according to the market value of that part of the asset that is used in the production of income from that business and that part not.

Capital allowances.

2. (1) Subject to this paragraph, an allowance shall be granted to a person for a year of assessment for each of the person's depreciable assets equal to the depreciation for the year of that asset and calculated in accordance with subparagraph (2).

(2) Depreciation for a year of assessment for each depreciable asset shall be calculated according to the straight line method using the following formula:

A/B

where-

A is the depreciation basis of asset at the end of the year of assessment; and

B is the number of years referred to in subparagraph (3) applicable to that asset.

(3) The number of years applicable to a depreciable asset referred to in subparagraph (2) shall be:

<i>Class</i>	<i>Number of Years</i>
1	5
2	5
3	5
4	20
5	The actual useful life of the intangible asset, or where the intangible asset has an indefinite useful life, 20.

(4) No Capital allowance shall be granted to a person in respect of a road vehicle, other than-

- (a) a commercial vehicle;
- (b) a bus or minibus;
- (c) a goods vehicle; or
- (d) a heavy general purpose or specialised truck or trailer.

(5) For the purposes of this paragraph, “commercial vehicle” means-

- (a) a road vehicle designed to carry loads of more than half a tonne or more than 13 passengers; or
- (b) a vehicle used in a transportation or vehicle rental business.

Depreciation basis of a depreciable asset.

3. The depreciation basis of a depreciable asset of a person at the end of a year of assessment is shall be the sum of-

- (a) the depreciation basis of the asset at the end of the previous year of assessment; and

- (b) amounts added to the depreciation basis of the asset during the year of assessment in respect of additions to the cost of asset.

Balancing allowances and assessable charges.

4. (1) Where a depreciable asset of a person is realised by the person before the end of a year of assessment-

- (a) an assessable charge is included in calculating the person's income for the year calculated in accordance with the following formula:

$$A - B$$

or

- (b) a balancing allowance is granted to the person for the year calculated in accordance with the following formula:

$$B - A$$

where -

'A' is consideration received by the person during the year of assessment for the asset; and

'B' is the written down value of the asset at the time of realisation of the asset.

(2) For the purposes of this paragraph, "written down value" of an asset at the time of realisation of the asset means the expenses incurred by a person in acquiring the asset reduced by all Capital allowances granted to the person under paragraph 2 in respect of the asset.

(3) For the purposes of this paragraph and without prejudice to section 39, a person realises a depreciable asset if the person sells the business in respect of which the expenses were incurred to another person who is not an associate.

FIFTH SCHEDULE

QUALIFYING PAYMENTS AND RELIEFS

1. The qualifying payments referred to in section 52 shall be as follows:

- (a) a donation made by an individual or entity in money to an approved charitable institution that is:
 - (i) a charitable institution established for the provision of institutionalized care for the sick or the needy; and
 - (ii) declared by the Minister as an approved charitable institution for the purposes of this sub-paragraph, subject to a maximum of –
 - (iia) in the case of an individual, one-third of the taxable income of the individual or Rupees seventy five thousand, whichever is less;
 - (iib) in the case of an entity, one-fifth of the taxable income of the entity or Rupees five hundred thousand, whichever is less;
- (b) a donation made by an individual or entity in money or otherwise to the following:-
 - (i) the Government of Sri Lanka;
 - (ii) a local authority;
 - (iii) any Higher Education Institution established or deemed to be established under the Universities Act, No. 16 of 1978;
 - (iv) the Buddhist and Pali University of Sri Lanka or any Higher Educational Institution established by or under the Buddhist and Pali University of Sri Lanka Act, No. 74 of 1981;
 - (v) a fund established by the Government of Sri Lanka;
 - (vi) a fund established by a local authority and approved by the Minister;
 - (vii) the Sevana Fund created and administered by the National Housing Development Authority established by the National Housing Development Authority Act, No. 17 of 1979;

- (viii) a fund established by a Provincial Council and approved by the Minister;
 - (ix) the Api Wenuwen Api Fund established by the Api Wenuwen Api Fund Act, No. 6 of 2008;
 - (x) National Kidney Fund established under the National Kidney Foundation of Sri Lanka (Incorporation) Act, No. 34 of 2006;
- (c) profits remitted to the President's Fund established by the President's Fund Act, No. 7 of 1978 by a public corporation as required by the law by or under which such corporation is established.

2. The reliefs referred to in section 52 shall be as follows:

- (a) Rs. 500,000 for each year of assessment, except that an individual who is a trustee, receiver, executor or liquidator shall not be entitled to deduct this personal relief as such trustee, receiver, executor or liquidator, and the relief is not available to be deducted against gains from the realisation of investment assets;
- (b) in the case of an individual with income from employment, Rs. 700,000 for each year of assessment, up to the total of the individual's income from employment for the year;
- (c) in the case of an individual with rental income from an investment asset, an amount equal to 25 percent of the total rental income for the year of assessment, being a relief for the repair, maintenance, and depreciation relating to the investment asset, but shall only be allowed to the extent no deduction or cost is claimed for any actual expenditures incurred by the taxpayer for the repair, maintenance, and depreciation of the investment asset;
- (d) in the case of an individual who is a senior citizen in a year with interest income derived from a financial institution, Rs. 1,500,000 for each year of assessment, up to the total of the individual's interest income for the year;
- (e) in the case of a resident individual or partner of a partnership with income earned in foreign currency in Sri Lanka, from any service rendered in or outside Sri Lanka to any person to be utilized outside Sri Lanka, Rs. 15,000,000 for each year of assessment, up to the total of such income for the year.

(Section 104)

SIXTH SCHEDULE

TEMPORARY CONCESSIONS

Enhanced Capital Allowances

1. (1) A person who invests in Sri Lanka (other than expansion of existing business) on depreciable assets mentioned in subparagraph (4) during a year of assessment shall be granted enhanced capital allowances computed in accordance with this paragraph, in addition to the capital allowances computed under the Fourth Schedule.

(2) A Capital allowance of 100% for expenses incurred by a person, up to USD 03 million on depreciable assets mentioned in subparagraph (4) during a year of assessment shall be granted to that person for that year where the depreciable assets are used in a part of Sri Lanka, other than the Northern Province.

(3) A Capital allowance of 200% for expenses incurred by a person, that are used in the Northern Province up to USD 3 million on depreciable assets mentioned in subparagraph (4) during a year of assessment shall be granted to that person for that year where the depreciable assets are used in the Northern Province.

(4) The depreciable assets referred to in subparagraphs (1) and (2) shall be -

- (a) Class 1 and Class 4 assets within the meaning of paragraph 1 of the Fourth Schedule (being, buildings, structures and similar works of a permanent nature); and
- (b) Depreciable assets (other than intangible assets) comprising plant or machinery that are used to improve business processes or productivity and fixed to the business premises.

(5) Capital allowances arising with respect to a particular year of assessment shall be taken in that year and cannot be deferred to a later year of assessment.

Assessable Charges and Balancing Allowances

2. (1) Where an asset for which Capital allowances has been granted under this paragraph is disposed of (or deemed to be disposed of) during a year of assessment -

- (a) where the consideration received for the disposal exceeds the written down value of the asset, the excess shall be included in calculating a person's income for a year of assessment from a business in which the depreciable assets are or were employed; and

- (b) where the written down value of the asset exceeds the consideration received for the disposal, an additional Capital allowance shall be granted for the year in an amount equal to the excess.

(2) In this paragraph-

“Capital allowance expenditure” means expenditure for which Capital allowances are available under this Schedule; and

“written down value” of an asset means the cost of the asset less all Capital allowances granted with respect to expenditure included in that cost.

Expiration period

3. Paragraph 1 of this Schedule shall expire three years after it becomes effective.

Life Insurance

4. The portion of the gains and profits of any insurer engaged in the business of life insurance that is deemed as income of the life insurer under section 67 (2) shall be taxed at the rate of fourteen percent for three years of assessment after the commencement of the Act.

Information Technology

5. (1) A company is entitled to an additional deduction when calculating the company’s income from business for a year of assessment equal to 35% of the total amount deducted for the year under this Act that represents payments made by the company which are to be included in calculating the taxable income of its employees (other than as a company director), where that company—

- (a) conducts a business which predominately consists of providing information technology services within the meaning of the First Schedule;
- (b) has atleast 50 employees during the whole of the year ; and
- (c) report those employees in the statement that the company, as a withholding agent, is required to file under section 86.

(2) A company which is entitled for deduction under this paragraph shall not be entitled to an enhanced capital allowance under paragraph 1 of this Schedule.

(3) Notwithstanding any thing in section 19(1) where the deduction under this paragraph results in an unrelieved loss for a company that unrelieved loss shall not be deducted in any succeeding year of assessment.

Headquarters Relocation

6. Notwithstanding anything in the First Schedule, any institution, established on or after October 1, 2017 by relocating in Sri Lanka the headquarters or regional head offices of institutions in the international network, as specified by the Commissioner-General by Notice published in the *Gazette* shall be taxed at the rate of Zero percent for three years of assessment after the commencement of this Act.

Renewable Energy

7. Notwithstanding anything in the First Schedule, any person, who has entered into a Standardized Power Purchase Agreement on or before November 10, 2016 with the Ceylon Electricity Board to provide electricity generated using renewable resources shall be taxed at the rate of fourteen percent for the three years of assessment after the commencement of this Act.

Research and Development

8. A person is entitled to an additional deduction when calculating the person's income from business for a year of assessment equal to 100% of the total amount of research and development expenses deducted for the year under section 15, for three years of assessment after the commencement of this Act.



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

**ELECTRONIC TRANSACTIONS (AMENDMENT)
ACT, No. 25 OF 2017**

[Certified on 02nd of November, 2017]

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*Electronic Transactions (Amendment)
Act, No. 25 of 2017*

[Certified on 02nd of November, 2017]

L.D.—O 22/2016.

AN ACT TO AMEND THE ELECTRONIC TRANSACTIONS
ACT, No. 19 OF 2006

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

1. This Act may be cited as the Electronic Transactions (Amendment) Act, No. 25 of 2017. Short title.

2. The long title of the Electronic Transactions Act, No. 19 of 2006 (hereinafter referred to as the “principal enactment”) is hereby amended, by the substitution for the words “AND ACCREDITATION OF CERTIFICATION SERVICE PROVIDERS; AND”, of the words “AND LICENSING AND AUTHORISING OF CERTIFICATION SERVICE PROVIDERS; TO GIVE EFFECT TO THE PROVISIONS OF THE UNITED NATIONS CONVENTION ON THE USE OF ELECTRONIC COMMUNICATIONS IN INTERNATIONAL CONTRACTS AND”. Amendment of the long title of Act, No. 19 of 2006.

3. Section 2 of the principal enactment is hereby amended as follows:- Amendment of section 2 of the principal enactment.
 - (1) by the repeal of paragraph (c) thereof and the substitution therefor, of the following new paragraphs:-
 - “(c) to facilitate electronic filing of any application, petition, plaint, answer, written submission or any other document with any court;

 - (ca) to facilitate electronic filing of any form, application, or any other document with any

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ministry, department, provincial council, provincial ministry and department or local authority or, office, body or agency owned or controlled by the Government or a statutory body in a particular manner and to promote efficient delivery of public service by means of reliable forms of electronic communications;”;

- (2) in paragraph (d) thereof, by the substitution for the words “other communications.”, of the words “other communications; and”;
- (3) by the insertion of new paragraph immediately after paragraph (d) thereof, of the following new paragraph:-

“(e) to implement the provisions of the Convention subject to such restrictions specified in section 23 of this Act declared at the time of ratification of the Convention.”.

Amendment of section 5 of the principal enactment.

4. Section 5 of the principal enactment is hereby amended in subsection (1) thereof, by the substitution for the words “the time when it was made available in electronic form”, of the words “the time when it was first generated in its final form as a data message, electronic document, electronic record or communication or otherwise”.

Replacement of section 7 of the principal enactment.

5. Section 7 of the principal enactment is hereby repealed and the following section substituted therefor:-

“Legal recognition of electronic signatures.

7. Where any written law provides that a communication or any other document shall, be signed or bear the signature of any person, then notwithstanding anything to the contrary

in such written law, that requirement shall be deemed to be met in relation to a data message, electronic document, electronic record or communication if-

- (a) a method is used to identify that person and to indicate that person's intention in respect of the information contained in the electronic communication; and
- (b) the method used is,
 - (i) as reliable as appropriate for the purpose for which the electronic communication was generated, sent or communicated, in the light of all the circumstances, including any relevant agreement; or
 - (ii) proven to have fulfilled the functions described in paragraph (a) by itself or together with further evidence.”.

6. Section 8 of the principal enactment is hereby further amended as follows:-

Amendment of section 8 of the principal enactment.

- (1) in subsection (1) thereof, by the substitution for the words “contained in any other law” and “electronic records as”, of the words “contained in any other written law” and “electronic records, electronic document, data message or any electronic communication as” respectively;
- (2) in paragraph (b) of subsection (1) thereof, by the substitution for the words “any license, permit or approval;”, of the words “any license, certificate, permit or any other form of approval;”; and

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- (3) in subsection (2) thereof, by the substitution for the words “requiring the use of electronic records specified in subsection (1), may recommend the making of regulations for the purpose of authorizing or facilitating the use of electronic communications or electronic records,”, of the words “requiring the use of data message, electronic record, electronic document or electronic communication specified in subsection (1), may recommend the making of regulations for the purpose of authorizing or facilitating the use of such data message, electronic record, electronic document or electronic communication,”.

Amendment of section 10 of the principal enactment.

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

“Ministry, department, & etc, to accept or issue any document in electronic form.

10. Every ministry, department, institution, public corporation or other similar body may, subject to the provisions of this Act, accept or issue, any document in the form of data message, electronic record, electronic document or other communication in electronic form.”.

Insertion of new section 11A in the principal enactment.

8. The following new section is hereby inserted immediately after section 11 of the principal enactment and shall have effect as section 11A of that enactment :-

“Invitation to make offers.

11A. A proposal to conclude a contract made through one or more electronic communications which is not addressed to one or more specific parties, but is generally accessible to parties making use of any information systems, shall be considered as an invitation to make offers, unless it clearly indicates the intention of the party making the proposal to be bound in case of acceptance.”.

9. Section 14 of the principal enactment is hereby amended:-

Amendment of section 14 of the principal enactment.

- (1) in subsection (1) thereof, by the substitution for the words “enters an information system outside the control of the originator,”, of the words “leaves an information system under the control of the originator,”;
- (2) by the repeal of subsection (2) thereof, and the substitution therefor, of the following new subsection:-

“(2) (a) Unless otherwise agreed between the originator and the addressee, the time of receipt of a data message, electronic document, electronic record or other communication shall be determined as follows, namely-

- (i) if the addressee has designated an electronic address for the purpose of receiving data message, electronic document, electronic record or other communication, time of receipt occurs at the time when the said data message, electronic document, electronic record or other communication becomes capable of being retrieved by the addressee; or
- (ii) if the addressee has not designated an electronic address or has indicated another electronic address for the purpose of receiving data message, electronic document, electronic record or other

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communication, time of receipt occurs at the time when the said data message, electronic document, electronic record or other communication becomes capable of being retrieved by the addressee at that electronic address and the addressee becomes aware that the said data message, electronic document, electronic record or other communication has been sent to that electronic address.

