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# The Acts of Ceylon

## 1963

Nos. 1—12 of 1963

1964

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## THE ACTS OF CEYLON, 1963

### TITLE OF ACT

No.

1. An Act to amend the Foreign Loans Act, No. 29 of 1957.
2. An Act to provide for the imposition and levy of an Excise Tax on locally manufactured articles, for the continuance of the surcharge on Income Tax, for the validation of Customs duties levied on wireless goods and apparatus, and to make certain amendments in the Motor Traffic Act and the Heavy Oil Motor Vehicles Taxation Ordinance having financial implications.
3. An Act to amend the Finance Act, No. 65 of 1961.
4. An Act to consolidate the law relating to the imposition of Income Tax, Wealth Tax and Gifts Tax and to make certain consequential amendments to other written law.
5. An Act to amend the Ceylon Petroleum Corporation Act, No. 28 of 1961.
6. An Act to make provision for the Regulation and Control of the Manufacture and Sale of matches.
7. An Act to provide for the service of the Financial Year, 1963-64, to authorise the raising of Loans in or outside Ceylon 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 of Ceylon or any other Fund of 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 that Consolidated Fund, and to make provision for matters connected or with incidental to the aforesaid matters.
8. An Act to amend the Overseas Telecommunication Act, No. 61 of 1957.
9. An Act to amend the Local Authorities Elections Ordinance.
10. An Act to amend the Criminal Procedure Code.
11. An Act to enact the provisions of law necessary to give legal force to certain proposals financial and otherwise, for the Financial Year commencing on October 1, 1963.
12. An Act to amend the Conciliation Boards Act, No. 10 of 1958, and the Criminal Procedure Code.

THE HISTORY OF THE

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## *SHORT TITLE*

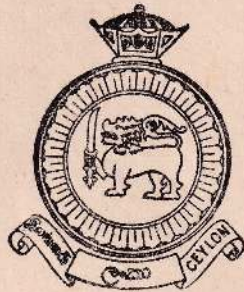
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# PARLIAMENT OF CEYLON

3rd Session 1962-63



## Foreign Loans (Amendment) Act, No. 1 of 1963

Date of Assent : January 12, 1963



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Foreign Loans (Amendment)

Act No. 1 of 1963



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*Foreign Loans (Amendment) Act, No. 1 of 1963*

L. D.—O. 51/62.

AN ACT TO AMEND THE FOREIGN LOANS ACT,  
NO. 29 OF 1957.

[Date of Assent : January 12, 1963]

BE it enacted by the Queen's Most Excellent Majesty, by and with the advice and consent of the Senate and the House of Representatives of Ceylon in this present Parliament assembled, and by the authority of the same, as follows :—

1. This Act may be cited as the Foreign Loans (Amendment) Act, No. 1 of 1963.

Short title.

2. Section 2 of the Foreign Loans Act, No. 29 of 1957, hereinafter referred to as the "principal Act", is hereby amended as follows :—

Amendment of section 2 of Act No. 29 of 1957.

(1) in paragraph (a) of that section, by the substitution, for the words "a loan agreement", of the words "an agreement";

(2) in paragraph (b) of that section—

(i) by the substitution, for the words "any bond", of the words "any contract, bond", and

(ii) by the substitution, for the words "loan agreement", of the word "agreement"; and

(3) in the marginal note to that section, by the substitution, for the words "loan agreement", of the words "agreements, contracts".

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

Amendment of section 3 of the principal Act.

(1) by the substitution, for the words "a loan agreement", of the words "an agreement";

(2) by the substitution, for the words "any bond or promissory note", of the words "any contract, bond or promissory note";

(3) by the substitution, for the words "such loan agreement", of the words "such agreement"; and

(4) in the marginal note to that section by the substitution, for the words "loan agreement, bonds and promissory notes", of the words "agreements, contracts, bonds and promissory notes".

Amendment of section 4 of the principal Act.

4. Section 4 of the principal Act is hereby amended as follows :—

(1) by the substitution, for the words "a loan agreement", of the words "an agreement"; and

(2) in the marginal note to that section, by the substitution, for the words "loan agreement.", of the words "an agreement relating to a foreign loan."

Insertion of new section 4A in the principal Act.

5. The following new section is hereby inserted immediately after section 4, and shall have effect as section 4A, of the principal Act :—

"Application of Part IV of the Bills of Exchange Ordinance to promissory notes executed by the Government of Ceylon.

4A. The provisions of Part IV of the Bills of Exchange Ordinance shall apply to any promissory note executed by the Government of Ceylon in pursuance of an agreement relating to a foreign loan."

Amendment of section 5 of the principal Act.

6. Section 5 of the principal Act, as amended by Act No. 2 of 1962, is hereby amended by the substitution, for the words "Government of Ceylon.", of the following :—

"Government of Ceylon, and includes any sum of money which the Government of Ceylon by an agreement undertakes to pay any such agency, organisation or body of persons which discharges any liability of the Government of Ceylon in respect of any transaction between such Government and any person outside Ceylon."

# PARLIAMENT OF CEYLON

3rd Session 1962-63



## Finance (No. 2) Act, No. 2 of 1963

*Date of Assent : March 21, 1963*

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PARLIAMENT OF CEYLON

3rd Session 1963-64



Finance (No 2) Act  
No 2 of 1963

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AN ACT TO PROVIDE FOR THE IMPOSITION AND LEVY OF AN EXCISE TAX ON LOCALLY MANUFACTURED ARTICLES, FOR THE CONTINUANCE OF THE SURCHARGE ON INCOME TAX, FOR THE VALIDATION OF CUSTOMS DUTIES LEVIED ON WIRELESS GOODS AND APPARATUS, AND TO MAKE CERTAIN AMENDMENTS IN THE MOTOR TRAFFIC ACT AND THE HEAVY OIL MOTOR VEHICLES TAXATION ORDINANCE HAVING FINANCIAL IMPLICATIONS.

[Date of Assent : March 21, 1963]

BE it enacted by the Queen's Most Excellent Majesty, by and with the advice and consent of the Senate and the House of Representatives of Ceylon in this present Parliament assembled, and by the authority of the same, as follows :—

1. This Act may be cited as the Finance (No. 2) Act, No. 2 of 1963. Short title.

## PART I

### Imposition, Levy and Recovery of the Excise Tax

2. (1) Every article manufactured in Ceylon for the purpose of sale which is not an article of any class or description for the time being specified in the Schedule to this Act shall be an article which is liable to the imposition, levy and payment of the excise tax (in this Act referred to as a "taxable article"). Taxable articles.

(2) The House of Representatives may, from time to time, by resolution—

(a) amend or vary the provisions of the Schedule to this Act ; or

(b) repeal such Schedule and substitute a new Schedule therefor.

3. On and after such date as may be appointed by the Minister by Order published in the *Gazette* (in this Act referred to as the "appointed date"), the House of Representatives may, from time to time, by resolution impose and levy a tax (in this Act referred to as the "excise tax") on any taxable article specified in the resolution at such rate as shall be so specified. Imposition and levy of the excise tax on taxable articles.

Increase or reduction of the rate of the excise tax on any taxable article and the abolition of such tax.

4. The House of Representatives may, from time to time, by resolution—

- (a) increase or reduce the rate of the excise tax on any taxable article for the time being subject to such tax ; or
- (b) abolish the excise tax on any taxable article for the time being subject to such tax.

Determination of the rate of the excise tax on any taxable article.

5. The rate of the excise tax on any taxable article may, having regard to the class or description of that article, be determined by reference to—

- (a) the value of that article, or of any particular weight, quantity, or amount of that article ; or
- (b) any particular weight, quantity, or amount of that article,

and accordingly different rates of such tax may be determined in respect of different classes or descriptions of taxable articles.

Excise Tax Orders.

6. (1) Where the Cabinet decides that a resolution should be introduced in the House of Representatives under the preceding provisions of this Part, being a resolution which will have the effect of—

- (a) imposing the excise tax on any taxable article for the time being not subject to such tax ; or
- (b) increasing or reducing the rate of such tax on any taxable article for the time being subject to such tax ; or
- (c) abolishing such tax on any article for the time being subject to such tax,

the Minister may make an Order with a view to giving immediate legal effect to such decision pending that resolution being passed by the House of Representatives.

(2) An Order made by the Minister under sub-section (1) is in this Act referred to as an "Excise Tax Order".

(3) An Excise Tax Order shall come into force on such date as may be specified in the Order or, if no date is so specified, on the date on which it is made by the Minister.

(4) An Excise Tax Order shall, so long as it remains in force, have the effect of law notwithstanding anything in any other provision of this Part or any resolution passed by the House of Representatives thereunder.

(5) Every Excise Tax Order shall be published in the *Gazette*.

