

CHAPTER 531

MOTOR CARS (TAX ON TRANSFERS)

Law No.13 of 1978, Act No. 15 of 1980.

A LAW TO IMPOSE AND LEVY A TAX ON THE TRANSFER OF CERTAIN MOTOR CARS, AND FOR MATTERS CONNECTED THEREWITH OR INCIDENTAL THERETO.

[11th May, 1978.]

Short title. **1.** This Law may be cited as the Motor Cars (Tax on Transfers) Law.

Prohibition on transfer of motor cars to which this Law applies without the written approval of the Registrar. **2.** (1) No person who is the first registered owner of a motor car to which this Law applies shall transfer such motor car within the period of seven years from the date of the first registration of such motor car, unless he obtains the prior approval in writing of the Registrar ;

Provided, however, that nothing in the preceding provisions of this section shall apply to a person who is the first registered owner of a motor car to which this Law applies, if a sum calculated in the manner specified in section 110 of the Finance Act, No. 11 of 1963\*, has been paid to the Registrar, in respect of the sale of that motor car:

Provided further that nothing in the preceding provisions of this section shall be read and construed as prohibiting the first registered owner of a motor car to which this Law applies from transferring such motor car otherwise than by sale, prior to the date of commencement of this Law,

(2) A transfer of a motor car to which this Law applies in contravention of the provisions of subsection (1), whether such transfer is before or after the date of commencement of this Law, shall be null and void and of no effect in law.

Registrar to grant written approval for transfer of a motor car to which this Law applies only on payment of the relevant tax.

**3.** Where a person who is the first registered owner of a motor car to which this Law applies makes an application, in such form as may be provided for the purpose by the Registrar, for the written approval of the Registrar for the transfer of that motor car to a person specified in that application as the proposed transferee, the

Registrar shall grant such approval if, but only if, the person specified in that application as the proposed transferee pays to the Registrar, the relevant tax payable on the transfer of a motor car to which this Law applies.

**4.** The relevant tax payable on the transfer of a motor car to which this Law applies shall be two thousand five hundred rupees.

**5.** Where upon an application made under section 3 for the written approval of the Registrar for the transfer of a motor car to which this Law applies, the person specified in such application as the proposed transferee pays to the Registrar, the relevant tax payable on the transfer of such motor car, the Registrar shall, on application made in that behalf, refund to that person the amount of such tax less a sum of fifty rupees, if he is satisfied that the transfer in respect of which such tax was paid did not in fact take place. The Registrar shall at the same time cancel the written approval granted by him for the transfer of such motor car to that person.

**6.** (1) Where it appears to the Registrar that there has been a change of possession of a motor car to which this Law applies in consequence of a transfer of that motor car in contravention of the provisions of section 2, the Registrar may, by a notice in writing, require the person in possession of that motor car (in this section referred to as " the person in possession") to pay, within a period of one month from the date of receipt of such notice, the relevant tax payable on the transfer of that motor car, as

Relevant tax payable on the transfer of a motor car to which this Law applies. [§ 2, 15 of 1980.]

Registrar to refund amount of tax paid if the transfer in respect of which the tax is paid, does not take place.

Power of Registrar to recover relevant tax from the person in possession, where there is a transfer of a motor car to which this Law applies in contravention of the provisions of section 2.

\* Repealed by Law No. 13 of 1978.

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if an application had been made to the Registrar under section 3 by the first registered owner of that motor car for the written approval of the Registrar for the transfer of that motor car to the person in possession, together with a penalty of an amount equal to twenty *per centum* of such tax.

(2) Where a person in possession fails to comply with the requirements of a notice sent under subsection (1) within a period of one month from the date of receipt by him of such notice, such person shall be deemed to be a defaulter and the amount of the tax specified in such notice shall be deemed to be in default, and the Registrar may issue a certificate containing particulars of the amount of the tax in default and the name and place of residence of the defaulter to a Magistrate having jurisdiction over such place. The Magistrate shall thereupon summon the defaulter before him to show cause why proceedings for the recovery of the amount of the tax in default should not be taken against such defaulter, and, if sufficient cause is not shown, the amount of the tax in default shall be deemed to be a fine imposed by such Magistrate on such defaulter and shall be recovered accordingly. The amount so recovered shall be remitted to the Registrar.