(b) For the purpose of this subsection, a data message, electronic document, electronic record or other communication is presumed to be capable of being retrieved by the addressee when the said data message, electronic document, electronic record or other communication reaches the addressee's electronic address.”;

- (3) by the repeal of subsection (5) thereof, and the substitution therefor, of the following new subsection-

“(5) For the purposes of this section–

- (a) if the originator or the addressee has not indicated a place of business or has more than one place of business, the place of business is that which has the closest relationship to the relevant contract, having regard to the circumstances known to or contemplated by the originator or the addressee before or at the conclusion of the contract;

- (b) if the originator or the addressee does not have a place of business, his usual place of residence shall be deemed to be the place of business;
- (c) a location is not a place of business merely because-
 - (i) the equipment and technology supporting an information system used by a particular originator or the addressee in connection with the formation of a contract, are in that particular location; or
 - (ii) the information system may be accessed by addressee in that location;
- (d) the fact that the originator or the addressee makes use of a domain name or electronic mail address connected to a specific country does not create a presumption that the said originator or the addressee's place of business is located in that country;
- (e) a party's place of business is presumed to be the location indicated by that party, unless another party demonstrates that the party making the indication does not have a place of business at that location; and
- (f) "usual place of residence" in relation to a body corporate, means the place where it is registered."

Insertion of new section 14A in the principal enactment.

10. The following new section is hereby inserted immediately after section 14 of the principal enactment and shall have effect as section 14A of that enactment:-

“Error in electronic communications.

14A. (1) Where a natural person in relation to the formation or performance of an electronic contract, makes an input error in an electronic communication exchanged with the automated message system of another party and the automated message system does not provide the person with an opportunity to correct the error, that person, or the party on whose behalf that person was acting, has the right to withdraw the portion of the electronic communication in which the input error was made, if-

- (a) the person, or the party on whose behalf that person was acting, notifies the other party of the error as soon as possible after having learned of the error and indicates that he made an error in the electronic communication; and
- (b) the person, or the party on whose behalf that person was acting, has not used or received any material benefit or value from the goods and services, if any, received from the other party.

(2) Nothing in this section affects the application of any rule of law that may govern the consequences of any error other than as provided for in subsection (1).”.

Amendment of section 18 of the principal enactment.

11. Section 18 of the principal enactment is hereby amended in subsection (2) thereof, by the substitution for the words “of this Chapter” and “accredited Certification Service Providers.”, of the words “of this Act” and “licensed or authorized Certification Service Providers.” respectively.

12. The following new section is hereby inserted immediately after section 18 of the principal enactment and shall have effect as section 18A of that enactment:-

Insertion of new section 18A in the principal enactment.

“Minister to appoint the task forces.

18A. The Minister shall, on the recommendation of the Secretary to the Ministry of the Minister, appoint a task force or a body of persons to manage and administer the Certification Authority, having regard to the qualifications and experience as well as the need to represent relevant stakeholders, with the objective of ensuring its proper administration.”.

13. Section 19 of the principal enactment is hereby amended as follows:-

Amendment of section 19 of the principal enactment.

(1) in paragraph (a) thereof, by the substitution for the words “accreditation”, of the words “licensing or authorization”;

(2) by the repeal of paragraphs (b) and (c) thereof and the substitution therefor of the following new paragraphs:-

“(b) hear appeals and specify the procedure to be followed in the granting of a license or an authorization for the purposes of this Act;

(c) specify the procedure for the hearing of appeals in the event of a refusal to grant or renew a license or an authorization under section 20, as the case may be;”;

(3) by the insertion immediately after paragraph (d) thereof, of the following new paragraph:-

“(da) authorize Certification Service Providers to issue various types of electronic signatures

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in accordance with such criteria and guidelines as may be prescribed, including operational framework and security procedure for the use of biometric data and other authentication technologies for verification purposes;”.

Amendment of section 20 of the principal enactment.

14. Section 20 of the principal enactment is hereby amended as follows:-

- (1) by the repeal of subsection (1) thereof and the substitution therefor, of the following new subsection:-

“(1) A Certification Service Provider may be licensed or authorized by the Certification Authority in accordance with the criteria prescribed from time to time.”;

- (2) in subsection (2) thereof, by the substitution for the words “without being accredited”, of the words “without being licensed or authorized”;

- (3) by the repeal of subsection (3) thereof; and

- (4) by the repeal of the marginal note thereof and the substitution therefor of the following:-

“Licensing or authorizing the Certification Service Providers.”.

Amendment of section 23 of the principal enactment.

15. Section 23 of the principal enactment is hereby amended as follows:-

- (1) by the insertion immediately after paragraph (c) thereof, of the following new paragraph:-

“(ca) any financial matter in the nature of the following:-

- (i) transactions on a regulated exchange;

- (ii) foreign exchange transactions;
 - (iii) inter-bank payment systems, inter-bank payment agreements or clearance and settlement systems relating to securities or other financial assets or instruments; and
 - (iv) the transfer of security rights in sale, loan or holding of or agreement to repurchase securities or other financial assets or instruments held with an intermediary;”;
- (2) by the repeal of paragraph (e) thereof and the substitution therefor, of the following:-

“(e) a trust as defined in the Trusts Ordinance (Chapter 87) excluding a constructive, implied and resulting trust;”.

16. Section 24 of the principal enactment is hereby amended as follows:-

Amendment of section 24 of the principal enactment.

- (1) in subsection (1) thereof, by the substitution for the words and figures “subsection (2)”, of the words and figures “section 2.”;
- (2) by the repeal of paragraph (c) of subsection (2) thereof and the substitution therefor, of the following new paragraph:-

“(c) the powers, duties and functions of the Task Force or body of persons being appointed to manage and administer the Certification Authority in terms of section 18A and the other terms and conditions applicable to them;”;
- (3) in paragraph (d) of subsection (2) thereof, by the substitution for the words “criteria for accreditation

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 Act, No. 25 of 2017

of certification service providers under section 20”,
of the words “criteria for licensing or authorizing
of certification service providers under section 20”;

- (4) by the insertion immediately after paragraph (d)
of subsection (2) thereof, of the following new
paragraph-

“(da) prescribe criteria and guidelines for
Certification Service Providers to issue
various types of electronic signatures,
including the operational framework and
security procedures for the use of biometric
data and other authentication technologies
for verification purposes ;”; and

- (5) in paragraph (e) of subsection (2) thereof, by the
substitution for the words “an accreditation
certificate”, of the words “a license or an
authorization”.

Amendment of
section 26 of the
principal
enactment.

17. Section 26 of the principal enactment is hereby
amended as follows:-

- (1) by the insertion immediately after the definition of
term of expression “addressee”, of the following
new definition:-

““automated message system” means a computer
program or an electronic or other automated
means used to initiate an action or respond to
data messages or performances in whole or in
part, without review or intervention by a
natural person each time an action is initiated
or a response is generated by the system;”;

- (2) by the insertion immediately after the definition
of term of expression “computer”, of the following
new definition:-

““Convention” means the United Nations
Convention on the Use of Electronic

Communications in International Contracts ratified by Sri Lanka on July 7, 2015 subject to the declaration made at the time of ratification;”;

- (3) by the insertion immediately after the definition of term of expression “electronic”, of the following new definitions:-

““electronic address” means a communication network or an electronic mailbox, telecopy device or a designated portion or location in an information system that a person uses to receive a data message, electronic document, electronic record or any communication;

“electronic communication” means any communication made by means of data message;”;

- (4) by the repeal of the definition of term of expression “electronic signature” and the substitution therefor, of the following definition:-

““electronic signature” means data in electronic form, affixed to logically associated with a data message, electronic document, electronic record or communication which may be used to identify the signatory in relation to the data message, electronic document, electronic record or communication and to indicate the signatory’s intention in respect of the information contained therein;”;

- (5) by the insertion immediately after the definition of term of expression “intermediary”, of the following new definition:-

““Minister” means the Minister to whom the implementation of the provisions of

14 *Electronic Transactions (Amendment)
Act, No. 25 of 2017*

Electronic Transactions Act, No. 19 of 2006
is assigned;”;

- (6) by the repeal of the definition of term of expression
“originator” and the substitution therefor, of the
following definitions:-

““originator” of an electronic communication
means a person by whom, or on whose behalf,
the electronic communication has been sent
or generated prior to storage, if any, but it
does not include a person acting as an
intermediary with respect to that electronic
communication;

“prescribe” means prescribe by regulations made
under this Act;”;

- (7) by the substitution, in the definition of the term of
expression “security procedure”, for the words
“a certificate issued” of the words “a license or an
authorization issued”.

Sinhala text to
prevail in case
of inconsistency.

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



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

**JUDICATURE (AMENDMENT)
ACT, No. 26 OF 2017**

[Certified on 17th of November, 2017]

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Judicature (Amendment) Act, No. 26 of 2017

[Certified on 17th of November, 2017]

L.D.—O. 32/2017

AN ACT TO AMEND THE JUDICATURE ACT, NO. 2 OF 1978

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

- 1.** This Act may be cited as the Judicature (Amendment) Act, No. 26 of 2017. Short title.
- 2.** Section 4 of the Judicature Act, No. 2 of 1978 is hereby amended by the repeal of paragraph (a) of that section and the substitution therefor of the following paragraph:— Amendment of section 4 of Act, No. 2 of 1978.

“(a) not less than ten and not more than one hundred and ten judges, each of whom shall be known as a “Judge of the High Court”;
- 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.



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

**ASSISTANCE TO AND PROTECTION OF VICTIMS
OF CRIME AND WITNESSES (AMENDMENT)
ACT, No. 27 OF 2017**

[Certified on 17th of November, 2017]

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*Assistance to and Protection of Victims of Crime
and Witnesses (Amendment) Act, No. 27 of 2017*

[Certified on 17th of November, 2017]

L. D.—O. 48/2016.

AN ACT TO AMEND THE ASSISTANCE TO AND PROTECTION OF VICTIMS
OF CRIME AND WITNESSES ACT, NO. 4 OF 2015

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

1. This Act may be cited as the Assistance to and
Protection of Victims of Crime and Witnesses (Amendment)
Act, No. 27 of 2017.

Short title.

2. Section 31 of the Assistance to and Protection of
Victims of Crime and Witnesses Act, No. 4 of 2015 is hereby
amended as follows:—

Amendment of
section 31 of
Act, No. 4 of
2015.

(1) in subsection (1) of that section, by the
substitution for the words “within Sri Lanka,” , of
the words “within or outside Sri Lanka,”;

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

“(1A) Where any evidence or statement of any
victim of crime or witness is to be recorded from
any remote location outside Sri Lanka under
subsection (1), it shall be recorded at the Sri Lankan
diplomatic mission in the country from where such
victim of crime or witness seeks to testify or make
the statement.”; and

(3) by the repeal of subsection (4) of that section, and
the substitution therefor, of the following
subsection:—

“(4) For the purposes of this section—

(a) “Court” means a Court before which
any criminal proceedings are being
conducted; and

2 *Assistance to and Protection of Victims of Crime
and Witnesses (Amendment) Act, No. 27 of 2017*

(b) “public officer” includes an officer
serving in the Sri Lanka Foreign
Service.”.

Sinhala text to
prevail in case
of inconsistency.

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



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

**LOCAL AUTHORITIES (SPECIAL PROVISIONS)
ACT, No. 28 OF 2017**

[Certified on 17th of November, 2017]

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*Local Authorities (Special Provisions)
Act, No. 28 of 2017*

[Certified on 17th of November, 2017]

L.D.—O. 1 / 2017

AN ACT TO PROVIDE FOR CALLING OF FRESH NOMINATIONS AND THE HOLDING OF ELECTIONS IN RESPECT OF TWO PRADESHIYA SABHAS IN THE NORTHERN PROVINCE WHERE ELECTIONS TO SUCH SABHAS HAVE BEEN POSTPONED DUE TO UNFORESEEN AND URGENT CIRCUMSTANCES; AND TO PROVIDE FOR MATTERS CONNECTED THEREWITH OR INCIDENTAL THERETO.

WHEREAS notices were published under section 26 of the Local Authorities Elections Ordinance, that nominations will be received in respect of elections to Pudukudiruppu and Maritiméattu Pradeshiya Sabhas in the Northern Province:

Preamble.

AND WHEREAS the dates of polls fixed for the holding of elections for the aforesaid Pradeshiya Sabhas were postponed from time to time due to unforeseen and urgent circumstances by Orders made under subsection (3) of section 38 of the Local Authorities Elections Ordinance:

AND WHEREAS persons who have tendered their nominations have either died or been displaced or have changed their party or due to the fact that a considerable number of persons who have tendered their nominations have gone abroad or where persons who were below the age of thirty-five at the time of tendering nominations are now over the age of thirty-five, it has become necessary to provide for the calling of fresh nominations in respect of the aforesaid Pradeshiya Sabhas:

AND WHEREAS due to the period of time that has elapsed since the submission of nominations in respect of the aforesaid Pradeshiya Sabhas, it has become necessary to provide for the calling of fresh nominations in respect of such Pradeshiya Sabhas and to make provisions for the holding of fresh elections in respect of the aforesaid Sabhas.

2 *Local Authorities (Special Provisions)*
Act, No. 28 of 2017

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

Short title. **1.** This Act may be cited as the Local Authorities (Special Provisions) Act, No. 28 of 2017.

provisions relating to nominations and deposits in respect of elections to certain Sabhas. **2.** (1) Nomination papers submitted, under section 28 of the Local Authorities Elections Ordinance (Chapter 262) (hereinafter referred to as “the Ordinance”) in respect of elections to the Pradeshiya Sabhas set out in the Schedule hereto in response to the Notices published under section 26 of the Ordinance are hereby deemed to be of no force and effect and as if such nomination papers had never been submitted.

(2) The Notices published under subsection (3) of section 38 of the Ordinance, in respect of elections to the Pradeshiya Sabhas set out in the Schedule are hereby revoked.

(3) Deposits made under section 29 of the Ordinance in respect of candidates nominated by an independent group for election to the Pradeshiya Sabhas set out in the Schedule, shall notwithstanding anything to the contrary in section 30 of the Ordinance, be refunded, on the production by the person who made the deposit, of the receipt issued to such person under subsection (3) of section 29 of the Ordinance, together with interest on such deposit at the rate of twelve *per centum, per annum*, from the date of deposit to the date of refund.

Steps to be commenced for holding of elections. **3.** Notwithstanding anything to the contrary contained in section 82 of the Local Authorities Elections (Amendment) Act, No. 22 of 2012, steps shall be commenced under the Ordinance for the holding of elections to the Pradeshiya Sabhas set out in the Schedule hereto:

Local Authorities (Special Provisions) 3
Act, No. 28 of 2017

Provided that the notice of nomination in terms of the Ordinance shall be published on such date as the Election Commission may determine by Order published in the *Gazette*, and such date shall however, be a date not later than six months from the date of the coming into operation of this Act.

4. 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.

SCHEDULE (Sections 2 and 3)

1. Pudukudiruppu Pradeshiya Sabha; and
2. Maritim Pattu Pradeshiya Sabha.



**PARLIAMENT OF THE DEMOCRATIC
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**PREVENTION OF CRIMES (AMENDMENT)
ACT, No. 29 OF 2017**

[Certified on 18th of November, 2017]

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*Prevention of Crimes (Amendment)
Act, No. 29 of 2017*

[Certified on 18th of November, 2017]

L. D.—O. 7/2015.

AN ACT TO AMEND THE PREVENTION OF CRIMES
ORDINANCE (CHAPTER 22)

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

- 1.** This Act may be cited as the Prevention of Crimes (Amendment) Act, No. 29 of 2017. Short title.
- 2.** Section 2 of the Prevention of Crimes Ordinance (Chapter 22) (hereinafter referred to as the “principal enactment”) is hereby amended in sub-paragraph (i) of paragraph (b) of subsection (3) thereof, by the substitution for the words and figures, “by section 302 of the Criminal Procedure Code”, of the words and figures, “by section 277 of the Code of Criminal Procedure Act, No. 15 of 1979”. Amendment of section 2 of Chapter 22.
- 3.** Section 3 of the principal enactment is hereby amended in subsection (1) thereof, by the substitution for the words and figures “under section 325(1) of the Criminal Procedure Code, the Magistrate shall, notwithstanding anything in section 190 of the Criminal Procedure Code”, of the words and figures, “under section 306 of the Code of Criminal Procedure Act, No.15 of 1979, the Magistrate shall, notwithstanding anything in section 185 of that Act,”. Amendment of section 3 of the principal enactment.
- 4.** Section 5 of the principal enactment is hereby amended as follows:— Amendment of section 5 of the principal enactment.