(6) An Excise Tax Order shall cease to be in force—

- (a) on a date four months after the date on which such Order came into force ; or
- (b) on the date of the rejection by the House of Representatives of the resolution which was the subject-matter of the decision in relation to which such Order was made ; or
- (c) on the date of the withdrawal of such resolution from the House of Representatives ; or
- (d) on the date on which the House of Representatives adjourns *sine die* the consideration of such resolution ; or
- (e) on the date of the dissolution of Parliament ; or
- (f) on the date on which such resolution (whether with or without modification) is passed by the House of Representatives,

whichever date is the earlier date, but such cessation shall be without prejudice to anything previously done thereunder.

(7) So long as an Excise Tax Order is for the time being in force in respect of the excise tax on any taxable article, the Minister shall not make a subsequent Excise Tax Order in respect of such tax on that article, and accordingly any such Order made by the Minister in contravention of the preceding provisions of this section shall be void and of no effect whatsoever.

(8) So long as an Excise Tax Order is for the time being in force in respect of the excise tax on any taxable article, then,—

(a) if such Order is an Order to impose and levy such tax on that article at the rate or rates specified in the Order, such tax shall be provisionally leviable and payable on that article at the rate or rates so specified, in lieu of such tax leviable and payable on that article under any resolution passed by the House of Representatives under this Part ; or

(b) if such Order is an Order abolishing such tax on that article, such tax shall be provisionally not leviable and payable on that article.

(9) Where an Excise Tax Order in respect of the excise tax on any taxable article ceases to be in force, then,—

(a) if such Order has so ceased to be in force by virtue of the operation of any of the provisions of paragraphs (a) to (e) of sub-section (6) of this section and the excise tax was leviable and payable on that article on the day immediately preceding the date on which such Order came into force, such tax shall be leviable and payable on that article at the rate which was in force on that date ; or



(b) if such Order has so ceased to be in force by virtue of the operation of the provisions of paragraph (f) of sub-section (6) of this section and was not an Order abolishing such tax on that article, such tax shall be leviable and payable on that article at the rate specified in the resolution referred to in that paragraph.

7. (1) The excise tax on any taxable article for the time being subject to such tax shall be payable within the prescribed period by the person in the course of whose business that article was manufactured.

Payment of the excise tax on taxable articles.

(2) The amount of the excise tax on any taxable article for the time being subject to such tax payable by any manufacturer of that article shall be paid to the Government Agent of the administrative district in which the premises at which that manufacturer carries on business is situated and shall be credited to the Consolidated Fund.

(3) Regulations may be made under this Act providing for the manner of payment of the excise tax on taxable articles. Different modes of payment may be so provided in respect of different classes or descriptions of taxable articles.

8. No person shall sell, or cause or permit to be sold, any taxable article for the time being subject to the excise tax unless and until that tax has been duly paid in accordance with the provisions of this Part.

Prohibition of sale of taxable articles until the excise tax is paid.

9. Any article manufactured in Ceylon by a person carrying on business as a manufacturer of that article shall, for the purposes of this Act, be presumed to be so manufactured for the purpose of sale until the contrary is proved.

Certain articles to be presumed until the contrary is proved to be manufactured for the purpose of sale.

10. Where the excise tax on any taxable article for the time being subject to such tax which is due from any person is not paid to a Government Agent of an administrative district in accordance with the provisions of this Part, such Government Agent may, in his discretion, order that a sum not exceeding ten per centum of the amount of such tax shall be added to such tax and recovered therewith. Any sum so added to such tax shall be deemed to constitute a part of such tax.

Power to impose and recover a surcharge if excise tax not duly paid.

Recovery of excise tax in like manner as a debt due to the Crown.

11. Where the excise tax due from any person is not paid by him to the Government Agent of an administrative district in accordance with the provisions of this Part, such tax may be recovered from that person in like manner as a debt due to the Crown.

Registration of manufacturers.

12. (1) On and after the expiration of a period of two months from the date on which any article becomes a prescribed taxable article, no person shall carry on business as a manufacturer of that article unless he has been registered by the Excise Commissioner as a manufacturer of that article for the purposes of this Part.

(2) Every application for registration as a manufacturer of any prescribed taxable article for the purposes of this Part—

- (a) shall be made to the Excise Commissioner in such form as he may provide for the purpose ;
- (b) shall contain all such particulars as may be required to be set out in such form ; and
- (c) shall be accompanied by the prescribed fee for such application.

(3) A person who is registered as a manufacturer for the purposes of this Part shall, when requested so to do by the Excise Commissioner, furnish to the Excise Commissioner such information relating to his business as such manufacturer as the Excise Commissioner may require for the purposes of this Part.

Powers of entry and inspection of premises and documents.

13. For the purpose of verifying the correctness of any information furnished by any person registered as a manufacturer of any prescribed taxable article in pursuance of this Part, or for the purpose of securing compliance with the provisions of this Part or of any regulations made thereunder, the Excise Commissioner may—

- (a) enter any premises used by such person for the purposes of his business as such manufacturer ; and

- (b) inspect and take copies of any such documents or records as are kept by such person (whether in pursuance of this Part or the regulations made thereunder or otherwise) in relation to his business.

14. (1) Any person who—

Offences.

- (a) contravenes any of the provisions of this Part or of any regulations made thereunder ; or
- (b) furnishes any false information to the Excise Commissioner or any person exercising, performing or discharging any power, duty or function of the Excise Commissioner ; or
- (c) furnishes any false return to the Excise Commissioner or any person referred to in paragraph (b) of this sub-section,

shall be guilty of an offence and shall, on conviction after summary trial before a Magistrate, be liable to imprisonment of either description for a term not exceeding six months or to a fine not exceeding one thousand rupees or to both such imprisonment and fine.

(2) It shall be a defence for any person charged with the offence of contravening the provisions of sub-section (1) of section 12 by carrying on business as a manufacturer of any prescribed taxable article without registration after the expiration of the period referred to in that sub-section to prove that at the time of such alleged contravention such person had applied under this Part for such registration but his application had not been disposed of.

15. No prosecution for an offence under this Act shall be instituted except by, or with the written sanction of, the Excise Commissioner.

Prosecutions to be by, or with written sanction of, the Excise Commissioner.

## Regulations.

16. (1) The Minister may make regulations for the purpose of carrying out or giving effect to the principles and provisions of this Part.

(2) In particular but without prejudice to the generality of the powers conferred by sub-section (1) of this section, the Minister may make regulations for or in respect of all or any of the following matters :—

- (a) any matter stated or required by this Part to be prescribed or for which regulations are authorised by this Part to be made ;
- (b) any matter relating to the making and disposal of applications for registration, and the mode of the levy, payment and recovery of the excise tax in respect of which the provisions of this Part need to be supplemented ;
- (c) the circumstances in which the registration of a person as a manufacturer may be cancelled or suspended ;
- (d) the compulsory use of banderols, labels or stamps on taxable articles in respect of which the excise tax is leviable, the manner in which such banderols, labels or stamps shall be affixed on such articles or boxes containing such articles, the issue and sale by the Excise Commissioner or Government Agents of such banderols, labels and stamps, and the prices or fees to be recovered therefor ; and
- (e) any matter connected with or incidental to any of the aforesaid matters.

(3) Every regulation made under this section 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 regulation.

(4) Every such regulation shall as soon as convenient after the date of its publication in the *Gazette* be brought before the Senate and the House of Representatives for approval ; and any

such regulation which the Senate or the House of Representatives refuses to approve shall cease to be in force with effect from the date of such refusal, but without prejudice to the validity of anything previously done thereunder.

(5) Notification of the approval under subsection (4) of any regulation shall be published in the *Gazette*, and upon such publication the regulation shall be as valid and effectual as though it were herein enacted.

17. (1) The Excise Commissioner may accept from any person whose registration as a manufacturer is liable to be suspended or cancelled under this Act, or who is reasonably suspected of having committed an offence under this Part, in lieu of such suspension or cancellation or by way of composition for the offence which may have been committed, as the case may be, either such sum of money, not exceeding one thousand rupees, as may be specified in the notice sent by post or otherwise delivered to such person by the Excise Commissioner if the sum so specified is tendered by such person before the expiry of fourteen days after the date of such notice, or the sum so specified and such additional amount, not exceeding ten per centum of the sum so specified, as may be determined by the Excise Commissioner if the sum so specified and the additional amount so determined are tendered by such person before the expiry of twenty-eight days after the date of such notice.

Powers to compound and search without a warrant.