(3) Where the person in possession pays the amount of the relevant tax in compliance with a notice sent under subsection (1) or where the amount of the relevant tax is recovered from the person in possession under subsection (2), such person shall be entitled to be registered, under the provisions of the Motor Traffic Act, as the new owner of the motor car in respect of which such tax was paid or recovered, as the case may be: and upon such registration, the purported transfer in consequence of which the change of possession to such person occurred shall be deemed, for all purposes other than for the purpose of a prosecution under section 8, to be, and to have been, a transfer made with the prior written approval of the Registrar.

(4) For the purposes of subsection (2) and subsection (3), the expression "tax" includes the penalty imposed under subsection (1).

7. No person shall be entitled to be registered under the provisions of the Motor Traffic Act as the new owner of a motor car to which this Law applies, unless he satisfies the Registrar that either—

- (a) the transfer in consequence of which he became such new owner was with the prior written approval of the Registrar; or
- (b) no prior written approval of the Registrar was required under any provision of this Law for the transfer in consequence of which he became such new owner.

8. Any person who, being the first registered owner of a motor car to which this Law applies, purports to transfer such motor car in contravention of the provisions of section 2 shall be guilty of an offence under this Law and shall, on conviction after trial before a Magistrate, be liable—

- (a) to a fine of not less than six thousand rupees if the tare weight of such motor car does not exceed seventeen hundredweights;
- (b) to a fine of not less than twelve thousand rupees if the tare weight of such motor car exceeds seventeen hundredweights.

9. Where a motor car to which this Law applies has been purported to have been transferred by way of sale prior to the date of commencement of this Law and in contravention of the provisions of section 2, such motor car shall be deemed for all purposes to have been transferred with the prior written approval of the Registrar, if any person pays to the Registrar, within two months of the date of commencement of this Law, a sum equivalent to the relevant tax that would have been payable by the person to whom such motor car was purported to have been transferred had an application been made by the first registered owner of such motor car, after the date of commencement of this Law, for the written approval of the Registrar for the transfer of that motor car to that person.

10. All taxes collected by the Registrar under the provisions of this Law shall be credited by the Registrar to the Consolidated Fund.

Special provision in regard to the registration of motor cars to which this Law applies.

Offence.

Certain transfers made prior to the date of commencement of this Law deemed to be valid transfers if a sum equivalent to the relevant tax is paid to the Registrar within two months of the date of commencement of this Law.

Taxes collected under this Law to be credited to Consolidated Fund.

Provisions of this Law to prevail.

**\*12.** The provisions of this Law shall have effect notwithstanding anything to the contrary in any other law.

have the same meanings respectively, as in the Motor Traffic Act;

Interpretation.

**13.** In this Law—

"Registrar" means the Registrar of Motor Vehicles or any person authorized by him for the purposes of this Law;

[§ 3,15 of 1980.]

"motor car" means a motor vehicle, not being a motor cycle, motor ambulance, motor hearse, invalid carriage or three-wheeled passenger vehicle, which is constructed or adapted for the carriage of not more than eight persons (including the driver) and their effects and includes a trailer so constructed or adapted;

"transfer", with its grammatical variations and cognate expressions, when used in relation to a motor car to which this Law applies, includes—

"motor car to which this Law applies" means a motor car which is registered for the first time on or after November 15, 1970, being a motor car which was imported into, or manufactured or assembled in, Sri Lanka, and not being a motor car in respect of which no licence fee is payable on the issue of a revenue licence by reason of the operation of subsection (4) of section 31 of the Motor Traffic Act;

(a) a change of possession of such motor car arising by reason of a sale;

(b) a change of possession, on or after the date of commencement of this Law, of such motor car—

(i) arising by reason of a gift or mortgage; or

(ii) in consideration of money or money's worth under the terms of any agreement or arrangement, howsoever described.

[§ 3, 15 of 1980.]

"motor cycle", "motor ambulance", "motor hearse" and "invalid carriage"

\* Section 11 repealing Part X of the Finance Act, No. 11 of 1963, is omitted.