 - (1) in subsection (1) thereof, by the substitution for the words “be subject to the supervision by the police”, of the words “be subject to such supervision by the police as prescribed by rules made under section 17,”; and

2 *Prevention of Crimes (Amendment)*
Act, No. 29 of 2017

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

“(1A) Where a person referred to in subsection (1) is imposed a suspended sentence on being convicted of a crime, the Court may direct that such person be subject to such supervision by the police, as prescribed by rules made under section 17, from the date of imposing the suspended sentence, until the expiry of the operational period of such sentence.”.

Amendment of section 17 of the principal enactment.

- 5.** Section 17 of the principal enactment is hereby amended by the repeal of subsection (2) thereof and the substitution therefor of the following:—

“(2) All rules so made shall—

- (a) be published in the *Gazette* and within a period of six months of such publication, be brought before the Parliament for approval; and
- (b) come into force on the date on which they are approved by the Parliament or on such later date as may be specified in such rules.”.

Amendment of section 18 of the principal enactment.

- 6.** Section 18 of the principal enactment is hereby amended as follows:—

- (1) by the repeal of the definition of the word “crime” thereof and the substitution therefor, of the following definition:—

““crime” means an offence punishable under such sections listed under each Act, as specified in the Schedule hereto;”;

Prevention of Crimes (Amendment) 3
Act, No. 29 of 2017

- (2) by the repeal of the definition of the word “Registrar” thereof and the substitution therefor, of the following definition:—

““Registrar” means the Registrar of Finger Prints and includes the Additional Registrar of Finger Prints, the Deputy Registrar of Finger Prints and the Assistant Registrar of Finger Prints.”.

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

Replacement of the Schedule to the principal enactment.

“SCHEDULE [section 18]

BRIBERY ACT (CHAPTER 26)

<i>Section</i>	<i>Nature of offence</i>
(i) 14	Bribery of judicial officers and members of Parliament.
(ii) 15	Acceptance of gratification by Members of Parliament for interviewing public servants.
(iii) 16	Bribery of police officers, peace officers and other public servants.
(iv) 17	Bribery for giving assistance or using influence in regard to contracts.
(v) 18	Bribery for procuring withdrawals of tenders.
(vi) 19	Bribery in respect of Government business.
(vii) 20	Bribery in connection with payment of claims, appointments, employments, grants, leases and other benefits.

4 *Prevention of Crimes (Amendment)*
 Act, No. 29 of 2017

- | | | |
|--------|-----|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| (viii) | 21 | Bribery of public servants by persons having dealings with the Government. |
| (ix) | 22 | Bribery of Member of local authority or of scheduled institution or of governing body of scheduled institution, and bribery of officer or employee of local authority or of scheduled institution. |
| (x) | 23 | Use of threats or fraud to influence vote of members of local authority or of scheduled institution or of governing body of scheduled institution. |
| (xi) | 23A | To own or to have owned property deemed under this section to be property acquired by bribery or property to which property acquired by bribery has or had been converted. |
| (xii) | 24 | Acceptor of gratification to be guilty notwithstanding that purpose not carried out & c. |
| (xiii) | 25 | Attempt to commit, and abetment of an offence under Part II. |
| (xiv) | 70 | Corruption. |

COMMISSION TO INVESTIGATE ALLEGATIONS OF BRIBERY OR
CORRUPTION ACT, NO. 19 OF 1994

- | <i>Section</i> | <i>Nature of offence</i> |
|----------------|-----------------------------------------|
| (i) 21 | Making a false allegation. |
| (ii) 22 | Breach of provisions regarding secrecy. |
| (iii) 23 | Miscellaneous offences. |

COMPUTER CRIME ACT, NO. 24 OF 2007

- | <i>Section</i> | <i>Nature of offence</i> |
|----------------|---------------------------------------------|
| (i) 3 | Securing unauthorized access to a computer. |

Prevention of Crimes (Amendment) 5
Act, No. 29 of 2017

- | | | |
|--------|----|----------------------------------------------------------------------------|
| (ii) | 4 | Doing any act to secure unauthorized access in order to commit an offence. |
| (iii) | 5 | Causing a computer to perform a function without lawful authority. |
| (iv) | 6 | Offences committed against national security & c. |
| (v) | 7 | Dealing with data & c., unlawfully obtained. |
| (vi) | 8 | Illegal interception of data. |
| (vii) | 9 | Using of illegal devices an offence. |
| (viii) | 10 | Unauthorized disclosure of information enabling access to a service. |
| (ix) | 11 | Attempt to commit an offence. |
| (x) | 12 | Abetment of an offence. |
| (xi) | 13 | Conspiring to commit an offence. |

CONVENTION AGAINST ILLICIT TRAFFICKING IN NARCOTICS DRUGS AND
PSYCHOTROPIC SUBSTANCES ACT, NO. 1 OF 2008

Section *Nature of offence*

- | | | |
|-----|---|-------------------------|
| (i) | 2 | Offences under the Act. |
|-----|---|-------------------------|

CONVENTION AGAINST TORTURE AND OTHER CRUEL, INHUMAN OR DEGRADING
TREATMENT OR PUNISHMENT ACT, NO. 22 OF 1994

Section *Nature of offence*

- | | | |
|-----|---|---------------------|
| (i) | 2 | Offence of Torture. |
|-----|---|---------------------|

CONVENTION ON THE SUPPRESSION OF TERRORIST FINANCING
ACT, NO. 25 OF 2005

Section *Nature of offence*

- | | | |
|-----|---|-------------------------|
| (i) | 3 | Offences under the Act. |
|-----|---|-------------------------|

6 *Prevention of Crimes (Amendment)
Act, No. 29 of 2017*

FIREARMS ORDINANCE (CHAPTER 182)

<i>Section</i>	<i>Nature of offence</i>
(i) 22	Failure to obtain a Licence to possess a gun.
(ii) 44	Offences under Chapter 182 other than any offence in respect of which no specific punishment is provided.

IMMIGRANTS AND EMIGRANTS ACT (CHAPTER 351)

<i>Section</i>	<i>Nature of offence</i>
(i) 45(1)(a) to (n)	Immigration and emigration offences.
(ii) 45(2)	Preparation, attempt or abetment to commit offences specified in section 45(1)(a) to (n).
(iii) 45A(1)(a) to (c)	Offences of bringing persons into Sri Lanka in contravention of the Act.
(iv) 45A(2)(a) and (b)	Attempt, abetment or preparation to commit the offences specified in section 45A(1)(a) to (c).
(v) 45C(1)(a)	Offence of organizing.
(vi) 45C(1)(b)	Attempting, aiding and abetting for, or doing any act preparatory to the offence of organizing.

INTELLECTUAL PROPERTY ACT, NO. 36 OF 2003

<i>Section</i>	<i>Nature of offence</i>
(i) 177	Falsification of entries in any register.
(ii) 178(1) and (2)	Infringement of rights protected under Part II.
(iii) 179	Infringement of Industrial Designs.
(iv) 181	Infringement of Patents.
(v) 184	Infringement of Marks.

*Prevention of Crimes (Amendment)
Act, No. 29 of 2017* 7

OFFENCES AGAINST PUBLIC PROPERTY ACT, NO. 12 OF 1982

<i>Section</i>	<i>Nature of offence</i>
(i) 2	Mischief to public property.
(ii) 3	Theft of public property.
(iii) 4	Robbery of public property.
(iv) 5	Dishonest misappropriation, criminal breach of trust, cheating, forgery and falsification of accounts.
(v) 10	Attempt to commit an offence under the Act.

OFFENSIVE WEAPONS ACT, NO. 18 OF 1966

<i>Section</i>	<i>Nature of offence</i>
(i) 2	Prohibition of the importation & c., of offensive weapons.
(ii) 3	Damage & c., to property by use of offensive weapons.
(iii) 4	Attempt to cause death or injury and causing of injury with offensive weapons.
(iv) 5	Attempt to commit offences other than offences under section 4 of the Act.

PAYMENT DEVICES FRAUDS ACT, NO. 30 OF 2006

<i>Section</i>	<i>Nature of offence</i>
(i) 3	Acts amounting to payment devices fraud.
(ii) 4	Attempt to commit an offence under the Act.
(iii) 5	Abetment of an offence under the Act.
(iv) 6	Conspiracy to commit an offence under the Act.

*Prevention of Crimes (Amendment)
Act, No. 29 of 2017*

PENAL CODE (CHAPTER 19)

<i>Section</i>	<i>Nature of offence</i>
(i) 101, 102, 113A and 113B	Abetting and conspiracy to commit any offence of the Penal Code specified in this Schedule.
(ii) 114 to 123, (both inclusive)	Offences against the State.
(iii) 141	Joining an unlawful assembly armed with any deadly weapon.
(iv) 145	Rioting armed with deadly weapons.
(v) 190 to 224 (both inclusive)	Giving or fabricating false evidence and offences against public justice.
(vi) 226 to 256 (both inclusive)	Offences relating to coin and Government stamps.
(vii) 286A	Obscene Publication, exhibition &c. relating to children.
(viii) 288	Causing or procuring children to beg.
(ix) 288A	Hiring or employing children to act as procurers for sexual intercourse.
(x) 288B	Hiring or employing children to traffic in restricted articles.
(xi) 296, 297, 300 and 301	Murder, Culpable homicide and attempt thereto.
(xii) 303 to 309 (both inclusive)	Causing miscarriage or injuries to unborn children, exposure of infants and the concealment of births.
(xiii) 308A	Cruelty to children.
(xiv) 315 to 324 (both inclusive)	Voluntarily causing hurt by dangerous weapon, & c.
(xv) 334 to 339 (both inclusive)	Wrongful confinement, & c.
(xvi) 344	Using criminal force to deter a public servant from discharge of his duty.

Prevention of Crimes (Amendment) 9
Act, No. 29 of 2017

(xvii) 345	Sexual harassment.
(xviii) 354	Kidnapping.
(xix) 355 to 359 (both inclusive)	Aggravated form of offence of kidnapping and abduction.
(xx) 358A	Debt bondage serfdom, forced or compulsory labour, slavery and recruitment of children for use in armed conflict.
(xxi) 360	Kidnapping or abducting a child under ten years.
(xxii) 360A	Procuration.
(xxiii) 360B	Sexual exploitation of children.
(xxiv) 360C	Trafficking.
(xxv) 360D	Offences relating to adoption.
(xxvi) 360E	Offences relating to soliciting a child.
(xxvii) 364	Rape.
(xxviii) 364A	Incest.
(xxix) 365	Unnatural offence.
(xxx) 365A	Acts of gross indecency between persons.
(xxxi) 365B	Grave sexual abuse.
(xxxii) 367 to 371 (both inclusive)	Theft, theft of cattle, & c.
(xxxiii) 373 to 378 (both inclusive)	Extortion, & c.
(xxxiv) 380 to 385 (both inclusive)	Robbery, & c.
(xxxv) 387	Dishonest misappropriation.
(xxxvi) 389 to 392 (both inclusive)	Criminal breach of trust.
(xxxvii) 394 to 396 (both inclusive)	Dishonestly receiving stolen property, etc.

10 *Prevention of Crimes (Amendment)
Act, No. 29 of 2017*

(xxxviii)	400 to 403 (both inclusive)	Cheating.
(xxxix)	404 to 407 (both inclusive)	Fraudulent deeds and dispositions of property, etc.
(xl)	412 to 416 (both inclusive)	Mischief to animals, irrigation works and public roads & c.
(xli)	418 to 426 (both inclusive)	Mischief, & c.
(xlii)	435 to 451 (both inclusive)	House trespass, house breaking, & c.
(xliii)	454 to 467 (both inclusive)	Forgery, fraudulent cancellation & c, of a will, etc. and falsification of accounts.
(xliv)	478A to 478D (both inclusive)	Offences relating to currency notes and bank notes.
(xlv)	490	Attempting to commit offences of the Penal Code specified in this Schedule.

POISONS, OPIUM AND DANGEROUS DRUGS ACT (CHAPTER 218)

<i>Section</i>	<i>Nature of offence</i>
(i) 54A	Manufacture, trafficking, import or export and possession of dangerous drugs.
(ii) 54B	Abetting in the commission of an offence under section 54A.
(iii) 78	Contravention or failure to comply with any provisions of Chapter 218 or any regulation, or any order or direction lawfully given thereunder.

PREVENTION OF MONEY LAUNDERING ACT, No. 5 OF 2006

<i>Section</i>	<i>Nature of offence</i>
(i) 3(1)	Offences of money laundering.
(ii) 3(2)	Attempting, conspiring and aiding or abetting money laundering.

Prevention of Crimes (Amendment) 11
Act, No. 29 of 2017

PREVENTION OF TERRORISM (TEMPORARY PROVISIONS) ACT, No. 48 OF 1979

<i>Section</i>	<i>Nature of offence</i>
(i) 2	Offences under the Act.
(ii) 3	Preparation, abetment, conspiracy or incitement to commit an offence under the Act.

SRI LANKA BUREAU OF FOREIGN EMPLOYMENT ACT, No. 21 OF 1985

<i>Section</i>	<i>Nature of offence</i>
(i) 64	Illegal charging of fee.”.

8. 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.



**PARLIAMENT OF THE DEMOCRATIC
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APPROPRIATION ACT, No. 30 OF 2017

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Appropriation Act, No. 30 of 2017

[Certified on 09th of December, 2017]

L.D. - O. 43/2017

AN ACT TO PROVIDE FOR THE SERVICE OF THE FINANCIAL YEAR 2018 ; TO AUTHORIZE THE RAISING OF LOANS IN OR OUTSIDE SRI LANKA, FOR THE PURPOSE OF SUCH SERVICE ; TO MAKE FINANCIAL PROVISION IN RESPECT OF CERTAIN ACTIVITIES OF THE GOVERNMENT DURING THAT FINANCIAL YEAR; TO ENABLE THE PAYMENT BY WAY OF ADVANCES OUT OF THE CONSOLIDATED FUND OR ANY OTHER FUND OR MONEYS, OF OR AT THE DISPOSAL OF THE GOVERNMENT, OF MONEYS REQUIRED DURING THAT FINANCIAL YEAR FOR EXPENDITURE ON SUCH ACTIVITIES; TO PROVIDE FOR THE REFUND OF SUCH MONEYS TO THE CONSOLIDATED FUND AND TO MAKE PROVISION FOR MATTERS CONNECTED THEREWITH OR INCIDENTAL THERETO.

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

1. This Act may be cited as the Appropriation Act, No. 30 of 2017. Short title.

2. (1) Without prejudice to any other law authorizing any expenditure and subject to the provisions of subsection (4) of this section, the expenditure of the Government which is estimated will be rupees two thousand one hundred forty two billion seven hundred forty one million sixty three thousand for the service of the period beginning on January 01, 2018 and ending on December 31, 2018(in this Act referred to as the “financial year 2018”), shall be met – Appropriation for financial year, 2018.