(2) Where the Excise Commissioner has reason to believe that an offence under this Part is being, or is likely to be, committed in respect of any taxable article, and that a search warrant cannot be obtained without affording the offender an opportunity of escape or concealing evidence of the offence, the Excise Commissioner may, after recording the grounds of his belief, at any time by day or night, enter and search any place and may seize that article, and any other thing found therein which he has reason to believe will be, or was, used in connection with the commission of that

offence ; and may detain and search and, if he thinks fit, arrest any person found in such place whom he has reason to believe to be guilty of that offence.

Powers, etc., of  
Excise  
Commissioner  
by whom  
exercisable.

18. Any power, duty or function of the Excise Commissioner under this Part, other than the power to sanction a prosecution conferred by section 15 and the power to compound an offence conferred by section 17, may be exercised on his behalf by any other officer of the Excise Department acting under the general or special directions of the Excise Commissioner.

Interpretation.

19. In this Part unless the context otherwise requires—

Cap. 392.

“ administrative district ” means an administrative district established under the Administrative Districts Act ;

“ article ” means any commodity by whatsoever name called ;

“ Excise Commissioner ” includes any officer not below the rank of Assistant Commissioner of Excise ;

“ Government Agent ” includes an Additional Government Agent, an Assistant Government Agent, and an Additional Assistant Government Agent ;

“ manufactured ”, in relation to any article, includes the assemblage or joinder of that article, whether by chemical process or otherwise ;

“ manufacturer ”, in relation to a taxable article, means a person carrying on business as a manufacturer of that article ;

“ prescribed ” means prescribed by regulations made under this Part ;

“ sale ” includes supply or distribution, and an offer to sell, supply or distribute ;

“ this Part ” means the Part of this Act in which the expression occurs.

## PART II

**Special provisions having financial implications**

20. (1) Every person who is chargeable with income tax for the year of assessment commencing on April 1, 1962, shall, notwithstanding anything contained in any other written law or in any convention, grant or agreement, be liable to pay a surcharge equivalent to twenty per centum of the amount of the income tax payable by him for that year of assessment.

Every person chargeable with income tax for the year of assessment commencing on April 1, 1962, liable to pay a surcharge equivalent to twenty per centum of the income tax payable by him for that year.

(2) The surcharge referred to in sub-section (1) shall, in the case of a non-resident company, be reckoned on the amount of income tax that would have been payable by such company for the year of assessment commencing on April 1, 1962, if the sum equal to six per centum of the taxable income of such company for that year of assessment, which should have formed part of the amount of income tax in accordance with the provisions of section 53c of the Income Tax Ordinance, had not been included in the amount of income tax.

Cap. 242.

(3) The surcharge referred to in sub-section (1) shall, in the case of any person who is entitled to a set-off under sub-section (4) of section 45, or under sub-section (6) or sub-section (7) or sub-section (8) of section 53D, of the Income Tax Ordinance, be reckoned on the amount of income tax that would have been payable by such person for the year of assessment commencing on April 1, 1962, if such set-off had not been made.

(4) For the purposes of the assessment, payment and recovery of the surcharge referred to in sub-section (1), the provisions of Chapter X, Chapter XI, Chapter XII, and Chapter XIII of the Income Tax Ordinance shall apply in all respects as though the surcharge were income tax payable for the year of assessment commencing on April 1, 1962.

(5) Where any person is under section 89 of the Income Tax Ordinance entitled to have refunded any amount paid by him as income tax in excess of the amount which he was properly chargeable for the year of assessment commencing on April 1, 1962, such person shall, if he has paid the surcharge referred to in sub-section (1), be in addition entitled to have refunded an amount representing twenty per centum of the amount refunded under the said section 89.

**21.** The Motor Traffic Act is hereby amended as follows :—

(a) in sub-section (4) of section 7 of that Act, by the substitution, for the expression “prescribed form.”, of the expression “prescribed form, and by the prescribed fee for the entry in the register, as required by sub-section (5) of section 9, of the name of that person as the absolute owner thereof.”;

(b) in section 9 of that Act by the insertion, immediately after sub-section (6) of that section, of the following new sub-section :—

“(7) Within a period of fourteen days after the termination of a hire-purchase agreement in respect of a motor vehicle, the person who so let that vehicle shall forward to the Registrar a written application for the deletion from the entry in the register relating to that vehicle of the name of the absolute owner thereof entered under sub-section (5). Such application shall be accompanied by the prescribed fee for such deletion.”;

(c) in sub-section (2) of section 13 of that Act, by the substitution, for the expression “prescribed form.”, of the expression “prescribed form and by the prescribed fee for the entry in the register, as required by sub-section (4) of section 14, of the name of that person as the absolute owner thereof.” ;

(d) in section 14 of that Act by the insertion, immediately after sub-section (5) of that section, of the following new sub-section :—

“(6) Within a period of fourteen days after the termination of a hire-purchase agreement in respect of a motor vehicle, the person who so let that vehicle shall forward to the Registrar a written application for the deletion from the entry in the register relating to that vehicle of the name of the absolute owner thereof entered under sub-section (4).



Such application shall be accompanied by the prescribed fee for such deletion.” ; and

(e) by the repeal of section 18 of that Act and the substitution therefor of the following new section :—

“ Cancellation of registration of a motor vehicle.

18. Where a motor vehicle which is registered has been permanently removed from Ceylon, or destroyed, or dismantled and broken up, or otherwise rendered permanently un-serviceable, the Registrar shall cancel the registration of that vehicle upon the receipt of a written application in that behalf from the registered owner of that vehicle accompanied by the prescribed fee for such cancellation :

Provided, however, that the Registrar may, of his own motion, cancel the registration of a motor vehicle if he is satisfied that the registered owner thereof is dead, or cannot be found, and that such vehicle has ceased to be a motor vehicle.”.

22. The Heavy Oil Motor Vehicles Taxation Ordinance is hereby amended by the insertion, immediately after sub-section (6) of section 2 of that Ordinance, of the following new sub-section :—

Amendment of Chapter 249.

“ (7) (a) The rates prescribed in the First Schedule to this Ordinance may, from time to time, be varied by the Minister of Finance by Order published in the *Gazette*.

(b) Every Order made under paragraph (a) of this sub-section shall come into force on the date of its publication in the *Gazette* or on such later date as may be specified in the Order, and shall be brought before the House of Representatives within a period of one month from the date of the publication of such Order in the *Gazette*, or, if no meeting of the House of Representatives is held within such period, at the first meeting of that House held after the expiry of such period, by a motion that such Order shall be approved. There shall be set out in a Schedule to any such motion the text of the Order to which the motion refers.

(c) Any Order made under paragraph (a) of this sub-section which the House of Representatives refuses to approve shall, with effect from the date of such refusal, be deemed to be revoked but without prejudice to the validity of anything done thereunder. Notification of the date on which any such Order is deemed to be revoked shall be published in the *Gazette*.”.

23. (1) The Order made by the Minister of Finance under section 2 of the Revenue Protection Ordinance and published in *Gazette Extraordinary* No. 12,559 of July 27, 1961, shall be deemed at all times, while it was in force, to have had effect subject to the following modification, namely, as though for the item “Wireless goods and apparatus” appearing in the Schedule thereto, there had been substituted, in the appropriate columns of that Schedule, the following new item :—

“Wireless goods and apparatus—

Complete sets for receiving and transmitting—

(i) assembled sets : 55% 57½%

Retrospective  
modification  
of a Revenue  
Protection  
Order and a  
Customs  
resolution.  
Cap. 250.

(ii) unassembled sets imported for assembly in Ceylon in respect of which the Director of Development has issued a certificate that he is satisfied that the degree of assembly involved justifies the levy of a lower rate of duty :	15%	17½%
(iii) other unassembled sets :	55%	57½%
Other wireless goods and apparatus, including spare parts and batteries:	30%	32½%.”.

(2) The resolution under section 9 of the Customs Ordinance passed by the House of Representatives and published in *Gazette Extraordinary* No. 12,738 of November 1, 1961, shall be deemed at all times, while it was and remains in force, to have had, and to have effect, subject to the following modification, namely, as though for the item “Wireless goods and apparatus” appearing in the Schedule thereto, there had been substituted, in the appropriate columns of that Schedule, the following new item :—

Cap. 235.

“Wireless goods and apparatus—

Complete sets for receiving and transmitting—

(i) assembled sets :	55%	57½%
(ii) unassembled sets imported for assembly in Ceylon in respect of which the Director of Development has issued a certificate that he is satisfied that the degree of assembly involved justifies the levy of a lower rate of duty :	15%	17½%
(iii) other unassembled sets :	55%	57½%
Other wireless goods and apparatus, including spare parts and batteries:	30%	32½%.”.

[Section 2]

SCHEDULE

Articles which are not taxable articles

Cap. 52.

1. An excisable article within the meaning of the Excise Ordinance.

# PARLIAMENT OF CEYLON

3rd Session 1962-63



## Finance (Amendment) Act, No. 3 of 1963

*Date of Assent : March 27, 1963*

*Printed on the Orders of Government*

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3rd Session 1962-63



Finance (Amendment) Act  
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Price: 45 cents      Postage: 10 cents

*Finance (Amendment) Act, No. 3 of 1963*

L. D.—O. 26/61.

AN ACT TO AMEND THE FINANCE ACT, NO. 65 OF 1961.

[Date of Assent: March 27, 1963]

BE it enacted by the Queen's Most Excellent Majesty, by and with the advice and consent of the Senate and the House of Representatives of Ceylon in this present Parliament assembled, and by the authority of the same, as follows:—

1. This Act may be cited as the Finance (Amendment) Act, No. 3 of 1963.

Short title.

2. Section 16 of the Finance Act, No. 65 of 1961, hereinafter referred to as the "principal Act", is hereby amended as follows:—

Amendment of section 16 of Act No. 65 of 1961.

(a) by the substitution, for all the words and figures "for each year of assessment commencing on or after April 1, 1961," of the following:—

"for the year of assessment commencing on April 1, 1961, and the succeeding year of assessment", and

(b) by the substitution, for the marginal note to that section, of the following marginal note:—

"Land tax for the year of assessment commencing on April 1, 1961, and the succeeding year of assessment."

3. Section 18 of the principal Act is hereby amended in sub-section (1) of that section by the substitution, for the words "for each year of assessment commencing on or after", of the words "for the year of assessment commencing on".

Amendment of section 18 of the principal Act.

4. Section 21 of the principal Act is hereby amended in the definition of the expression "net income" by the substitution, for the words "any year of assessment commencing on or after", of the words "the year of assessment commencing on".

Amendment of section 21 of the principal Act.

Amendment of section 30 of the principal Act.

5. Section 30 of the principal Act, as amended by Act No. 9 of 1962, is hereby amended as follows:—

(1) by the substitution, for all the words and figures “any year of assessment commencing on or after April 1, 1961,” of the following:—

“the year of assessment commencing on April 1, 1961, and the succeeding year of assessment,”;

(2) by the substitution, for the words “such individual for that year”, of the words “such individual for any such year of assessment”; and

(3) in the Proviso to that section, by the substitution for the words “recoverable from any individual”, of the words “recoverable from any individual for any such year of assessment”.

6. Section 33 of the principal Act is hereby repealed and the following new section substituted therefor:—

Levy of the National Development Tax.

33. (1) The succeeding provisions of this section shall apply to every employee whose aggregate emoluments for a month exceed three hundred rupees.

(2) Subject to the provisions of section 34, there shall be levied and paid each month during the period commencing on October 1, 1961, and ending on March 31, 1963, a tax (hereinafter referred to as the “National Development Tax”) computed at the rate of four per centum in respect of the emoluments payable for that month (other than any sum payable by way of bonus or commission) to an employee (hereinafter referred to as an “employee subject to the National Development Tax”) by his employer or the person responsible for making the payment of such emoluments, and the proceeds of such tax shall be utilised only for specific development projects.

(3) Where any sum is paid to any employee in any month of the aforesaid period by way of bonus or commission,

Replacement of section 33 of the principal Act.



such sum shall, for the purposes of the levy of the National Development Tax, be deemed to have been emoluments payable to such employee for that month, and accordingly the National Development Tax computed at the rate of four per centum shall be levied and paid in respect of such sum.

(4) Where any emoluments (other than any sum by way of bonus or commission) which should have been payable to any employee for any month or months of the aforesaid period are paid in a lump sum, the employer of such employee or the person responsible for making the payment of such emoluments shall, having regard to the emoluments so paid to such employee, determine the amount which such employee would have received for that month or for each of those months if such emoluments were in fact paid to such employee for that month or each of those months, and the National Development Tax in accordance with the provisions of sub-section (2) shall be levied and paid in respect of the amount as so determined for that month or for each of those months.'

7. Section 35 of the principal Act is hereby amended by the substitution, for the words "monthly emoluments" of the words "emoluments for each month".

Amendment of section 35 of the principal Act.

8. Section 38 of the principal Act is hereby repealed and the following new section substituted therefor:—

Replacement of section 38 of the principal Act.

" Amount of the National Development Tax paid by an employee shall be allowed as a deduction for the purposes of the levy of income tax.

38. Where any employee subject to the National Development Tax is liable to income tax under the Income Tax Ordinance for the year of assessment commencing on April 1, 1962, and to income tax under the Inland Revenue Act, 1963, for the succeeding year of assessment, then for the purpose of ascertaining the profits or income of that employee under that Ordinance or Act for each of the aforesaid years of assessment the amount

of the National Development Tax levied from that employee in respect of the year preceding any such year of assessment shall be allowed as a deduction.”.

Amendment of section 39 of the principal Act.

9. Section 39 of the principal Act, as amended by Act No. 9 of 1962, is hereby amended by the substitution, in the definition of “ emoluments ”, for the words “ or allowances ”, of the words “ allowances, bonuses or sums by way of commission ”.

Replacement of section 40 of the principal Act.

10. (1) Section 40 of the principal Act is hereby repealed and the following new section substituted therefor :—

“ Duty of person practising a profession to register himself in the register.

40. Every person who practises any profession on and after the appointed date shall—

(a) cause himself to be registered in the appropriate register of professions kept and maintained by the appropriate competent authority for that purpose, and have such registration renewed; and

(b) obtain a certificate of registration from such authority:

Provided that the preceding provisions of this section shall not apply to any such person who satisfies the appropriate competent authority that he is in the exclusive employment of any other person :

And provided further that the preceding provisions of this section shall in the case of a firm apply not to the firm but to each partner of that firm.”.

(2) Section 40 of the principal Act shall cease to be in operation after the fifteenth day of March, 1964.

Amendment of section 42 of the principal Act.

11. Section 42 of the principal Act, as amended by Act No. 9 of 1962, is hereby amended by the substitution, for all the words from “ shall be effective ” to the end of that section of the following :—

“ shall in the first instance be effective for a period commencing on the date on which his name has been so registered and ending on

September 15, 1963. Such registration shall be renewed by that authority for a further period ending on March 15, 1964, upon payment in respect of such renewal of half the amount of the appropriate fee, if any, and the furnishing of the declaration referred to in paragraph (b) of sub-section (1) of section 41.”.

12. Section 43 of the principal Act, as amended by Act No. 9 of 1962, is hereby amended as follows :—

Amendment of section 43 of the principal Act.

(1) in sub-section (1) of that section, by the substitution, for all the words from “ that authority as National Development Tax ” to “ by that authority : ”, of the following :—

“ that authority as National Development Tax—

(a) in respect of his registration in the register for the first period ending on September 15, 1963, an amount equivalent to four per centum of his income from his profession as computed for the purposes of the Income Tax Ordinance for the year of assessment commencing on April 1, 1961; and

(b) in respect of his registration in the register for the subsequent period ending on March 15, 1964, an amount equivalent to two per centum of his income from his profession as computed for the purposes of that Ordinance for the year of assessment commencing on April 1, 1962,

either in a lump sum or such number of instalments as may be determined by that authority:”;

(2) by the substitution, for sub-section (2) of that section, of the following sub-section :—

“ (2) Notwithstanding anything in sub-section (1), the competent authority to whom any person has furnished a declaration of income under section 41 (1) may at any time,

if he is of the opinion that such declaration is incorrect, after due investigation increase the amount of the net wealth or the income as declared by such person, and accordingly where the amount of such income is increased, such person shall—

(a) if on his declaration he was liable to pay National Development Tax, be liable to pay as such Tax—

(i) if the declaration was in respect of his registration for the first period ending on September 15, 1963, an additional amount equivalent to four per centum of the difference between the income as declared by him and the income as so increased, and

(ii) if the declaration was in respect of his registration for the subsequent period ending on March 15, 1964, an additional amount equivalent to two per centum of the income as declared by him and the income as so increased ; and

(b) if by reason of the increase of income he becomes liable to pay the National Development Tax, be liable to pay as such Tax—

(i) if the declaration was in respect of his registration for the first period ending on September 15, 1963, an amount equivalent to four per centum of the income as so increased, and

(ii) if the declaration was in respect of his registration for the subsequent period ending on March 15, 1964, an amount equivalent to two per centum of the income as so increased,

and such person shall in addition be liable to pay any difference in the fee for registration consequent on the amount of the income or net wealth as declared by him being so increased.”; and

(3) by the addition at the end of that section of the following sub-section:—

“(3) Where any person fails to pay the amount of any registration fee and National Development Tax as required by sub-section (2), such person shall be deemed to be in default of that amount.”