(a) from payments which are hereby authorized to be made out of the Consolidated Fund or any other fund or moneys of or at the disposal of the Government; and

(b) from borrowing made in the financial year 2018 which are hereby authorized in terms of relevant laws for moneys to be raised whether in or outside

Sri Lanka, for and on behalf of the Government, provided that the balance outstanding of such borrowing at any given time during the financial year 2018 or at the end of the financial year 2018 shall not exceed rupees one thousand eight hundred ninety three billion eight hundred forty four million eight hundred eighteen thousand and the details of such loans shall be incorporated in the Final Budget Position Report which is required to be tabled in Parliament under section 13 of the Fiscal Management (Responsibility) Act, No. 3 of 2003:

Provided that, the difference between the total short-term borrowing raised during the financial year 2018 and the total settlement of short-term borrowing made during the financial year 2018 shall only be considered in deciding the volume of short-term borrowing for the purposes of calculating the borrowing made during the financial year 2018 as specified in this section.

(2) The sum of rupees two thousand one hundred forty two billion seven hundred forty one million sixty three thousand referred to in subsection (1), may be expended as specified in the First Schedule to this Act.

(3) The provisions of subsection (1) shall have effect without prejudice to the provisions of any other written law, authorizing the raising of loans for and on behalf of the Government.

(4) The estimated expenditure of the Government authorized by laws to be charged on the Consolidated Fund, will be rupees two thousand five billion one hundred three million seven hundred fifty five thousand for the service of the period beginning on January 1, 2018 and ending on December 31, 2018. The expenditure Heads and the laws under which such expenditure is authorized to be made, are as specified in the Second Schedule to this Act.

3. (1) The receipts of the Government during the financial year 2018, from each activity specified in Column I of the Third Schedule to this Act shall be credited to the account of such activity, but the aggregate of receipts so credited shall not be less than the minimum limit specified in the corresponding entry in Column III of that Schedule. The net surplus, if any, of such activity, shall be paid to the Consolidated Fund before the expiry of six months after the close of the financial year 2018.

Financial provisions in respect of certain activities of the Government for the financial year 2018.

(2) For the purpose of determining the net surplus under subsection (1), the following charges shall be set off against the revenue of each activity:-

- (a) the working, establishment and other expenses of the activity, whether paid or accrued, properly chargeable to the revenue of the activity; and
- (b) provision to cover the depreciation of the movable and immovable property of the activity.

(3) The expenditure incurred by the Government during the financial year 2018 on each activity specified in Column I of the Third Schedule to this Act, shall be paid out of the receipts of the Government from such activity during that financial year, but such expenditure shall not exceed the maximum limit specified in the corresponding entry in Column II of that Schedule.

(4) The debit balance outstanding at the end of the financial year 2018 of any activity specified in Column I of the Third Schedule to this Act, shall not exceed the maximum limit specified in the corresponding entry in Column IV of that Schedule and the total liabilities of that activity at the end of that financial year, shall not exceed the maximum limit specified in the corresponding entry in Column V of that Schedule.

Payment from the Consolidated Fund or any other fund or moneys of, or at the disposal of the Government, of advances for expenditure on the activities referred to in section 3, during the financial year 2018.

4. Whenever at any time during the financial year 2018, the receipts of the Government from any activity specified in Column I of the Third Schedule to this Act are insufficient to meet the expenditure incurred by the Government on such activity, the Minister may from time to time by Order, direct that such sums as he may deem necessary to meet such expenditure shall be payable by way of advances, out of the Consolidated Fund or any other fund or moneys of, or at the disposal of the Government, so however that the aggregate of the sums so advanced shall not exceed the maximum limit of expenditure specified in the corresponding entry in Column II of that Schedule. Any sum so advanced in respect of such activity shall be refunded to the Consolidated Fund in such manner, as the Minister may by Order direct.

Power to transfer unexpended moneys allocated to Recurrent Expenditure, to another allocation within the same Programme or to another Programme under the same Head of expenditure.

5. (1) Any moneys which by virtue of the provisions of the First Schedule to this Act, have been allocated to Recurrent Expenditure under any Programme appearing under any Head specified in that Schedule, but have not been expended or are not likely to be expended, may be transferred to the allocation of Capital Expenditure within that Programme or to the allocation of Recurrent Expenditure or Capital Expenditure under any other Programme within that Head, by Order of the Secretary to the Treasury or by Order either of a Deputy Secretary to the Treasury or the Director General of the National Budget Department, who may be authorized in that behalf by the Secretary to the Treasury.

(2) No moneys allocated to Capital Expenditure under any Programme appearing under any Head specified in the First Schedule to this Act, shall be transferred out of that Programme or to any allocation of Recurrent Expenditure of that Programme.

Money allocated to the "Development Activities" Programme may be transferred to any other Programme under any other Head.

6. (1) Any money allocated to Recurrent Expenditure or Capital Expenditure under the "Development Activities" Programme appearing under the Head "Department of National Budget" specified in the First Schedule, may be transferred subject to guidelines stipulated in printed Budget Estimates approved by Parliament for the relevant year, to any other Programme under any other Head in that Schedule,

by Order of the Secretary to the Treasury or by Order either of a Deputy Secretary to the Treasury or the Director General of the National Budget Department, who may be authorized in that behalf by the Secretary to the Treasury. The money so transferred shall be deemed to be a supplementary allocation made to the particular Ministry, and a report containing the amount of money so transferred and the reasons for the transfer, shall be submitted to Parliament within two months of the date of the said transfer.

(2) Details of all transfers made under subsection (1), including the reasons for such transfers, shall be incorporated in the reports relating to the Government's fiscal performance, which are required to be tabled in Parliament under the Fiscal Management (Responsibility) Act, No.3 of 2003.

7. Where the Minister is satisfied-

- (a) that receipts from taxes and other sources will be less than the amounts anticipated to finance authorized expenditure; or
- (b) that amounts originally appropriated for a particular purpose or purposes are no longer required,

Power of Minister to limit expenditure previously authorized.

he may with the approval of the Government, withdraw in whole or in part any amounts previously released for expenditure under the authority of a warrant issued by him, from the Consolidated Fund or from any other fund or moneys of, or at the disposal of the Government, to meet any authorized expenditure and the details of all such withdrawals shall be incorporated in the Final Budget Position Report which is required to be tabled in Parliament under section 13 of the Fiscal Management (Responsibility) Act, No. 3 of 2003.

Power of Minister to vary the maximum and minimum limits specified in the Third Schedule to this Act.

8. (1) The Minister with the approval of the Government may, on or before May 31, 2019, by Order, vary or alter-

- (a) any of the maximum limits specified in Column II, Column IV and Column V ;
- (b) the minimum limits specified in Column III,

of the Third Schedule to this Act.

(2) No Order made under subsection (1) shall have effect, unless it has been approved by Parliament by Resolution.

(3) Any Order made under subsection (1) shall, if so expressed therein, be deemed to have had effect from such date prior to the date of making such Order, as may be specified therein.

Power of Parliament to amend the Third Schedule to this Act.

9. Parliament may by Resolution amend the Third Schedule to this Act, by adding to the appropriate Columns of that Schedule any activity and providing for -

- (a) all or any of the maximum limits relating to such activity;
- (b) the minimum limit relating to such activity.

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.

FIRST SCHEDULE
ESTIMATE — 2018
Sums Payable for General Services

<i>Head No.</i>			<i>Recurrent Expenditure Rs.</i>	<i>Capital Expenditure Rs.</i>
Head 1 - 26	Special Spending Units and Head 324			
	Recurrent	16,000,000,000		
	Capital	9,400,000,000		
Made up as follows:-				
Head 1	His Excellency the President			
	Programme 01 Operational Activities		2,608,206,000	2,265,319,000
	Programme 02 Development Activities		100,000,000	5,010,000,000
Head 2	Office of the Prime Minister			
	Programme 01 Operational Activities		951,580,000	821,100,000
Head 4	Judges of the Superior Courts			
	Programme 01 Operational Activities		111,100,000	63,400,000
Head 5	Office of the Cabinet of Ministers			
	Programme 01 Operational Activities		94,350,000	12,650,000
Head 6	Public Service Commission			
	Programme 01 Operational Activities		166,665,000	58,221,000
Head 7	Judicial Service Commission			
	Programme 01 Operational Activities		69,920,000	1,800,000
Head 8	National Police Commission			
	Programme 01 Operational Activities		85,430,000	2,950,000

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<i>Head No.</i>		<i>Recurrent Expenditure Rs.</i>	<i>Capital Expenditure Rs.</i>
Head 9	Administrative Appeals Tribunal Programme 01 Operational Activities	24,840,000	650,000
Head 10	Commission to Investigate Allegations of Bribery or Corruption Programme 01 Operational Activities	437,600,000	29,000,000
Head 11	Office of the Finance Commission Programme 01 Operational Activities	68,600,000	199,800,000
Head 12	National Education Commission Programme 01 Operational Activities	40,202,000	9,250,000
Head 13	Human Rights Commission of Sri Lanka Programme 01 Operational Activities	244,000,000	5,100,000
Head 16	Parliament Programme 01 Operational Activities	2,554,500,000	646,650,000
Head 17	Office of the Leader of the House of Parliament Programme 01 Operational Activities	40,060,000	1,050,000
Head 18	Office of the Chief Govt. Whip of Parliament Programme 01 Operational Activities	83,610,000	1,900,000
Head 19	Office of the Leader of the Opposition of Parliament Programme 01 Operational Activities	82,800,000	7,850,000
Head 20	Elections Commission Programme 01 Operational Activities	6,203,450,000	114,250,000

Head 21	Auditor General's Department			
	Programme 01	Operational Activities	1,804,600,000	122,500,000
Head 22	Office of the Parliamentary Commissioner for Administration			
	Programme 01	Operational Activities	23,755,000	550,000
Head 23	Audit Service Commission			
	Programme 01	Operational Activities	44,322,000	1,885,000
Head 24	National Procurement Commission			
	Programme 01	Operational Activities	59,360,000	12,000,000
Head 25	Delimitation Commission			
	Programme 01	Operational Activities	10,810,000	725,000
Head 26	Right to Information Commission			
	Programme 01	Operational Activities	41,190,000	8,000,000
Head 324	Department of Management Audit			
	Programme 01	Operational Activities	49,050,000	3,400,000
	Ministry of Buddhasasana			
	Recurrent		711,645,000	
	Capital		751,310,000	

Made up as follows :-

Head 101	Minister of Buddhasasana			
	Programme 01	Operational Activities	131,860,000	7,610,000
	Programme 02	Development Activities	75,500,000	689,000,000

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<i>Head No.</i>		<i>Recurrent Expenditure Rs.</i>	<i>Capital Expenditure Rs.</i>
Head 201	Department of Buddhist Affairs		
	Programme 01 Operational Activities	55,469,000	7,200,000
	Programme 02 Development Activities	448,816,000	47,500,000
	Ministry of Finance & Mass Media		
	Recurrent	193,649,853,000	
	Capital	199,399,235,000	
	Made up as follows :-		
Head 102	Minister of Finance & Mass Media		
	Programme 01 Operational Activities	1,075,575,000	924,745,000
	Programme 02 Development Activities	430,000,000	2,606,800,000
Head 210	Department of Information		
	Programme 01 Operational Activities	608,930,000	139,500,000
Head 238	Department of Fiscal Policy		
	Programme 01 Operational Activities	4,080,460,000	1,600,000
Head 240	Department of National Budget		
	Programme 01 Operational Activities	1,685,702,000	5,007,250,000
	Programme 02 Development Activities	140,961,925,000	172,345,000,000
Head 241	Department of Public Enterprises		
	Programme 01 Operational Activities	1,078,920,000	2,514,825,000
Head 242	Department of Management Services		
	Programme 01 Operational Activities	77,300,000	6,200,000

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Head 243	Department of Development Finance		
	Programme 01	Operational Activities	101,810,000
	Programme 02	Development Activities	-
			1,300,000
			13,061,950,000
Head 244	Department of Trade and Investment Policy		
	Programme 01	Operational Activities	51,730,000
			1,150,000
Head 245	Department of Public Finance		
	Programme 01	Operational Activities	89,293,000
			5,100,000
Head 246	Department of Inland Revenue		
	Programme 01	Operational Activities	3,520,000,000
			903,500,000
Head 247	Sri Lanka Customs		
	Programme 01	Operational Activities	3,315,650,000
			299,750,000
Head 248	Department of Excise		
	Programme 01	Operational Activities	1,154,700,000
			452,500,000
Head 249	Department of Treasury Operations		
	Programme 01	Operational Activities	34,650,635,000
	Programme 02	Development Activities	-
			404,450,000
			305,000,000
Head 250	Department of State Accounts		
	Programme 01	Operational Activities	46,350,000
			3,500,000
Head 251	Department of Valuation		
	Programme 01	Operational Activities	420,270,000
			386,700,000
Head 323	Department of Legal Affairs		
	Programme 01	Operational Activities	10,620,000
			500,000
Head 329	Department of Information Technology Management		
	Programme 01	Operational Activities	261,585,000
			9,715,000

<i>Head No.</i>		<i>Recurrent Expenditure Rs.</i>	<i>Capital Expenditure Rs.</i>
Head 333	Comptroller General's Office Programme 01 Operational Activities	28,398,000	18,200,000
	Ministry of Defence		
	Recurrent	260,711,375,000	
	Capital	30,000,000,000	
Made up as follows :-			
Head 103	Minister of Defence		
	Programme 01 Operational Activities	4,973,062,000	4,789,167,000
	Programme 02 Development Activities	2,014,000,000	4,058,847,000
Head 222	Sri Lanka Army		
	Programme 01 Operational Activities	149,536,395,000	6,987,328,000
Head 223	Sri Lanka Navy		
	Programme 01 Operational Activities	50,368,948,000	7,108,621,000
Head 224	Sri Lanka Air Force		
	Programme 01 Operational Activities	36,512,600,000	6,687,837,000
Head 320	Department of Civil Security		
	Programme 01 Operational Activities	17,268,120,000	315,000,000
Head 325	Department of Sri Lanka Coast Guard		
	Programme 01 Operational Activities	38,250,000	53,200,000

Ministry of National Policies and Economic Affairs	
Recurrent	4,178,030,000
Capital	21,556,800,000

Made up as follows :-

Head 104	Minister of National Policies and Economic Affairs		
	Programme 01	Operational Activities	310,541,000
	Programme 02	Development Activities	2,439,179,000
Head 237	Department of National Planning		
	Programme 01	Operational Activities	97,000,000
Head 239	Department of External Resources		
	Programme 01	Operational Activities	453,345,000
Head 252	Department of Census and Statistics		
	Programme 01	Operational Activities	877,965,000

Ministry of Disaster Management	
Recurrent	942,700,000
Capital	4,868,000,000

Made up as follows :-

Head 106	Minister of Disaster Management		
	Programme 01	Operational Activities	141,250,000
	Programme 02	Development Activities	529,050,000
Head 304	Department of Meteorology		
	Programme 02	Development Activities	272,400,000

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<i>Head No.</i>		<i>Recurrent Expenditure Rs.</i>	<i>Capital Expenditure Rs.</i>
	Ministry of Posts, Postal Services and Muslim Religious Affairs		
	Recurrent	13,157,800,000	
	Capital	373,000,000	
	Made up as follows :-		
Head 108	Minister of Posts, Postal Services and Muslim Religious Affairs Programme 01 Operational Activities	134,300,000	11,700,000
Head 202	Department of Muslim Religious and Cultural Affairs Programme 02 Development Activities	91,000,000	59,700,000
Head 308	Department of Posts Programme 02 Development Activities	12,932,500,000	301,600,000
	Ministry of Justice		
	Recurrent	8,130,246,000	
	Capital	3,019,665,000	
	Made up as follows :-		
Head 110	Minister of Justice Programme 01 Operational Activities	922,600,000	144,350,000
Head 205	Department of Public Trustee Programme 01 Operational Activities	59,235,000	6,800,000
Head 228	Courts Administration Programme 01 Operational Activities	5,825,312,000	2,235,650,000