13. Section 45 of the principal Act, as amended by Act No. 9 of 1962, is hereby amended by the substitution, for all the words from “ or that instalment ” to the end of that section, of the words “ or that instalment.”

Amendment of section 45 of the principal Act.

14. (1) Section 47 of the principal Act, as amended by Act No. 9 of 1962, is hereby repealed and the following new section substituted therefor:—

Replacement of section 47 of the principal Act.

Duty of proprietor of a business to register such business, and himself as proprietor thereof, in the register.

47. (1) Every person who carries on any business on and after the appointed date shall—

- (a) cause that business to be registered, and himself to be registered as the proprietor thereof, in the appropriate register of businesses kept and maintained by the appropriate competent authority for that purpose, and have such registration renewed; and
- (b) obtain a certificate of registration from such authority:

Provided that the preceding provisions of this section shall not apply to a business carried on—

- (i) by a person who satisfies the appropriate competent authority that the turnover in such business is less than eighteen thousand rupees per annum, or
- (ii) by a person who satisfies the appropriate competent authority that he by himself carries out contracts or piece jobs the gross fees for which do not exceed three thousand and six hundred rupees per annum, or

(iii) by a company incorporated or registered by any law in force in Ceylon or elsewhere or a corporation:

And provided further that the preceding provisions of this section shall not apply to any business which is commenced after the fifteenth day of March, 1963.

(2) For the purposes of this Part, "turnover" or "gross fees" with reference to a business shall—

(a) for the purposes of the first period of registration in the register ending on September 15, 1963, be the gross income from that business for the period corresponding to the period for which the income on which the National Development Tax payable under section 50 (1) (a) in respect of that period of registration would be computed, and

(b) in relation to the subsequent period of registration in the register ending on March 15, 1964, be the gross income for the period corresponding to the period for which the income on which the National Development Tax payable under section 50 (1) (b) in respect of that period of registration would be computed.'.

(2) Section 47 of the principal Act shall cease to be in operation after the fifteenth day of March, 1964.

15. Section 49 of the principal Act, as amended by Act No. 9 of 1962, is hereby amended, in sub-section (1) of that section, by the substitution, for all the words from "shall be effective" to the end of that sub-section, of the following:—

" shall in the first instance be effective for a period commencing on the date on which that business has been so registered and ending on

September 15, 1963. Such registration shall be renewed by that authority for a further period ending on March 15, 1964, upon payment in respect of such renewal of half the amount of the appropriate fee, if any, and the furnishing of the declaration referred to in paragraph (b) of sub-section (1) of section 48.”.

16. Section 50 of the principal Act, as amended by Act No. 9 of 1962, is hereby amended as follows:—

Amendment of section 50 of the principal Act.

(1) in sub-section (1) of that section, by the substitution, for all the words from “that authority as National Development Tax” to “by that authority:”, of the following:—

“that authority as National Development Tax—

(a) in respect of his registration in the register for the first period ending on September 15, 1963, an amount equivalent to four per centum of his income from his business as computed for the purposes of the Income Tax Ordinance for the year of assessment commencing on April 1, 1961; and

(b) in respect of his registration in the register for the subsequent period ending on March 15, 1964, an amount equivalent to two per centum of his income from his business as computed for the purposes of that Ordinance for the year of assessment commencing on April 1, 1962,

either in a lump sum or such number of instalments as may be determined by that authority:”;

(2) by the substitution, for sub-section (2) of that section, of the following sub-section:—

“(2) Notwithstanding anything in sub-section (1), the competent authority to whom any person has furnished a declaration of income

under section 48 (1) may at any time, if he is of the opinion that such declaration is incorrect, after due investigation increase the amount of the net wealth or the income as declared by such person, and accordingly where the amount of such income is increased, such person shall—

(a) if on his declaration he was liable to pay National Development Tax, be liable to pay as such Tax—

(i) if the declaration was in respect of his registration for the first period ending on September 15, 1963, an additional amount equivalent to four per centum of the difference between the income as declared by him and the income as so increased, and

(ii) if the declaration was in respect of his registration for the subsequent period ending on March 15, 1964, an additional amount equivalent to two per centum of the income as declared by him and the income as so increased; and

(b) if by reason of the increase of income he becomes liable to pay the National Development Tax, be liable to pay as such Tax—

(i) if the declaration was in respect of his registration for the first period ending on September 15, 1963, an amount equivalent to four per centum of the income as so increased, and

(ii) if the declaration was in respect of his registration for the subsequent period ending on March 15, 1964, an amount equivalent to two per centum of the income as so increased,

and such person shall in addition be liable to pay any difference in the fee for registration consequent on the amount of the income or net wealth as declared by him being so increased.”; and



(3) by the addition at the end of that section of the following sub-section:—

“(3) Where any person fails to pay the amount of any registration fee and National Development Tax as required by sub-section (2), such person shall be deemed to be in default of that amount.”.

17. The following new section is hereby inserted immediately after section 55, and shall have effect as section 55A, of the principal Act:—

Insertion of new section 55A in the principal Act.

“ Liability of person who practises a profession or carries on a business to pay registration fee and National Development Tax even if he has not caused himself or his business to be registered.

55A. Where a person who practises a profession or carries on a business has not caused himself, or his business, as the case may be, to be registered in the register of professions or businesses as required by section 40 or section 47, the appropriate competent authority may, notwithstanding anything to the contrary in this Act, by notice in writing require such person to pay as the registration fee and the National Development Tax such amount as such authority considers is the registration fee and the National Development Tax which such person is liable to pay, and if such person does not pay such fee or Tax, such person shall be deemed to be in default of such fee or Tax.”.

18. Section 56 of the principal Act is hereby amended as follows:—

Amendment of section 56 of the principal Act.

(1) in paragraph (c) of that section by the omission of the word “ and ” ;

(2) in paragraph (d), by the substitution, for the full stop, of a semi-colon ; and

(3) by the addition at the end of that section, of the following paragraphs:—

“(e) providing the manner for the assessment and recovery of the registration fee and National Development Tax payable under section 55A ; and

(f) providing for the recall and cancellation of a certificate of registration issued to any person by error or by reason of an incorrect declaration of income or net wealth made under this Act by such person.”.

Amendment of section 59 of the principal Act.

19. Section 59 of the principal Act, as amended by Act No. 9 of 1962, is hereby amended as follows :—

(1) in sub-section (1) of that section by the substitution, for all the words and figures from “ an amount equivalent ” to “ of this Act : ”, of the following :—

“ an amount equivalent—

(a) in respect of the first year ending on September 15, 1963, for which he is liable to National Development Tax, to four per centum, and

(b) in respect of the part of the second year ending on March 15, 1964, for which he is liable to National Development Tax, to two per centum,

of such aggregate income after deducting therefrom any amount paid by such person as the National Development Tax under the provisions of Part VI or Part VII of this Act : ” ; and

(2) in sub-section (2) of that section by the substitution, for the words “ subsequent year ”, of the words “ subsequent year or part of a subsequent year ”.

Amendment of section 60 of the principal Act.

20. Section 60 of the principal Act is hereby amended in sub-section (2) of that section as follows :—

(1) in paragraph (e) of that sub-section, by the substitution, for the words “ Development Tax ; ”, of the words “ Development Tax and the recovery of the amount of any registration fee; ”; and

(2) by the substitution, for paragraph (g) of that sub-section, of the following paragraph :—

“ (g) for refund of the amount of any registration fee paid in error or overpaid, or the amount of the surtax or the National Development Tax overpaid, by any person or individual ; ”.

21. Section 61 of the principal Act, as amended by Act No. 9 of 1962, is hereby amended as follows:—

Amendment of section 61 of the principal Act.

(1) by the renumbering of that section as sub-section (1) of section 61;

(2) in the renumbered sub-section (1) of that section—

(i) in paragraph (b) of that sub-section by the substitution, for the words “otherwise than by error or oversight; or”, of the words “or net wealth otherwise than by error or oversight,”, and

(ii) by the omission of paragraphs (c) and (d) of that sub-section; and

(3) by the addition at the end of that section of the following new sub-section:—

“(2) On the conviction of any person—

(i) for failure to have himself registered in the register of professions, or to have such registration renewed, as required by section 40, or

(ii) for failure to have his business registered and to have himself registered as the proprietor thereof in the register of businesses, or to have such registration renewed, as required by section 47,

such person shall be liable to pay, in addition to any punishment that may be imposed on him under sub-section (1), a fine of rupees fifty for each day on which the failure is continued after conviction thereof.”

22. The Third Schedule to the principal Act, as amended by Act No. 9 of 1962, is hereby amended as follows:—

Amendment of the Third Schedule to the principal Act.

(1) in paragraph (a) of that Schedule by the substitution, for the words and figures “not less than Rs. 5,000 but is less than Rs. 10,000”, of the words and figures “not less than Rs. 15,000 but is less than Rs. 20,000”;

(2) in paragraph (b) of that Schedule, by the substitution, for the words and figures "not less than Rs. 10,000 but is less than Rs. 15,000", of the words and figures "not less than Rs. 20,000 but is less than Rs. 25,000";

(3) in paragraph (c) of that Schedule, by the substitution, for the words and figures "not less than Rs. 15,000 but is less than Rs. 20,000", of the words and figures "not less than Rs. 25,000 but is less than Rs. 30,000"; and

(4) in paragraph (d) of that Schedule, by the substitution, for the expression "Rs. 20,000", of the expression "Rs. 30,000".

Retrospective effect of amendments.

**23.** The amendments made in the principal Act by the preceding provisions of this Act shall be deemed for all purposes to have taken effect on the date on which the principal Act came into effect.

Certificate of registration issued before the date of commencement of this Act deemed to be effective till September 15, 1963.

**24.** Every certificate of registration issued under the principal Act before the date of commencement of this Act shall, notwithstanding anything specified in such certificate, be deemed to be effective till the fifteenth day of September, 1963.

# PARLIAMENT OF CEYLON

3rd Session 1962-63



## Inland Revenue Act, No. 4 of 1963

*Date of Assent : March 30, 1963*

*Printed on the Orders of Government*

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Fraud Revenue Act

No. 4 of 1963

Date of Assent: 28th March 1963

Enacted in the Order of Government

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L. D.—O. 25/62.

AN ACT TO CONSOLIDATE THE LAW RELATING TO THE IMPOSITION OF INCOME TAX, WEALTH TAX AND GIFTS TAX AND TO MAKE CERTAIN CONSEQUENTIAL AMENDMENTS TO OTHER WRITTEN LAW.

[Date of Assent: March 30, 1963]

BE it enacted by the Queen's Most Excellent Majesty, by and with the advice and consent of the Senate and the House of Representatives of Ceylon in this present Parliament assembled, and by the authority of the same, as follows:—

1. This Act may be cited as the Inland Revenue Act, No. 4 of 1963. Short title.

## CHAPTER I

### Imposition of Income Tax

2. (1) Income tax shall, subject to the provisions of this Act, be charged at the appropriate rates specified in the First and Second Schedules to this Act for every year of assessment commencing on or after April 1, 1963, in respect of the profits and income of every person for the year preceding the year of assessment— Imposition of income tax.

(a) wherever arising, in the case of a person who was resident in Ceylon in the year preceding the year of assessment, and

(b) arising in or derived from Ceylon, in the case of every other person,

but without prejudice to any provisions of this Act which enact that tax is to be charged in particular cases in respect of the profits and income of a period other than the year preceding the year of assessment.

(2) For the purposes of this Act, without in any way limiting the meaning of the expression, "profits and income arising in or derived from Ceylon" includes all profits and income derived from services

rendered in Ceylon, or from property in Ceylon, or from business transacted in Ceylon, whether directly or through an agent.

Income  
chargeable  
with tax.

3. (1) For the purposes of this Act, "profits and income" or "profits" or "income" means—

- (a) the profits from any trade, business, profession, or vocation for however short a period carried on or exercised ;
- (b) the profits from any employment ;
- (c) the net annual value of any land and improvements thereon occupied by or on behalf of the owner in so far as it is not so occupied for the purposes of a trade, business, profession or vocation ;
- (d) the net annual value of any land and improvements thereon used rent-free by the occupier which is not included in paragraphs (a), (b), or (c) of this subsection, or, where the rent paid for such land and improvements is less than the net annual value, the excess of such net annual value over the rent, to be deemed in each case the income of the occupier ;
- (e) dividends, interest, or discounts ;
- (f) any charge or annuity ;
- (g) rents, royalties, and premiums ;
- (h) net capital gains arising from—
  - (i) the change of ownership of any property occurring by sale, disposal, transfer, realisation, exchange, or in any other manner whatsoever, other than any such change of ownership of a fiduciary's rights in a property subject to a *fidei commissum* as occurs by a transfer or extinction of those rights, and other than a change of ownership of a right to exploit a property occurring by a transfer of that right, and



other than a change of ownership of any motor vehicle in respect of which a deduction for depreciation has not been allowed under section 10 or household effects or other article (excluding jewellery) of personal use,

- (ii) the surrender or relinquishment of any right in any property other than the surrender of a life insurance policy and the surrender, transfer or extinction of a life interest,
- (iii) the transfer of some of the rights in any property other than the transfer of the rights of a fiduciary in any property subject to a *fidei commissum*,
- (iv) the loss of any office or employment,
- (v) the redemption of any shares, debentures or other obligations,
- (vi) the formation of a company,
- (vii) the dissolution of a business, or the liquidation of a company,
- (viii) the amalgamation or merger of two or more businesses or companies, or
- (ix) any transaction in connection with which a person who promotes that transaction without being a party to it receives any commission or reward,

other than any such gains which are treated as profits or income under any other provisions of this section ;

- (i) the value of a prize won at a sweep or lottery ; and
- (j) income from any other source whatsoever, not including profits of a casual and non-recurring nature.

(2) The racing of horses owned by any person shall, for the purposes of paragraph (a) of sub-section (1), be deemed to be a business carried on by that person.

(3) Any loss arising from a business referred to in sub-section (2) shall not be deducted from the profits or income from any other source but shall be deducted from the profits or income from that business for the next succeeding year of assessment, and if such deduction cannot be made from the profits or income from that business for such next succeeding year, it shall be made as early as possible from the profits or income from that business for any subsequent year of assessment.

(4) For the purpose of this section—

(a) “profits from any employment”, includes—

(i) any wages, salary, leave pay, fee, pension, commission, bonus, gratuity, perquisite, or such other payment in money which an employee receives in the course of his employment or the value of any benefits to the employee or any member of his family, or any payment to any other person for the benefit of the employee or any member of his family, whether derived from the employer or others, the value of any free conveyance granted by an employer to any employee, any allowance so granted for the purchase of any conveyance, and the value of any holiday warrant or passage, except the value of any holiday warrant or passage granted to a person who is not a citizen of Ceylon to enable him to come to Ceylon to assume duties or to visit his home abroad or to return from Ceylon on the termination of his services, whether

on retirement or otherwise, or of any holiday warrant or passage granted to the wife, or any son or daughter, of such person to come to Ceylon or to visit his or her home abroad or to return from Ceylon on the termination of the services of such person ;

- (ii) any retiring gratuity, any sum received in commutation of pension, any sum paid from a provident fund approved by the Commissioner to an employee at the time of his retirement, other than such part of that sum as represents his contributions to that fund made after April 1, 1954, any sum refunded under section 46(1) or section 49 of the Widows' and Orphans' Pension Fund Ordinance, and any sum refunded under any regulation relating to any Widows' and Orphans' Pension Fund or Scheme established for the Local Government Service which corresponds to the aforesaid section 46 (1) or section 49 ;
- (iii) the rental value of any place of residence provided rent-free by the employer ;
- (iv) where a place of residence is provided by an employer at a rent less than the rental value, the excess of the rental value over such rent ; and
- (v) any other allowance granted in respect of employment whether in money or otherwise, other than an allowance for travelling :

Provided that in the case of an entertainment allowance granted to any person by his employer, such portion of the

allowance as is equivalent to, or less than, ten per centum of the salary (excluding all allowances) payable to such person shall be deemed not to be profits from employment if it is proved to the satisfaction of the Commissioner that such allowance had been utilised by such person in the course of his duties :

And provided further that in the case of any person who is employed as an executive officer, any sum granted as an allowance for travelling which is in excess of the amount determined in accordance with section 11 (2) as expenditure for travelling of such officer shall be profits from employment ;

- (b) the net annual value of land and improvements thereon or of any place of residence shall be determined on the basis of the rent which a tenant might reasonably be expected, taking one year with another, to pay for such land and improvements or for such place of residence (the tenant paying rates and the owner bearing the cost of repairs), subject to a deduction of twenty per centum for repairs and other expenses. Where the annual value of any land and improvements thereon or of any place of residence has been assessed for rating purposes by a local authority, such annual value, adjusted as may be necessary in respect of rates paid by the owner and the aforesaid deduction of twenty per centum for repairs and other expenses, shall be the net annual value for the purposes of this section, unless in the opinion of the Commissioner the assessment made by the local authority does not accurately represent the annual value of the land and improvements or place of residence in the year for which the net annual value is being determined. Where the annual value has not been assessed by a local authority, the net

annual value shall not in any case exceed five per centum of the capital value of such land and improvements or place of residence ;