Head 229	Department of Attorney General Programme 01 Operational Activities	739,300,000	484,500,000
Head 230	Department of Legal Draftsman Programme 01 Operational Activities	102,792,000	38,200,000
Head 231	Department of Debt Conciliation Board Programme 01 Operational Activities	27,720,000	850,000
Head 233	Department of Government Analyst Programme 01 Operational Activities	263,855,000	98,500,000
Head 234	Registrar of Supreme Court Programme 01 Operational Activities	169,912,000	8,865,000
Head 235	Department of Law Commission Programme 01 Operational Activities	19,520,000	1,950,000
	Ministry of Health, Nutrition and Indigenous Medicine		
	Recurrent	134,399,998,000	
	Capital	44,000,000,000	

Made up as follows :-

Head 111	Minister of Health, Nutrition and Indigenous Medicine Programme 01 Operational Activities	118,176,198,000	10,812,200,000
	Programme 02 Development Activities	14,867,350,000	32,536,800,000
Head 220	Department of Ayurveda Programme 01 Operational Activities	116,200,000	10,700,000
	Programme 02 Development Activities	1,240,250,000	640,300,000

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<i>Head No.</i>		<i>Recurrent Expenditure Rs.</i>	<i>Capital Expenditure Rs.</i>
	Ministry of Foreign Affairs		
	Recurrent	9,956,950,000	
	Capital	821,600,000	
	Made up as follows :-		
Head 112	Minister of Foreign Affairs		
	Programme 01 Operational Activities	141,550,000	17,800,000
	Programme 02 Development Activities	9,815,400,000	803,800,000
	Ministry of Transport and Civil Aviation		
	Recurrent	18,136,737,000	
	Capital	24,000,000,000	
	Made up as follows :-		
Head 114	Minister of Transport and Civil Aviation		
	Programme 01 Operational Activities	271,100,000	13,300,000
	Programme 02 Development Activities	606,000,000	9,580,000,000
Head 306	Department of Sri Lanka Railways		
	Programme 02 Development Activities	15,368,037,000	13,349,700,000
Head 307	Department of Motor Traffic		
	Programme 02 Development Activities	1,891,600,000	1,057,000,000

Ministry of Higher Education and Highways
Recurrent 32,757,000,000
Capital 150,000,000,000

Made up as follows :-

Head 117	Minister of Higher Education and Highways		
	Programme 01 Operational Activities	707,000,000	2,691,350,000
	Programme 02 Development Activities	1,225,000,000	133,808,650,000
Head 214	University Grants Commission		
	Programme 02 Development Activities	30,825,000,000	13,500,000,000

Ministry of Agriculture
Recurrent 16,789,947,000
Capital 7,000,000,000

Made up as follows :-

Head 118	Minister of Agriculture		
	Programme 01 Operational Activities	522,846,000	21,500,000
	Programme 02 Development Activities	4,157,458,000	2,868,350,000
Head 281	Department of Agrarian Development		
	Programme 01 Operational Activities	479,400,000	85,000,000
	Programme 02 Development Activities	6,348,200,000	2,091,500,000
Head 285	Department of Agriculture		
	Programme 01 Operational Activities	557,074,000	93,700,000
	Programme 02 Development Activities	4,724,969,000	1,839,950,000

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<i>Head No.</i>		<i>Recurrent Expenditure Rs.</i>	<i>Capital Expenditure Rs.</i>
	Ministry of Power and Renewable Energy		
	Recurrent	498,150,000	
	Capital	339,733,000	
	Made up as follows :-		
Head 119	Minister of Power and Renewable Energy		
	Programme 01 Operational Activities	266,150,000	6,550,000
	Programme 02 Development Activities	232,000,000	333,183,000
	Ministry of Women and Child Affairs		
	Recurrent	1,406,243,000	
	Capital	1,603,000,000	
	Made up as follows :-		
Head 120	Minister of Women and Child Affairs		
	Programme 01 Operational Activities	584,305,000	69,500,000
	Programme 02 Development Activities	551,598,000	1,454,160,000
Head 217	Department of Probation and Childcare Services		
	Programme 01 Operational Activities	37,000,000	890,000
	Programme 02 Development Activities	233,340,000	78,450,000
	Ministry of Home Affairs		
	Recurrent	28,100,000,000	
	Capital	16,000,000,000	
	Made up as follows :-		

Head 121	Minister of Home Affairs		
	Programme 01	Operational Activities	9,199,000,000
	Programme 02	Development Activities	-
			10,105,000,000
Head 254	Department of Registrar General		
	Programme 01	Operational Activities	1,354,000,000
			37,000,000
Head 255	District Secretariat, Colombo		
	Programme 01	Operational Activities	772,000,000
			1,233,000,000
Head 256	District Secretariat, Gampaha		
	Programme 01	Operational Activities	1,040,000,000
			478,000,000
Head 257	District Secretariat, Kalutara		
	Programme 01	Operational Activities	869,000,000
			227,000,000
Head 258	District Secretariat, Kandy		
	Programme 01	Operational Activities	1,226,000,000
			103,000,000
Head 259	District Secretariat, Matale		
	Programme 01	Operational Activities	597,000,000
			332,000,000
Head 260	District Secretariat, Nuwara-Eliya		
	Programme 01	Operational Activities	476,000,000
			25,000,000
Head 261	District Secretariat, Galle		
	Programme 01	Operational Activities	1,101,000,000
			157,000,000
Head 262	District Secretariat ,Matara		
	Programme 01	Operational Activities	940,000,000
			182,000,000
Head 263	District Secretariat , Hambantota		
	Programme 01	Operational Activities	782,000,000
			153,000,000

<i>Head No.</i>		<i>Recurrent Expenditure Rs.</i>	<i>Capital Expenditure Rs.</i>
Head 264	District Secretariat/ Kachcheri - Jaffna Programme 01 Operational Activities	730,000,000	87,000,000
Head 265	District Secretariat/ Kachcheri - Mannar Programme 01 Operational Activities	213,000,000	50,000,000
Head 266	District Secretariat/ Kachcheri - Vavuniya Programme 01 Operational Activities	204,000,000	72,000,000
Head 267	District Secretariat/ Kachcheri - Mullaitivu Programme 01 Operational Activities	195,000,000	77,000,000
Head 268	District Secretariat/ Kachcheri - Killinochchi Programme 01 Operational Activities	206,000,000	65,000,000
Head 269	District Secretariat/ Kachcheri - Batticaloa. Programme 01 Operational Activities	586,000,000	278,000,000
Head 270	District Secretariat, Ampara Programme 01 Operational Activities	933,000,000	76,000,000
Head 271	District Secretariat/ Kachcheri - Trincomalee Programme 01 Operational Activities	384,000,000	46,000,000
Head 272	District Secretariat, Kurunegala Programme 01 Operational Activities	1,769,000,000	71,000,000
Head 273	District Secretariat, Puttalam Programme 01 Operational Activities	681,000,000	102,000,000

Head 274	District Secretariat, Anuradhapura Programme 01 Operational Activities	810,000,000	83,000,000
Head 275	District Secretariat - Polonnaruwa Programme 01 Operational Activities	396,000,000	432,000,000
Head 276	District Secretariat - Badulla Programme 01 Operational Activities	697,000,000	106,000,000
Head 277	District Secretariat, Monaragala Programme 01 Operational Activities	495,000,000	127,000,000
Head 278	District Secretariat, Rathnapura Programme 01 Operational Activities	806,000,000	305,000,000
Head 279	District Secretariat, Kegalle Programme 01 Operational Activities	639,000,000	89,000,000
	Ministry of Lands and Parliamentary Reforms		
	Recurrent	5,897,252,000	
	Capital	3,200,000,000	

Made up as follows :-

Head 122	Minister of Lands and Parliamentary Reforms Programme 01 Operational Activities	1,114,010,000	88,650,000
	Programme 02 Development Activities	-	2,623,850,000
Head 286	Department of Land Commissioner General Programme 02 - Development Activities	353,340,000	67,100,000
Head 287	Department of Land Title Settlement Programme 02 Development Activities	380,835,000	4,582,000

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<i>Head No.</i>		<i>Recurrent Expenditure Rs.</i>	<i>Capital Expenditure Rs.</i>
Head 288	Department of Surveyor General		
	Programme 01 Operational Activities	250,120,000	185,790,000
	Programme 02 Development Activities	3,423,145,000	186,528,000
Head 327	Department of Land Use Policy Planning		
	Programme 02 Development Activities	375,802,000	43,500,000
	Ministry of Housing and Construction		
	Recurrent	834,500,000	
	Capital	10,413,000,000	
Made up as follows :-			
Head 123	Minister of Housing and Construction		
	Programme 01 Operational Activities	252,600,000	11,000,000
	Programme 02 Development Activities	155,000,000	10,106,000,000
Head 309	Department of Buildings		
	Programme 01 Operational Activities	105,950,000	23,800,000
	Programme 02 Development Activities	220,000,000	67,700,000
Head 310	Government Factory		
	Programme 02 Development Activities	100,950,000	204,500,000
	Ministry of Social Empowerment ,Welfare and Kandyan Heritage		
	Recurrent	15,658,578,000	
	Capital	2,920,000,000	

Made up as follows :-

Head 124	Minister of Social Empowerment ,Welfare & Kandyan Heritage		
	Programme 01	Operational Activities	741,387,000
	Programme 02	Development Activities	87,320,000
			200,031,000
			640,080,000
Head 216	Department of Social Services		
	Programme 01	Operational Activities	41,980,000
	Programme 02	Development Activities	3,400,000
			511,480,000
			150,800,000
Head 331	Department of Samurdhi Development		
	Programme 01	Operational Activities	367,700,000
	Programme 02	Development Activities	12,200,000
			13,796,000,000
			2,026,200,000
	Ministry of Education		
	Recurrent		62,880,000,000
	Capital		40,000,000,000

Made up as follows :-

Head 126	Minister of Education		
	Programme 01	Operational Activities	19,200,680,000
	Programme 02	Development Activities	619,900,000
			39,479,690,000
			38,678,050,000
Head 207	Department of Archaeology		
	Programme 01	Operational Activities	181,550,000
	Programme 02	Development Activities	8,600,000
			715,000,000
			74,200,000
Head 209	Department of National Archives		
	Programme 01	Operational Activities	52,520,000
	Programme 02	Development Activities	54,400,000
			58,900,000
			172,250,000

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<i>Head No.</i>		<i>Recurrent Expenditure Rs.</i>	<i>Capital Expenditure Rs.</i>
Head 212	Department of Examinations Programme 02 - Development Activities	3,133,000,000	319,000,000
Head 213	Department of Educational Publications Programme 02 Development Activities	58,660,000	73,600,000
Ministry of Public Administration and Management			
	Recurrent	184,512,365,000	
	Capital	1,113,000,000	
Made up as follows:-			
Head 130	Minister of Public Administration and Management Programme 01 Operational Activities	1,166,460,000	943,865,000
Head 211	Department of Government Printer Programme 01 Operational Activities	2,403,725,000	107,885,000
Head 253	Department of Pensions Programme 01 Operational Activities	180,942,180,000	61,250,000
Ministry of Plantation Industries			
	Recurrent	3,344,800,000	
	Capital	5,300,000,000	
Made up as follows:-			
Head 135	Minister of Plantation Industries Programme 01 Operational Activities	494,800,000	20,500,000
	Programme 02 Development Activities	2,513,000,000	4,312,500,000

Head 293	Department of Rubber Development		
	Programme 02 Development Activities	337,000,000	967,000,000
	Ministry of Sports		
	Recurrent	1,625,000,000	
	Capital	3,800,000,000	

Made up as follows:-

Head 136	Minister of Sports		
	Programme 01 Operational Activities	434,740,000	966,900,000
	Programme 02 Development Activities	95,810,000	979,500,000

Head 219	Department of Sports Development		
	Programme 01 Operational Activities	62,850,000	5,600,000
	Programme 02 Development Activities	1,031,600,000	1,848,000,000

	Ministry of Hill Country New Villages, Infrastructure and Community Development		
	Recurrent	348,375,000	
	Capital	3,400,000,000	

Made up as follows:-

Head 140	Minister of Hill Country New Villages, Infrastructure and Community Development		
	Programme 01 Operational Activities	348,375,000	14,000,000
	Programme 02 Development Activities	—	3,386,000,000

	Ministry of Prison Reforms, Rehabilitation, Resettlement and Hindu Religious Affairs		
	Recurrent	8,278,162,000	
	Capital	3,147,750,000	

Made up as follows:-

Head 145	Minister of Prison Reforms, Rehabilitation, Resettlement and Hindu Religious Affairs		
	Programme 01 Operational Activities	2,592,150,000	502,000,000
	Programme 02 Development Activities	84,000,000	1,640,000,000

<i>Head No.</i>		<i>Recurrent Expenditure Rs.</i>	<i>Capital Expenditure Rs.</i>
Head 204	Department of Hindu Religious and Cultural Affairs Programme 02 Development Activities	154,460,000	94,650,000
Head 232	Department of Prisons Programme 01 Operational Activities	5,170,594,000	896,100,000
Head 326	Department of Community Based Corrections Programme 01 Operational Activities	276,958,000	15,000,000
	Ministry of Regional Development		
	Recurrent	352,755,000	
	Capital	620,000,000	
	Made up as follows:-		
Head 147	Minister of Regional Development Programme 01 Operational Activities Programme 02 Development Activities	237,355,000 115,400,000	20,000,000 600,000,000
	Ministry of Development Assignment		
	Recurrent	220,545,000	
	Capital	1,071,800,000	
	Made up as follows:-		
Head 148	Minister of Development Assignment Programme 01 Operational Activities	129,625,000	1,060,100,000
Head 280	Department of Project Management and Monitoring Programme 02 Development Activities	90,920,000	11,700,000

Ministry of Industry and Commerce	
Recurrent	2,153,278,000
Capital	6,927,600,000

Made up as follows:-

Head 149	Minister of Industry and Commerce		
	Programme 01	Operational Activities	322,603,000
	Programme 02	Development Activities	1,254,825,000
Head 295	Department of Commerce		
	Programme 01	Operational Activities	128,550,000
Head 297	Department of the Registrar of Companies		
	Programme 01	Operational Activities	53,900,000
Head 298	Department of Measurement Units, Standards and Services		
	Programme 01	Operational Activities	111,350,000
Head 299	National Intellectual Property Office of Sri Lanka		
	Programme 01	Operational Activities	30,350,000
Head 300	Department of Food Commissioner		
	Programme 01	Operational Activities	88,720,000
Head 301	Department of Co-operative Development (Registrar of Co-operative Societies)		
	Programme 01	Operational Activities	70,300,000