- (c) the rental value of any place of residence shall be the net annual value as defined in paragraph (b) of this sub-section with the addition of rates paid by the owner and twenty-five per centum of such net annual value on account of repairs and other expenses :

Provided that for the purposes of sub-paragraphs (iii) and (iv) of paragraph (a) of this sub-section, any excess of rental value over twenty-five per centum of the profits described in sub-paragraph (i) of paragraph (a) of this sub-section shall be disregarded ;

- (d) the income or profits arising from rents of land and improvements thereon shall be the gross rent which is receivable and can be recovered after deducting rates borne by the owner and, where the owner undertakes to bear the cost of repairs, twenty per centum of the balance, but shall not be less than the net annual value after deducting therefrom any part thereof deemed to be the income of the occupier, due provision being made for any period in respect of which no rent is receivable or can be recovered ;

- (e) “ capital gain ”,—

- (i) with reference to capital gain of any person arising from a change of ownership of property, means, subject to the provisions of sub-section (3) of section 4, the amount by which the value of that property at the time when such change of ownership occurs

exceeds its value at the time when it was acquired by that person ;

- (ii) with reference to capital gain of any person arising from the surrender or relinquishment of any right or the transfer of some of the rights in any property or the loss of any office or employment, means, subject to the provisions of sub-section (3) of section 4, the value of the consideration for such surrender, relinquishment, or transfer, or the amount of compensation for such loss ;
- (iii) with reference to capital gain of any person arising from the redemption of any shares, debentures or other obligations, means, subject to the provisions of sub-section (3) of section 4, the value of all property received by him in consequence of such redemption less the value of that which is redeemed at the time of its acquisition by him, or, where that which is redeemed is any property referred to in sub-paragraph (viii) or sub-paragraph (ix) or sub-paragraph (x) of paragraph (j) of this sub-section, less such value of that property as is specified in that sub-paragraph ;
- (iv) with reference to capital gain of any person arising from the formation of a company, means, subject to the provisions of sub-section (3) of section 4, the value of the consideration received by him for any transaction in connection with the formation of such company ;

(v) with reference to capital gain of any person arising from the dissolution of a business or the liquidation of a company, means, subject to the provisions of sub-section (3) of section 4, the amount by which the value of all property received by him in consequence of such dissolution or liquidation exceeds the value of his share of the capital of such business or company at the time when such share was acquired by him ;

(vi) with reference to capital gain arising from the amalgamation or merger of two or more companies, means, in the case of a shareholder of any of those companies, any money received by such shareholder in consequence of such amalgamation or merger, and, in the case of any other person, the value of the consideration received by such other person for any transaction in connection with such amalgamation or merger ; and

(vii) with reference to capital gain of any person arising from a transaction promoted by him without being a party to it, the sum received by him as commission or reward ;

(f) " capital loss ",—

(i) with reference to capital loss of any person arising from a change of ownership of any property, means, subject to the provisions of sub-section (4) of section 4, the amount by which the value of that property at the time when

such change of ownership occurs is less than its value at the time when it was acquired by that person ;

- (ii) with reference to capital loss of any person arising from the redemption of any shares, debentures or other obligations, means, subject to the provisions of sub-section (4) of section 4, the amount by which the value of all property received by him in consequence of such redemption is less than the value of that which is redeemed at the time of its acquisition or where that which is redeemed is any property referred to in subparagraph (viii) or subparagraph (ix) or subparagraph (x) of paragraph (j) of this sub-section, is less than such value of that property as is specified in that subparagraph ;
- (iii) with reference to capital loss of any person arising from the dissolution of a business or the liquidation of a company, means, subject to the provisions of sub-section (4) of section 4, the amount by which the value of all property received by him in consequence of such dissolution or liquidation is less than the value of his share of the capital of such business or company at the time when such share was acquired by him ; and
- (iv) includes the amount of any debt which is proved to be due by documentary evidence and which is proved to be irrecoverable ;



(g) "change of ownership", in the context of the definition of "capital gain" or "capital loss", does not include—

(i) the sale to a customer of any property held by the vendor primarily for sale to customers in the ordinary course of his trade or business,

(ii) the sale of any property which was used by any person in producing income from any trade, business, profession, vocation, or employment carried on or exercised by him, and in respect of which a deduction for depreciation has been allowed under section 10, such sale being effected by him without his ceasing to carry on or exercise that trade, business, profession, vocation, or employment,

(iii) the passing of any property subject to a trust from the trustee to any beneficiary under the trust, and

(iv) the passing of any property belonging to the estate of a deceased person from his executor to any testate or intestate heir of the deceased ;

(h) "market value", with reference to any property and any date and in the context of the definition of "value of any property", means the price which, in the opinion of an Assessor, that property would have fetched on that date in an open market ;

(i) "net capital gain", in respect of any year of assessment, means the excess of the capital gain for that year over the capital loss for that year ;

(j) "value", with reference to any property or consideration in the context of the definition of "capital gain" or "capital loss", shall be as follows :—

(i) where the property is movable property acquired before April 1, 1957, by the person who is

the owner of the property immediately before the occurrence of the transaction which resulted in such gain or loss, then, subject to the provisions of sub-paragraph (vi), sub-paragraph (viii), sub-paragraph (ix), sub-paragraph (x) and sub-paragraph (xi) of this paragraph, the value of the property at the time of such occurrence shall, if such transaction is a sale of the property, be an amount equal to the sale price, and, if such transaction is other than a sale, be an amount equal to the market value of the property at that time, and the value of the property at the time when it was acquired by such person shall be an amount equal to the market value of the property on April 1, 1957 ;

- (ii) where the property is movable property acquired by such person on or after April 1, 1957, then, subject to the provisions of sub-paragraph (vi), sub-paragraph (viii), sub-paragraph (ix), sub-paragraph (x) and sub-paragraph (xi) of this paragraph, the value of the property at the time of the occurrence of the transaction which resulted in such gain or loss shall, if such transaction is a sale of the property, be an amount equal to the sale price, and, if such transaction is other than a sale, be an amount equal to the market value of the property at that time, and the value of the property at the time when it was acquired by such person shall, if such acquisition was by purchase, be an amount equal to the cost of such purchase, and, if such acquisition was otherwise than

by purchase, be an amount equal to the market value of the property at the time of such acquisition ;

(iii) where the property is immovable property acquired by such person before April 1, 1957, then, subject to the provisions of sub-paragraph (vi), sub-paragraph (vii) and sub-paragraph (xi) of this paragraph, the value of the property at the time of the change of ownership shall, if such change occurs by a sale of the property, be an amount equal to the sale price, and, if such change occurs in any other manner, be an amount equal to the market value of the property at that time, and the value of the property at the time when it was acquired by such person shall be an amount equal to the market value of the property on April 1, 1957 ;

(iv) where the property is immovable property acquired by such person on or after April 1, 1957, then, subject to the provisions of sub-paragraph (vi), sub-paragraph (vii) and sub-paragraph (xi) of this paragraph, the value of the property at the time of the change of ownership shall, if such change occurs by a sale of the property, be an amount equal to the sale price, and, if such change occurs in any other manner, be an amount equal to the market value of the property at that time, and the value of the property at the time when it was acquired by such person shall, if such acquisition was by purchase, be an amount equal to the cost of such purchase, and, if such acquisition was otherwise than by purchase, be an amount equal to the

market value of the property at the time of such acquisition ;

- (v) the value of any consideration received by any person shall, where the consideration is partly cash and partly property, other than cash, be an amount equal to the aggregate of such cash and the market value of such property on the date on which the consideration was received, and, where the consideration is wholly property other than cash be an amount equal to the market value of such property on the date on which the consideration was received ;
- (vi) where the acquisition of the property by such person is by the transfer of the property by a trustee under a trust to such person in his capacity as a beneficiary under the trust or is by the transfer of the property by an executor to such person in his capacity as a testate or an intestate heir of the deceased whose estate is administered by such executor, the value of the property at the time of such acquisition shall, if the date of the acquisition by such trustee or executor is before April 1, 1957, be an amount equal to the market value of the property on April 1, 1957, and, if the date of such acquisition is on or after April 1, 1957, be an amount equal to the market value of the property at the time when such trustee or executor came into possession of the property ;
- (vii) where the person who is the owner of the property immediately before the occurrence of the change of ownership had come into possession of the property

immediately after the cessation of a life interest of any other person in the property or after the cessation of the rights of a fiduciary in that property, the value of the property at the time when the first-mentioned person acquired title to the property shall, if the date of acquisition of such title is before April 1, 1957, be an amount equal to the market value of the property on April 1, 1957, and if the date of acquisition of such title is on or after April 1, 1957, be an amount equal to the market value of the property on the date of acquisition of such title ;