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<i>Head No.</i>		<i>Recurrent Expenditure Rs.</i>	<i>Capital Expenditure Rs.</i>
Head 302	Co-operative Employees Commission		
	Programme 01 Operational Activities	16,230,000	1,700,000
Head 303	Department of Textile Industries		
	Programme 02 Development Activities	76,450,000	36,950,000
	Ministry of Petroleum Resources Development		
	Recurrent	242,100,000	
	Capital		66,700,000
	Made up as follows:-		
Head 150	Minister of Petroleum Resources Development		
	Programme 01 Operational Activities	148,100,000	13,700,000
	Programme 02 Development Activities	94,000,000	53,000,000
	Ministry of Fisheries and Aquatic Resources Development		
	Recurrent	1,758,195,000	
	Capital		6,000,000,000
	Made up as follows:-		
Head 151	Minister of Fisheries and Aquatic Resources Development		
	Programme 01 Operational Activities	220,080,000	667,500,000
	Programme 02 Development Activities	1,095,000,000	4,932,500,000

Head 290	Department of Fisheries and Aquatic Resources		
	Programme 01 Operational Activities	443,115,000	400,000,000

Ministry of Rural Economic Affairs
Recurrent 1,238,610,000
Capital 6,000,000,000

Made up as follows:-

Head 154	Minister of Rural Economic Affairs		
	Programme 01 Operational Activities	511,560,000	229,500,000
	Programme 02 Development Activities	186,350,000	4,605,500,000

Head 292	Department of Animal Production and Health		
	Programme 01 Operational Activities	540,700,000	178,000,000
	Programme 02 Development Activities	—	987,000,000

Ministry of Provincial Councils and Local Government
Recurrent 176,217,379,000
Capital 42,000,000,000

Made up as follows:-

Head 155	Minister of Provincial Councils and Local Government		
	Programme 01 Operational Activities	262,500,000	47,800,000
	Programme 02 Development Activities	1,200,000,000	13,602,300,000

Head 312	Western Provincial Council		
	Programme 01 Operational Activities	14,261,191,000	—
	Programme 02 Development Activities	—	1,968,295,000

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<i>Head No.</i>		<i>Recurrent Expenditure Rs.</i>	<i>Capital Expenditure Rs.</i>
Head 313	Central Provincial Council		
	Programme 01 Operational Activities	25,383,296,000	—
	Programme 02 Development Activities	—	2,809,707,000
Head 314	Southern Provincial Council		
	Programme 01 Operational Activities	22,857,746,000	—
	Programme 02 Development Activities	—	2,795,253,000
Head 315	Northern Provincial Council		
	Programme 01 Operational Activities	18,650,939,000	—
	Programme 02 Development Activities	—	3,823,122,000
Head 316	North Western Provincial Council		
	Programme 01 Operational Activities	21,991,376,000	—
	Programme 02 Development Activities	—	2,923,934,000
Head 317	North Central Provincial Council		
	Programme 01 Operational Activities	14,706,613,000	—
	Programme 02 Development Activities	—	3,393,314,000
Head 318	Uva Provincial Council		
	Programme 01 Operational Activities	15,711,401,000	—
	Programme 02 Development Activities	—	3,855,397,000
Head 319	Sabaragamuwa Provincial Council		
	Programme 01 Operational Activities	21,441,495,000	—
	Programme 02 Development Activities	—	3,199,645,000

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Head 321	Eastern Provincial Council		
	Programme 01 Operational Activities	19,750,822,000	—
	Programme 02 Development Activities	—	3,581,233,000

Ministry of National Co-existence, Dialogue and Official Languages
Recurrent 524,670,000
Capital 237,900,000

Made up as follows:-

Head 157	Minister of National Co-existence, Dialogue and Official Languages		
	Programme 01 Operational Activities	385,405,000	223,900,000

Head 236	Department of Official Languages		
	Programme 01 Operational Activities	139,265,000	14,000,000

Ministry of Public Enterprise Development
Recurrent 283,400,000
Capital 5,289,000,000

Made up as follows:-

Head 158	Minister of Public Enterprise Development		
	Programme 01 Operational Activities	233,400,000	227,000,000
	Programme 02 Development Activities	50,000,000	5,062,000,000

Ministry of Tourism Development and Christian Religious Affairs
Recurrent 512,507,000
Capital 511,970,000

<i>Head No.</i>		<i>Recurrent Expenditure Rs.</i>	<i>Capital Expenditure Rs.</i>
Made up as follows:-			
Head 159	Minister of Tourism Development and Christian Religious Affairs		
	Programme 01 Operational Activities	138,760,000	9,900,000
	Programme 02 Development Activities	300,000,000	470,000,000
Head 203	Department of Christian Religious Affairs		
	Programme 02 Development Activities	73,747,000	32,070,000
	Ministry of Mahaweli Development and Environment		
	Recurrent	5,464,404,000	
	Capital	40,146,750,000	
Made up as follows:-			
Head 160	Minister of Mahaweli Development and Environment		
	Programme 01 Operational Activities	375,250,000	22,800,000
	Programme 02 Development Activities	3,458,000,000	38,347,130,000
Head 283	Department of Forests		
	Programme 01 Operational Activities	1,404,954,000	834,200,000
Head 291	Department of Coast Conservation and Coastal Resource Management		
	Programme 01 Operational Activities	226,200,000	942,620,000
	Ministry of Sustainable Development and Wildlife		
	Recurrent	2,125,970,000	
	Capital	2,653,000,000	

Made up as follows:-

Head 161	Minister of Sustainable Development and Wildlife		
	Programme 01 Operational Activities	192,250,000	852,000,000
Head 284	Department of Wildlife Conservation		
	Programme 01 Operational Activities	1,100,000,000	829,800,000
Head 294	Department of National Zoological Gardens		
	Programme 02 Development Activities	421,210,000	583,500,000
Head 322	Department of National Botanical Gardens		
	Programme 02 Development Activities	412,510,000	387,700,000

Ministry of Megapolis and Western Development

Recurrent	1,109,160,000
Capital	50,000,000,000

Made up as follows:-

Head 162	Minister of Megapolis and Western Development		
	Programme 01 Operational Activities	910,800,000	8,450,000
	Programme 02 Development Activities	—	49,792,850,000
Head 311	Department of National Physical Planning		
	Programme 01 Operational Activities	198,360,000	198,700,000

Ministry of Internal Affairs, Wayamba Development and Cultural Affairs

Recurrent	4,543,844,000
Capital	4,000,865,000

<i>Head No.</i>		<i>Recurrent Expenditure Rs.</i>	<i>Capital Expenditure Rs.</i>
Made up as follows:-			
Head 163	Minister of Internal Affairs, Wayamba Development and Cultural Affairs		
	Programme 01 Operational Activities	300,031,000	1,316,400,000
	Programme 02 Development Activities	636,595,000	1,736,350,000
Head 206	Department of Cultural Affairs		
	Programme 01 Operational Activities	122,399,000	6,000,000
	Programme 02 Development Activities	542,693,000	56,600,000
Head 208	Department of National Museums		
	Programme 01 Operational Activities	38,983,000	5,400,000
	Programme 02 Development Activities	148,610,000	88,640,000
Head 226	Department of Immigration and Emigration		
	Programme 01 Operational Activities	1,725,428,000	661,500,000
Head 227	Department of Registration of Persons		
	Programme 01 Operational Activities	1,029,105,000	129,975,000
Ministry of National Integration and Reconciliation			
	Recurrent	116,308,000	
	Capital	2,654,010,000	
Made up as follows:-			
Head 165	Minister of National Integration and Reconciliation		
	Programme 01 Operational Activities	116,308,000	2,654,010,000

Ministry of City Planning and Water Supply
Recurrent 367,542,000
Capital 27,494,675,000

Made up as follows:-

Head 166	Minister of City Planning and Water Supply		
	Programme 01 Operational Activities	196,475,000	19,011,025,000
	Programme 02 Development Activities	3,000,000	8,279,150,000
Head 332	Department of National Community Water Supply		
	Programme 01 Operational Activities	168,067,000	204,500,000

Ministry of Special Assignments
Recurrent 74,000,000
Capital 31,000,000

Made up as follows:-

Head 167	Minister of Special Assignments		
	Programme 01 Operational Activities	74,000,000	31,000,000

Ministry of Ports and Shipping
Recurrent 233,280,000
Capital 2,315,000,000

Made up as follows:-

Head 176	Minister of Ports and Shipping		
	Programme 01 Operational Activities	233,280,000	15,000,000
	Programme 02 Development Activities	—	2,300,000,000

<i>Head No.</i>		<i>Recurrent Expenditure Rs.</i>	<i>Capital Expenditure Rs.</i>
	Ministry of Foreign Employment		
	Recurrent	633,030,000	
	Capital	53,025,000	
	Made up as follows:-		
Head 182	Minister of Foreign Employment		
	Programme 01 Operational Activities	73,180,000	7,400,000
	Programme 02 Development Activities	559,850,000	45,625,000
	Ministry of Law & Order and Southern Development		
	Recurrent	75,170,083,000	
	Capital	7,728,800,000	
	Made up as follows:-		
Head 192	Minister of Law & Order and Southern Development		
	Programme 01 Operational Activities	8,436,050,000	3,819,800,000
Head 225	Department of Police		
	Programme 01 Operational Activities	66,734,033,000	3,909,000,000
	Ministry of Labour and Trade Union Relations and Sabaragamuwa Development		
	Recurrent	2,221,201,000	
	Capital	3,010,180,000	

Made up as follows:-

Head 193	Minister of Labour, Trade Union Relations and Sabaragamuwa Development		
	Programme 01 Operational Activities	128,030,000	251,270,000
	Programme 02 Development Activities	130,121,000	516,810,000
Head 221	Department of Labour		
	Programme 01 Operational Activities	885,510,000	2,120,400,000
	Programme 02 Development Activities	728,590,000	90,600,000
Head 328	Department of Manpower & Employment		
	Programme 01 Operational Activities	348,950,000	31,100,000

Ministry of Telecommunication and Digital Infrastructure

Recurrent	214,142,000
Capital	2,056,000,000

Made up as follows:-

Head 194	Minister of Telecommunication and Digital Infrastructure		
	Programme 01 Operational Activities	202,722,000	74,150,000
	Programme 02 Development Activities	11,420,000	1,981,850,000

Ministry of Development Strategies and International Trade

Recurrent	604,800,000
Capital	1,492,200,000

Made up as follows:-

Head 195	Minister of Development Strategies and International Trade		
	Programme 01 Operational Activities	267,110,000	309,850,000
	Programme 02 Development Activities	277,000,000	1,180,000,000

<i>Head No.</i>		<i>Recurrent Expenditure Rs.</i>	<i>Capital Expenditure Rs.</i>
Head 296	Department of Imports and Exports Control		
	Programme 01 Operational Activities	60,690,000	2,350,000
	Ministry of Science,Technology & Research		
	Recurrent	1,863,600,000	
	Capital	3,779,600,000	
	Made up as follows:-		
Head 196	Minister of Science,Technology & Research		
	Programme 01 Operational Activities	197,300,000	11,000,000
	Programme 02 Development Activities	1,666,300,000	3,768,600,000
	Ministry of Skills Development and Vocational Training		
	Recurrent	6,543,556,000	
	Capital	4,338,450,000	
	Made up as follows:-		
Head 197	Minister of Skills Development and Vocational Training		
	Programme 01 Operational Activities	4,503,740,000	1,172,600,000
	Programme 02 Development Activities	80,000,000	2,928,000,000
Head 215	Department of Technical Education and Training		
	Programme 01 Operational Activities	233,776,000	25,000,000
	Programme 02 Development Activities	1,726,040,000	212,850,000

Ministry of Irrigation and Water Resources Management
Recurrent 3,631,380,000
Capital 21,000,000,000

Made up as follows:-

Head 198	Minister of Irrigation and Water Resources Management		
	Programme 01 Operational Activities	355,740,000	49,700,000
	Programme 02 Development Activities	159,970,000	9,975,100,000
Head 282	Department of Irrigation		
	Programme 01 Operational Activities	657,620,000	47,000,000
	Programme 02 Development Activities	2,458,050,000	10,928,200,000

Ministry of Primary Industries
Recurrent 746,000,000
Capital 2,765,000,000

Made up as follows:-

Head 199	Minister of Primary Industries		
	Programme 01 Operational Activities	130,345,000	9,500,000
	Programme 02 Development Activities	—	2,200,000,000
Head 289	Department of Export Agriculture		
	Programme 02 Development Activities	615,655,000	555,500,000

SECOND SCHEDULE

ESTIMATE — 2018

Expenditure of the Government, Authorized by Law and to be Charged on the Consolidated Fund

<i>Head No.</i>	<i>Unit/Ministry/Department or Institution by whom expenditure is incurred</i>	<i>Law under which expenditure is authorized</i>	<i>Expenditure Programme</i>	<i>Recurrent expenditure Rs.</i>	<i>Capital expenditure Rs.</i>	<i>Total expenditure Rs.</i>
1	His Excellency the President	Article 36 of the Constitution	Programme 01-Operational Activities	3,510,000	—	3,510,000
4	Judges of the Superior Courts	Article 108 of the Constitution	Programme 01-Operational Activities	38,600,000	—	38,600,000
6	Public Service Commission	Chapter IX of the Constitution	Programme 01-Operational Activities	8,400,000	—	8,400,000
7	Judicial Service Commission	Chapter XV A of the Constitution	Programme 01-Operational Activities	1,763,000	—	1,763,000
8	National Police Commission	Chapter XVIII A of the Constitution	Programme 01-Operational Activities	9,500,000	—	9,500,000

10	Commission to Investigate Allegations of Bribery or Corruption	The Commission to Investigate Allegations of Bribery or Corruption Commission Act, No. 19 of 1994	Programme 01-Operational Activities	3,500,000	—	3,500,000
16	Parliament	Article 65 of the Constitution	Programme 01-Operational Activities	1,200,000	—	1,200,000
20	Elections Commission	Article 103 of the Constitution	Programme 01-Operational Activities	3,000,000	—	3,000,000
21	Auditor General's Department	Article 153 of the Constitution	Programme 01-Operational Activities	1,300,000	—	1,300,000
22	Office of the Parliamentary Commissioner for Administration	Article 156 of the Constitution	Programme 01-Operational Activities	780,000	—	780,000
111	Ministry of Health, Nutrition and Indigenous Medicine	Medical Ordinance (Chapter 105)	Programme 01-Operational Activities	2,000	—	2,000

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<i>Head No.</i>	<i>Unit/Ministry/Department or Institution by whom expenditure is incurred</i>	<i>Law under which expenditure is authorized</i>	<i>Expenditure Programme</i>	<i>Recurrent expenditure Rs.</i>	<i>Capital expenditure Rs.</i>	<i>Total expenditure Rs.</i>
239	Department of External Resources	Asian Infrastructure Investment Bank Agreement (Ratification) Act, No. 7 of 2016.	Programme 01-Operational Activities	—	3,443,200,000	3,443,200,000
249	Department of Treasury Operations	Foreign Loans Act, No. 29 of 1957 (Section 2 Paragraphs (a) and (c)), Local Treasury Bills Ordinance (Chapter 417)	Programme 01-Operational Activities	803,750,000,000	1,149,600,000,000	1,953,350,000,000
253	Department of Pensions	Widows' and Orphans' Pension Fund Ordinance (Chapter 431), Widowers' and Orphans' Pensions Act, No. 24 of 1983, Widows' and Orphans' Pension Scheme (Armed Forces) Act, No. 18 of 1970, School Teachers' Pensions Act (Chapter 432).	Programme 01-Operational Activities	48,239,000,000	—	48,239,000,000.

THIRD SCHEDULE

ESTIMATE — 2018

Limits of Advance Account Activities

SRL No.	Ministries / Departments	Item No.	I Activities of the Government	II	III	IV	V
				Maximum Limits of Expenditure of Activities of the Government	Minimum Limits of Receipts to be credited to the Accounts of Activities of the Government	Maximum Limits of Debit Balance of Activities of the Government	Maximum Limits of Liabilities of Activities of the Government
				Rs.	Rs.	Rs.	Rs.
1	His Excellency the President	00101	Advances to Public Officers	42,000,000	19,000,000	100,000,000	—
2	Office of the Prime Minister	00201	Advances to Public Officers	23,000,000	11,000,000	61,000,000	—
3	Judges of the Superior Courts	00401	Advances to Public Officers	3,000,000	500,000	10,000,000	—
4	Office of the Cabinet of Ministers	00501	Advances to Public Officers	3,500,000	2,400,000	25,000,000	—
5	Public Service Commission	00601	Advances to Public Officers	13,000,000	5,000,000	35,000,000	—
6	Judicial Service Commission	00701	Advances to Public Officers	3,300,000	1,800,000	20,000,000	—
7	National Police Commission	00801	Advances to Public Officers	3,000,000	1,400,000	8,000,000	—
8	Administrative Appeals Tribunal	00901	Advances to Public Officers	1,300,000	400,000	3,200,000	—
9	Commission to Investigate Allegations of Bribery or Corruption	01001	Advances to Public Officers	9,000,000	4,000,000	30,000,000	—
10	Commission to Investigate Allegations of Bribery or Corruption	01002	Advancing monies to be used in bribery detection as bribes	150,000,000	1,000,000	275,000,000	—

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SRL No.	Ministries / Departments	Item No.	I Activities of the Government	II	III	IV	V
				Maximum Limits of Expenditure of the Government	Minimum Limits of Receipts to be credited to the Accounts of the Government	Maximum Limits of Debit Balance of the Government	Maximum Limits of Liabilities of the Government
				Rs.	Rs.	Rs.	Rs.
11	Office of the Finance Commission	01101	Advances to Public Officers	3,200,000	1,000,000	13,000,000	—
12	National Education Commission	01201	Advances to Public Officers	1,800,000	900,000	6,000,000	—
13	Parliament	01601	Advances to Public Officers	38,000,000	28,000,000	175,000,000	—
14	Office of the Leader of the House of Parliament	01701	Advances to Public Officers	2,000,000	1,100,000	5,000,000	—
15	Office of the Chief Govt. Whip of Parliament	01801	Advances to Public Officers	3,000,000	1,300,000	7,500,000	—
16	Office of the Leader of the Opposition of Parliament	01901	Advances to Public Officers	2,500,000	1,500,000	7,500,000	—
17	Elections Commission	02001	Advances to Public Officers	36,000,000	18,000,000	85,000,000	—
18	Auditor General's Department	02101	Advances to Public Officers	80,000,000	52,000,000	262,000,000	—
19	Office of the Parliamentary Commissioner for Administration	02201	Advances to Public Officers	1,500,000	400,000	4,000,000	—
20	Audit Service Commission	02301	Advances to Public Officers	3,000,000	400,000	9,000,000	—
21	National Procurement Commission	02401	Advances to Public Officers	1,000,000	150,000	2,000,000	—

22	Delimitation Commission	02501 Advances to Public Officers	1,500,000	250,000	4,000,000	—
23	Minister of Buddha Sasana	10101 Advances to Public Officers	9,000,000	3,500,000	28,000,000	—
24	Minister of Finance and Mass Media	10201 Advances to Public Officers	35,000,000	15,500,000	125,000,000	—
25	Minister of Defense	10301 Advances to Public Officers	100,000,000	50,000,000	275,000,000	—
26	Minister of National Policies and Economic Affairs	10401 Advances to Public Officers	35,000,000	11,000,000	125,000,000	—
27	Minister of Disaster Management	10601 Advances to Public Officers	20,000,000	5,000,000	42,000,000	—
28	Minister of Post, Postal Services and Muslim Religious Affairs	10801 Advances to Public Officers	7,500,000	2,200,000	60,000,000	—
29	Minister of Justice	11001 Advances to Public Officers	30,000,000	9,500,000	95,000,000	—
30	Minister of Health Nutrition and Indigenous Medicine	11101 Advances to Public Officers	1,600,000,000	1,120,000,000	2,500,000,000	—
31	Minister of Foreign Affairs	11201 Advances to Public Officers	35,000,000	25,000,000	130,000,000	—
32	Minister of Transport and Civil Aviation	11401 Advances to Public Officers	11,000,000	6,000,000	45,000,000	—
33	Minister of Higher Education and Highways	11701 Advances to Public Officers	27,000,000	10,000,000	58,000,000	—
34	Minister of Agriculture	11801 Advances to Public Officers	54,000,000	21,000,000	118,000,000	—
35	Minister of Power and Renewable Energy	11901 Advances to Public Officers	8,000,000	2,700,000	22,000,000	—

<i>SRL No.</i>	<i>Ministries / Departments</i>	<i>Item No.</i>	<i>I Activities of the Government</i>	<i>II Maximum Limits of Expenditure of the Government</i>	<i>III Minimum Limits of Receipts to be credited to the Accounts of the Government</i>	<i>IV Maximum Limits of Debit Balance of the Government</i>	<i>V Maximum Limits of Liabilities of the Government</i>
				<i>Rs.</i>	<i>Rs.</i>	<i>Rs.</i>	<i>Rs.</i>
36	Minister of Women and Child Affairs	12001	Advances to Public Officers	32,000,000	19,000,000	90,000,000	—
37	Minister of Home Affairs	12101	Advances to Public Officers	650,000,000	250,000,000	2,000,000,000	—
38	Minister of Land and Parliamentary Reforms	12201	Advances to Public Officers	33,000,000	9,000,000	70,000,000	—
39	Minister of Housing and Construction	12301	Advances to Public Officers	13,000,000	6,000,000	50,000,000	—
40	Minister of Social Empowerment Welfare and Kandyan Heritage	12401	Advances to Public Officers	24,000,000	9,000,000	70,000,000	—
41	Minister of Education	12601	Advances to Public Officers	1,800,000,000	1,000,000,000	3,500,000,000	—
42	Minister of Public Administration and Management	13001	Advances to Public Officers	64,000,000	30,000,000	170,000,000	—
43	Minister of Plantation Industries	13501	Advances to Public Officers	20,000,000	8,000,000	52,000,000	—
44	Minister of Sports	13601	Advances to Public Officers	12,500,000	5,000,000	33,000,000	—

45	Minister of Hill Country New Villages, Infrastructure and Community Development	14001 Advances to Public Officers	15,000,000	6,500,000	40,000,000	—
46	Minister of Prison Reforms, Rehabilitation, Resettlement and Hindu Religious Affairs	14501 Advances to Public Officers	10,000,000	4,000,000	37,000,000	—
47	Minister of Regional Development	14701 Advances to Public Officers	4,000,000	800,000	7,000,000	—
48	Minister of Development Assignment	14801 Advances to Public Officers	3,500,000	500,000	7,500,000	—
49	Minister of Industry and Commerce	14901 Advances to Public Officers	35,000,000	14,000,000	105,000,000	—
50	Minister of Petroleum Resources Development	15001 Advances to Public Officers	5,500,000	2,500,000	15,000,000	—
51	Minister of Fisheries and Aquatic Resources Development	15101 Advances to Public Officers	12,500,000	5,000,000	30,000,000	—
52	Minister of Rural Economic Affairs	15401 Advances to Public Officers	24,000,000	12,500,000	80,000,000	—
53	Minister of Provincial Councils and Local Government	15501 Advances to Public Officers	17,000,000	6,000,000	35,000,000	—
54	Minister of National Co-existence, Dialogue and Official Languages	15701 Advances to Public Officers	18,000,000	7,000,000	60,000,000	—

<i>SRL No.</i>	<i>Ministries / Departments</i>	<i>Item No.</i>	<i>I Activities of the Government</i>	<i>II Maximum Limits of Expenditure of Activities of the Government Rs.</i>	<i>III Minimum Limits of Receipts to be credited to the Accounts of Activities of the Government Rs.</i>	<i>IV Maximum Limits of Debit Balance of Activities of the Government Rs.</i>	<i>V Maximum Limits of Liabilities of Activities of the Government Rs.</i>
55	Minister of Public Enterprise Development	15801	Advances to Public Officers	3,500,000	1,500,000	13,000,000	—
56	Minister of Tourism Development and Christian Religious Affairs	15901	Advances to Public Officers	3,000,000	1,000,000	10,000,000	—
57	Minister of Mahaweli Develop- ment and Environment	16001	Advances to Public Officers	18,000,000	8,000,000	51,000,000	—
58	Minister of Sustainable Develop- ment and Wild Life	16101	Advances to Public Officers	6,000,000	2,500,000	15,000,000	—
59	Minister of Megapolis and Western Development	16201	Advances to Public Officers	10,000,000	3,700,000	30,000,000	—
60	Minister of Internal Affairs Wayamba Development and Cultural Affairs	16301	Advances to Public Officers	40,000,000	25,000,000	140,000,000	—
61	Minister of National Integration and Reconciliation	16501	Advances to Public Officers	3,000,000	800,000	10,000,000	—
62	Minister of City Planning and Water Supply	16601	Advances to Public Officers	8,000,000	4,500,000	20,000,000	—

63	Minister of Special Assignment	16701 Advances to Public Officers	3,000,000	800,000	10,000,000	—
64	Minister of Ports and Shipping	17601 Advances to Public Officers	7,000,000	4,000,000	18,000,000	—
65	Minister of Foreign Employment	18201 Advances to Public Officers	35,000,000	13,000,000	70,000,000	—
66	Minister of Law and Order and Southern Development	19201 Advances to Public Officers	110,000,000	108,000,000	230,000,000	—
67	Minister of Labour and Trade Union Relations and Sabaragamuwa Development	19301 Advances to Public Officers	9,500,000	4,200,000	36,000,000	—
68	Minister of Telecommunication and Digital Infrastructure	19401 Advances to Public Officers	4,000,000	1,500,000	8,500,000	—
69	Minister of Development Strategy and International Trade	19501 Advances to Public Officers	15,000,000	3,000,000	50,000,000	—
70	Minister of Science, Technology and Reserch	19601 Advances to Public Officers	33,000,000	17,500,000	95,000,000	—
71	Minister of Skills Development and Vocational Training	19701 Advances to Public Officers	28,000,000	11,000,000	86,000,000	—
72	Minister of Irrigation and Water Resources Management	19801 Advances to Public Officers	28,000,000	10,000,000	67,000,000	—
73	Minister of Primary Industries	19901 Advances to Public Officers	4,500,000	1,200,000	13,000,000	—
74	Department of Buddhist Affairs	20101 Advances to Public Officers	35,000,000	21,000,000	76,000,000	—
75	Department of Muslim Religious and Cultural Affairs	20201 Advances to Public Officers	4,500,000	1,250,000	12,000,000	—
76	Department of Christian Religious Affairs	20301 Advances to Public Officers	3,000,000	800,000	10,000,000	—

SRL No.	Ministries / Departments	Item No.	I Activities of the Government	II	III	IV	V
				Maximum Limits of Expenditure of Activities of the Government	Minimum Limits of Receipts to be credited to the Accounts of Activities of the Government	Maximum Limits of Debit Balance of Activities of the Government	Maximum Limits of Liabilities of Activities of the Government
				Rs.	Rs.	Rs.	Rs.
77	Department of Hindu Religious and Cultural Affairs	20401	Advances to Public Officers	8,000,000	3,000,000	21,000,000	—
78	Department of Public Trustee	20501	Advances to Public Officers	4,500,000	2,200,000	12,000,000	—
79	Department of Cultural Affairs	20601	Advances to Public Officers	37,000,000	14,000,000	80,000,000	—
80	Department of Archaeology	20701	Advances to Public Officers	54,000,000	36,000,000	150,000,000	—
81	Department of National Museums	20801	Advances to Public Officers	18,000,000	8,500,000	59,000,000	—
82	Department of National Archives	20901	Advances to Public Officers	8,000,000	4,000,000	25,000,000	—
83	Department of Information	21001	Advances to Public Officers	14,000,000	7,500,000	40,000,000	—
84	Department of Government Printer	21101	Advances to Public Officers	85,000,000	57,000,000	350,000,000	—
85	Department of Examinations	21201	Advances to Public Officers	35,000,000	20,000,000	100,000,000	—
86	Department of Educational Publications	21301	Advances to Public Officers	20,000,000	6,500,000	44,000,000	—
87	Department of Educational Publications	21302	Printing, Publicity and Sales of Publications	4,800,000,000	4,800,000,000	12,000,000,000	1,600,000,000

88	Department of Technical Education and Training	21501 Advances to Public Officers	60,000,000	55,000,000	200,000,000	—
89	Department of Social Services	21601 Advances to Public Officers	25,000,000	16,000,000	95,000,000	—
90	Department of Probation and Child Care Services	21701 Advances to Public Officers	20,000,000	10,000,000	58,000,000	—
91	Department of Sports Development	21901 Advances to Public Officers	16,000,000	7,500,000	45,000,000	—
92	Department of Ayurveda	22001 Advances to Public Officers	55,000,000	32,000,000	190,000,000	—
93	Department of Labour	22101 Advances to Public Officers	75,000,000	64,000,000	265,000,000	—
94	Sri Lanka Army	22201 Advances to Public Officers	3,815,000,000	3,028,000,000	5,542,000,000	—
95	Sri Lanka Navy	22301 Advances to Public Officers	625,000,000	570,000,000	910,000,000	—
96	Sri Lanka Navy	22302 Stores Advance Account (Explosive items)	470,000,000	500,000,000	220,000,000	—
97	Sri Lanka Air Force	22401 Advances to Public Officers	520,000,000	460,000,000	1,000,000,000	—
98	Department of Police	22501 Advances to Public Officers	1,070,000,000	1,200,000,000	2,000,000,000	—
99	Department of Immigration and Emigration	22601 Advances to Public Officers	40,000,000	30,000,000	145,000,000	—
100	Department of Registration of Persons	22701 Advances to Public Officers	45,000,000	22,000,000	100,000,000	—
101	Courts Administration	22801 Advances to Public Officers	475,000,000	290,000,000	1,600,000,000	—

SRL No.	Ministries / Departments	Item No.	I Activities of the Government	II	III	IV	V
				Maximum Limits of Expenditure of Activities of the Government	Minimum Limits of Receipts to be credited to the Accounts of Activities of the Government	Maximum Limits of Debit Balance of Activities of the Government	Maximum Limits of Liabilities of Activities of the Government
				Rs.	Rs.	Rs.	Rs.
102	Department of Attorney General	22901	Advances to Public Officers	24,000,000	15,000,000	80,000,000	—
103	Department of Legal Draftsman	23001	Advances to Public Officers	7,000,000	2,900,000	18,000,000	—
104	Department of Debt Conciliation Board	23101	Advances to Public Officers	1,500,000	400,000	4,000,000	—
105	Department of Prisons	23201	Advances to Public Officers	180,000,000	135,000,000	400,000,000	—
106	Department of Prisons	23202	Prisons Industrial and Agricultural Undertakings	100,000,000	120,000,000	65,000,000	12,000,000
107	Department of Government Analyst	23301	Advances to Public Officers	9,000,000	5,500,000	32,000,000	—
108	Registrar of the Supreme Court	23401	Advances to Public Officers	17,000,000	10,000,000	45,000,000	—
109	Department of Law Commission	23501	Advances to Public Officers	1,300,000	400,000	3,600,000	—
110	Department of Official Languages	23601	Advances to Public Officers	7,500,000	4,000,000	27,000,000	—
111	Department of National Planning	23701	Advances to Public Officers	5,000,000	3,400,000	30,000,000	—
112	Department of Fiscal Policy	23801	Advances to Public Officers	4,000,000	1,700,000	15,000,000	—
113	Department of External Resources	23901	Advances to Public Officers	7,500,000	3,700,000	30,000,000	—

114	Department of National Budget	24001 Advances to Public Officers	11,000,000	5,000,000	35,000,000	—
115	Department of Public Enterprises	24101 Advances to Public Officers	4,400,000	2,500,000	18,000,000	—
116	Department of Management Services	24201 Advances to Public Officers	6,500,000	2,700,000	20,000,000	—
117	Department of Development Finance	24301 Advances to Public Officers	4,000,000	900,000	13,000,000	—
118	Department of Trade and Investment Policy	24401 Advances to Public Officers	4,000,000	1,500,000	12,000,000	—
119	Department of Public Finance	24501 Advances to Public Officers	4,500,000	1,850,000	18,500,000	—
120	Department of Inland Revenue	24601 Advances to Public Officers	110,000,000	90,000,000	415,000,000	—
121	Sri Lanka Customs	24701 Advances to Public Officers	60,000,000	46,000,000	350,000,000	—
122	Sri Lanka Customs	24702 Expenses in Connection with seized and forfeited goods	12,000,000	1,500,000	39,000,000	—
123	Department of Excise	24801 Advances to Public Officers	60,000,000	37,000,000	250,000,000	—
124	Department of Treasury Operations	24901 Advances to Public Officers	10,000,000	4,000,000	26,000,000	—
125	Department of State Accounts	25001 Advances to Public Officers	5,500,000	1,750,000	15,000,000	—
126	Department of State Accounts	25002 Advances for Payments on behalf of other Governments	4,000,000	2,000,000	2,600,000	—

SRL No.	Ministries / Departments	Item No.	I Activities of the Government	II	III	IV	V
				Maximum Limits of Expenditure of Activities of the Government	Minimum Limits of Receipts to be credited to the Accounts of Activities of the Government	Maximum Limits of Debit Balance of Activities of the Government	Maximum Limits of Liabilities of Activities of the Government
				Rs.	Rs.	Rs.	Rs.
127	Department of State Accounts	25003	Miscellaneous Advances	10,000,000	2,500,000	235,000,000	—
128	Department of Valuation	25101	Advances to Public Officers	30,000,000	17,000,000	90,000,000	—
129	Department of Census and Statistics	25201	Advances to Public Officers	51,000,000	34,000,000	250,000,000	—
130	Department of Pensions	25301	Advances to Public Officers	50,000,000	32,000,000	190,000,000	—
131	Department of Registrar General	25401	Advances to Public Officers	77,000,000	58,000,000	270,000,000	—
132	District Secretariat, Colombo	25501	Advances to Public Officers	67,000,000	43,000,000	220,000,000	—
133	District Secretariat, Gampaha	25601	Advances to Public Officers	103,000,000	68,000,000	300,000,000	—
134	District Secretariat, Kalutara	25701	Advances to Public Officers	95,000,000	63,000,000	373,000,000	—
135	District Secretariat, Kandy	25801	Advances to Public Officers	76,000,000	65,000,000	260,000,000	—
136	District Secretariat, Matale	25901	Advances to Public Officers	65,000,000	38,000,000	212,000,000	—
137	District Secretariat, Nuwara-Eliya	26001	Advances to Public Officers	40,000,000	25,000,000	98,000,000	—
138	District Secretariat, Galle	26101	Advances to Public Officers	69,000,000	59,000,000	275,000,000	—
139	District Secretariat, Matara	26201	Advances to Public Officers	64,000,000	57,000,000	250,000,000	—
140	District Secretariat, Hambantota	26301	Advances to Public Officers	78,000,000	51,000,000	212,000,000	—

141	District Secretariat/ Kachcheri, Jaffna	26401 Advances to Public Officers	68,000,000	46,000,000	200,000,000	—
142	District Secretariat/ Kachcheri, Mannar	26501 Advances to Public Officers	18,000,000	11,000,000	53,000,000	—
143	District Secretariat/ Kachcheri, Vavuniya	26601 Advances to Public Officers	17,000,000	13,000,000	50,000,000	—
144	District Secretariat/ Kachcheri, Mullaitivu	26701 Advances to Public Officers	18,000,000	11,000,000	54,000,000	—
145	District Secretariat/ Kachcheri, Killinochchi	26801 Advances to Public Officers	17,000,000	12,000,000	48,000,000	—
146	District Secretariat/ Kachcheri, Batticaloa	26901 Advances to Public Officers	44,000,000	28,000,000	135,000,000	—
147	District Secretariat, Ampara	27001 Advances to Public Officers	75,000,000	47,000,000	240,000,000	—
148	District Secretariat/ Kachcheri, Trincomalee	27101 Advances to Public Officers	40,000,000	23,000,000	115,000,000	—
149	District Secretariat, Kurunegala	27201 Advances to Public Officers	112,000,000	85,000,000	345,000,000	—
150	District Secretariat, Puttalam	27301 Advances to Public Officers	60,000,000	41,000,000	195,000,000	—
151	District Secretariat, Anuradhapura	27401 Advances to Public Officers	80,000,000	50,000,000	240,000,000	—
152	District Secretariat, Polonnaruwa	27501 Advances to Public Officers	31,000,000	19,000,000	120,000,000	—
153	District Secretariat, Badulla	27601 Advances to Public Officers	67,000,000	39,000,000	185,000,000	—
154	District Secretariat, Moneragala	27701 Advances to Public Officers	37,000,000	34,000,000	125,000,000	—

SRL No.	Ministries / Departments	Item No.	I Activities of the Government	II	III	IV	V
				Maximum Limits of Expenditure of Activities of the Government	Minimum Limits of Receipts to be credited to the Accounts of Activities of the Government	Maximum Limits of Debit Balance of Activities of the Government	Maximum Limits of Liabilities of Activities of the Government
				Rs.	Rs.	Rs.	Rs.
155	District Secretariat, Ratnapura	27801	Advances to Public Officers	66,000,000	46,000,000	280,000,000	—
156	District Secretariat, Kegalle	27901	Advances to Public Officers	60,000,000	40,000,000	165,000,000	—
157	Department of Project Management and Monitoring	28001	Advances to Public Officers	5,000,000	3,500,000	20,000,000	—
158	Department of Agrarian Development	28101	Advances to Public Officers	295,000,000	225,000,000	600,000,000	—
159	Department of Irrigation	28201	Advances to Public Officers	260,000,000	165,000,000	600,000,000	—
160	Department of Forests	28301	Advances to Public Officers	75,000,000	68,000,000	296,000,000	—
161	Department of Wildlife Conservation	28401	Advances to Public Officers	65,000,000	39,000,000	168,000,000	—
162	Department of Agriculture	28501	Advances to Public Officers	330,000,000	180,000,000	1,500,000,000	—
163	Department of Agriculture	28502	Maintenance of Agricultural Farms and Seed Sale	540,000,000	540,000,000	70,000,000	—
164	Department of Land Commissioner General	28601	Advances to Public Officers	25,000,000	15,200,000	90,000,000	—

165	Department of Land Title Settlement	28701 Advances to Public Officers	21,000,000	16,000,000	88,000,000	—
166	Department of Surveyor General	28801 Advances to Public Officers	150,000,000	121,000,000	400,000,000	—
167	Department of Export Agriculture	28901 Advances to Public Officers	45,000,000	29,000,000	110,000,000	—
168	Department of Fisheries and Aquatic Resources	29001 Advances to Public Officers	30,000,000	20,000,000	105,000,000	—
169	Department of Coast Conservation and Coastal Resource Management	29101 Advances to Public Officers	14,000,000	9,500,000	42,000,000	—
170	Department of Animal Production and Health	29201 Advances to Public Officers	39,000,000	23,000,000	120,000,000	—
171	Department of Rubber Development	29301 Advances to Public Officers	21,000,000	15,000,000	56,000,000	—
172	Department of National Zoological Gardens	29401 Advances to Public Officers	38,000,000	15,000,000	90,000,000	—
173	Department of Commerce	29501 Advances to Public Officers	6,500,000	3,000,000	20,000,000	—
174	Department of Import and Export Control	29601 Advances to Public Officers	5,000,000	2,400,000	20,000,000	—
175	Department of the Registrar of Companies	29701 Advances to Public Officers	8,000,000	3,400,000	20,000,000	—
176	Department of Measurement Units, Standards and Services	29801 Advances to Public Officers	8,000,000	4,000,000	30,000,000	—

SRL No.	Ministries / Departments	Item No.	I Activities of the Government	II	III	IV	V
				Maximum Limits of Expenditure of Activities of the Government	Minimum Limits of Receipts to be credited to the Accounts of Activities of the Government	Maximum Limits of Debit Balance of Activities of the Government	Maximum Limits of Liabilities of Activities of the Government
				Rs.	Rs.	Rs.	Rs.
177	National Intellectual Property Office of Sri Lanka	29901	Advances to Public Officers	5,500,000	1,800,000	15,000,000	—
178	Department of Food Commissioner	30001	Advances to Public Officers	8,000,000	3,600,000	42,000,000	—
179	Department of Co-operative Development (Registrar of Co-operative Societies)	30101	Advances to Public Officers	7,500,000	2,500,000	25,000,000	—
180	Co-operative Employees Commission	30201	Advances to Public Officers	1,800,000	300,000	6,000,000	—
181	Department of Textile Industries	30301	Advances to Public Officers	6,000,000	3,200,000	30,000,000	—
182	Department of Meteorology	30401	Advances to Public Officers	12,000,000	8,000,000	70,000,000	—
183	Department of Sri Lanka Railways	30601	Advances to Public Officers	800,000,000	400,000,000	1,500,000,000	—
184	Department of Sri Lanka Railways	30602	Railway Stores Advance Account	2,000,000,000	1,800,000,000	9,135,000,000	1,500,000,000
185	Department of Motor Traffic	30701	Advances to Public Officers	35,000,000	22,000,000	155,000,000	—
186	Department of Post	30801	Advances to Public Officers	840,000,000	735,000,000	2,400,000,000	—
187	Department of Buildings	30901	Advances to Public Officers	26,000,000	14,000,000	90,000,000	—
188	Government Factory	31001	Advances to Public Officers	33,000,000	27,000,000	125,000,000	—

189	Government Factory	31002 Government Factory Stores Advance Account	120,000,000	120,000,000	40,000,000	40,000,000
190	Government Factory	31003 Government Factory Work Done Advance Account	350,000,000	360,000,000	190,000,000	1,000,000
191	Department of National Physical Planning	31101 Advances to Public Officers	15,000,000	8,500,000	50,000,000	—
192	Department of Civil Security	32001 Advances to Public Officers	600,000,000	325,000,000	650,000,000	—
193	Department of National Botanical Gardens	32201 Advances to Public Officers	33,000,000	18,000,000	83,000,000	—
194	Department of Legal Affairs	32301 Advances to Public Officers	1,000,000	200,000	3,000,000	—
195	Department of Management Audit	32401 Advances to Public Officers	4,500,000	2,200,000	10,000,000	—
196	Department of Community Based Corrections	32601 Advances to Public Officers	30,000,000	7,500,000	57,000,000	—
197	Department of Land Use Policy Planning	32701 Advances to Public Officers	23,000,000	15,500,000	71,000,000	—
198	Department of Manpower and Employment	32801 Advances to Public Officers	18,000,000	11,000,000	60,000,000	—
199	Department of Information Technology Management	32901 Advances to Public Officers	2,500,000	700,000	7,000,000	—
200	Department of Samurdhi Development	33101 Advances to Public Officers	325,350,000	275,000,000	350,000,000	—
201	Department of National Community Water Supply	33201 Advances to Public Officers	14,000,000	2,800,000	38,000,000	—
202	Comptroller General Office	33301 Advances to Public Officers	1,800,000	600,000	3,500,000	—
Total			27,632,750,000	21,632,750,000	64,942,400,000	3,153,000,000



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

**LOCAL AUTHORITIES ELECTIONS
(AMENDMENT) ACT, No. 31 OF 2017**

[Certified on 14th of December, 2017]

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*Local Authorities Elections (Amendment)
Act, No. 31 of 2017*

[Certified on 14th of December, 2017]

L.D.—O. 55/2017

AN ACT TO AMEND THE LOCAL AUTHORITIES ELECTIONS ORDINANCE
(CHAPTER 262)

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

1. This Act may be cited as the Local Authorities Elections (Amendment) Act, No. 31 of 2017. Short title.

 2. Section 65^A of the Local Authorities Elections Ordinance (Chapter 262) (hereinafter referred to as the “principal enactment”) is hereby amended as follows:—
 - (1) in subsection (1) of that section by the substitution for the words, “The counting officer shall declare first the candidate of the recognized political party or the Independent group, who or which as the case may be, who polled the highest number of votes, an elected member for that ward and the balance number of members required to be elected as members of that ward, being declared accordingly.” of the words, “The counting officer shall declare the candidates of the recognized political party or the independent group, as the case may be which polled the highest number of the votes, as elected members for that ward.”
 - (2) by the repeal of subsection (2) of that section.

 3. Section 65^{AA} of the principal enactment is hereby amended as follows:—
 - (1) in subsection (1) of that section, by the substitution for the words and figures, “under subsection (3) of
- Amendment of section 65^{AA} of the principal enactment.

2 *Local Authorities Elections (Amendment)*
Act, No. 31 of 2017

section 65(3) and such number of members so elected do not include any women members, then the provisions of subsections (3) and (4) of this section shall not apply to such recognized political party or independent group.” of the words and figures, “under subsection (3) of section 65B and such number of members so elected do not include any women members, then the provisions of subsections (3) and (4) of this section shall not apply to such recognized political party or independent group.”;

- (2) in subsection (2) of that section, by the substitution for the words and figures, “and has less than three members elected or returned, then the provisions of subsections (3) and (4) of this section shall not apply to such recognized political party or independent group.” of the words and figures, “and has less than three members elected or returned, then the provisions of subsections (3) and (4) of this section shall not apply to such recognized political party or independent group.”;
- (3) in subsection (3) of that section, by the substitution for the words and figure, “The apportionment of women members” and “subsection (2) of this section” respectively, of the words and figure, “The apportionment of women members” and “subsection (2) of this section”, respectively;
- (4) in subsection (4) of that section, by the substitution for the words and figure, “the shortfall in the number of members shall be returned from among the women candidates in the first nomination paper or the additional nomination paper other than the women candidates who have been elected or are disqualified to be a member under section 9.” of

the words and figure, “the shortfall in the number of members shall be returned from among the women candidates in the first nomination paper or the additional nomination paper other than the women candidates who have been elected or are disqualified to be a member under section 9.”; and

- (5) by the repeal of the marginal note to that section, and the substitution therefor of the following:—

“Apportionment of women members.”.

4. 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.



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

**APPROPRIATION (AMENDMENT)
ACT, No. 32 OF 2017**

[Certified on 14th of December, 2017]

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Appropriation (Amendment) Act, No. 32 of 2017

[Certified on 14th of December, 2017]

L.D.—O. 58/2017

AN ACT TO AMEND THE APPROPRIATION ACT, NO. 24 OF 2016

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

- 1.** This Act may be cited as the Appropriation (Amendment) Act, No. 32 of 2017. Short title.
- 2.** Section 2 of the Appropriation Act, No. 24 of 2016 is hereby amended in subsection (1) of that section, by the substitution in paragraph (b) of that subsection for the words “shall not exceed rupees one thousand five hundred seventy nine billion one hundred ten million four hundred thirty six thousand”, of the words “shall not exceed rupees one thousand six hundred twenty nine billion”. Amendment of section 2 of Act, No. 24 of 2016.
- 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.