(viii) where the property consists of any shares forming part of a holding of such person which includes bonus shares issued on or after April 1, 1957, or shares issued on or after April 1, 1957, at a price less than their market value, the value of the property at the time when it was acquired by such person shall—

(a) if the shares were acquired by him before April 1, 1957, be an amount equal to the market value of the shares on April 1, 1957, or

(b) if the shares were acquired by him on or after April 1, 1957, be an amount equal to the value to him of the shares at the time when they were acquired ;

(ix) where the property consists of any shares received by a person in place of any shares of his in any of two or more companies which have amalgamated

or merged on or after April 1, 1957, the value of the property at the time when it was so received shall—

(a) if the last-mentioned shares were acquired by him before April 1, 1957, be an amount equal to the market value of the last-mentioned shares on April 1, 1957, or

(b) if the last-mentioned shares were acquired by him on or after April 1, 1957, be an amount equal to the value to him of such shares at the time when they were acquired ;

(x) where the property consists of shares in respect of which there has been a return or distribution of capital, the value of the property at the time when such shares were acquired shall—

(a) if such shares were acquired by him before April 1, 1957, be an amount equal to the market value of the shares on April 1, 1957, less the amount of the capital returned or distributed, and

(b) if such shares were acquired by him on or after April 1, 1957, be an amount equal to the value to him of the shares at the time when they were acquired less the amount of the capital returned or distributed ;

(xi) where the property is property which was acquired by the person who is the owner of the property immediately before the occurrence of the change of ownership, and which was used by him in producing income from any trade, business, profession,

vocation, employment, or undertaking carried on or exercised by him, and in respect of which a deduction for depreciation has been allowed under section 10, the value of the property at the time of change of ownership shall—

(a) if the property was acquired on or before March 31, 1957, or where the statutory income is directed by the Commissioner under section 12 (2) to be computed to any day other than the thirty-first day of March as is so specified in the direction, on or before such specified day in the year preceding the year of assessment commencing on April 1, 1957, be the written-down value of the property at the time of such change of ownership when or after he ceases to carry on or exercise such trade, business, profession, vocation, employment or undertaking; and

(b) if the property was acquired on or after April 1, 1957, or where the statutory income is directed by the Commissioner under section 12 (2) to be computed to any day other than the thirty-first day of March as is specified in the direction, on or after such specified day in the year preceding the year of assessment commencing on April 1, 1957, be an amount equal to the difference between the cost of the acquisition

and such part of the amount deducted for depreciation as is in the opinion of the Commissioner attributable to the period during which the property was used as aforesaid ; and

- (xii) where, in the case of a change of ownership of the property of any person occurring by sale, the Assessor is of the opinion that the sale price is less than the market value of that property at the time of the sale, then unless that person satisfies the Assessor that there was reasonable cause for the difference between the sale price and such market value, the value of such property at the time of the sale shall be an amount equal to the market value of that property at that time.

Special provisions regarding capital gains and capital losses and regarding the computation of income tax on taxable incomes which include the value of a prize won at a sweep or lottery.

4. (1) Where a capital gain or a capital loss arises from the change of ownership of any property occurring on a donation of that property by its owner to any other person, such capital gain or such capital loss shall be deemed to be a capital gain or a capital loss, as the case may be, of the donor.

(2) Where a capital gain or a capital loss arises from the change of ownership of any property occurring either on the death of the owner of that property or in the year of assessment in which the owner of that property ceases to be resident in Ceylon, such capital gain or such capital loss shall be deemed to be his capital gain or capital loss, as the case may be, arising in the year preceding the year of assessment in which the death or the cessation of residence in Ceylon occurs.

(3) The amount of a capital gain shall be computed after making the following deductions :—

- (a) any expenditure (other than the purchase price if any) incurred on or after April 1, 1957, solely in connection with the acquisition of the property by the person who is the owner of that property



immediately before the occurrence of the transaction which resulted in such gain ;

- (b) the expenditure incurred on or after April 1, 1957, by the aforesaid owner in making any improvements, additions or alterations to that property ; and
- (c) the expenditure incurred by the aforesaid owner solely in connection with the transaction which resulted in such gain.

(4) The amount of a capital loss shall be computed by including in such amount any expenditure of the description referred to in paragraphs (a), (b) or (c) of sub-section (3).

(5) The amount of the net capital loss of any person for any year of assessment shall be a capital loss of that person for the next succeeding year of assessment.

(6) Where the aggregate amount of the capital gain of any person for any year of assessment which arises in respect of movable property other than stocks, shares, debentures or debenture stocks does not exceed two thousand rupees, such amount shall be deemed not to be that person's capital gain for that year of assessment.

(7) Where any person—

- (a) has no taxable income for the three years of assessment preceding any year of assessment, or
- (b) has a total assessable income for those three years of assessment which is less than the total of the allowances which under section 21 are required to be deducted from that assessable income in arriving at his taxable income for those three years of assessment,

the first five thousand rupees of his net capital gain for the year of assessment mentioned last in paragraph (a) of this sub-section shall not be deemed to be income for that year of assessment.

(8) Where the taxable income of a person includes any net capital gain, and the rate of the income tax payable on a part of such income (hereafter in this sub-section referred to as the "relevant

part of the income") exceeds 45 per centum, then, in regard to the relevant part of the income, the tax shall be computed as follows :—

- (a) if the relevant part of the income exceeds the amount of the net capital gain—
- (i) the tax payable on such portion of the relevant part of the income as is equal to the amount of the net capital gain shall be at the rate of 45 per centum, and
  - (ii) the tax payable on the balance of the relevant part of the income shall be computed according to such of the rates of the tax above 45 per centum as are applicable thereto under this Act; and
- (b) if the relevant part of the income does not exceed the amount of the net capital gain, the tax payable on the entirety of the relevant part of the income shall be 45 per centum notwithstanding anything to the contrary in this Act.

(9) Where a person dies and he has any net capital loss for the last year of assessment for which he was liable to be assessed for income tax, the amount of such net capital loss shall, as far as is practicable, be deducted from his statutory income from all sources for such last year of assessment, and, if it cannot be so deducted, from his statutory income from all sources for any (in order of recession) of the three years of assessment preceding such last year of assessment; and where such deduction is made from his statutory income for any such preceding year of assessment, the tax for that year of assessment in respect of him shall, notwithstanding the provisions of section 103, be revised taking into consideration such deduction, and the amount of the difference in the tax originally imposed on him in respect of that year of assessment and the amount of the revised tax for that year of assessment shall, if there is an executor of the deceased, be refunded to such executor, and, if there is no such executor, be refunded to such person or persons as is or are in the opinion of the Commissioner entitled to such refund.

(10) Where a person—

- (a) who has no taxable income for the three years of assessment preceding any year of assessment, or
- (b) the total of whose assessable income for those three years of assessment is less than the total of the allowances which under section 21 are required to be deducted from that assessable income in arriving at his taxable income for those three years of assessment,

wins a prize at a sweep or lottery in the year preceding the year of assessment mentioned last in paragraph (a) of this sub-section, the first five thousand rupees of the value of that prize shall not be deemed to be income for that year of assessment.

(11) The provisions of sub-section (8) shall apply in regard to the computation of the tax on any taxable income which includes the value of a prize won at a sweep or lottery as if the reference therein to “any net capital gain” were a reference to “the value of a prize won at a sweep or lottery” and the reference therein to “amount of the net capital gain” were a reference to “value of such prize”.

(12) In this section—

- (a) the expressions “capital gain”, “capital loss” and “net capital gain” shall have the same meanings as are assigned to them in sub-section (4) of section 3 ; and
- (b) the expression “net capital loss”, in respect of any year of assessment, means the excess of the capital loss for that year over the capital gain for that year.

5. (1) There shall be exempt from income tax—

Exemptions.

- (a) the income of any local authority or Government institution, exclusive of the income of any trust or other matter vested in or administered by such authority or institution to which such authority or institution is not beneficially entitled ;
- (b) the income of the Widows' and Orphans' Pension Fund of public officers of Ceylon ;

- (c) the income of any Widows' and Orphans' Pension Fund or Scheme established for the Local Government Service ;
- (d) the profits and income of the Ceylon Tea Propaganda Board ;
- (e) any sum paid to any person as a subsidy under the Cacao Planting Subsidy Scheme ;
- (f) the emoluments, and any income not arising in Ceylon, of any scientist, technician, expert or adviser, who is not a citizen of Ceylon and who is employed in Ceylon on a contract of employment entered into on or after April 1, 1959, between him and the Government of Ceylon or between him and any such statutory corporation or institution as may be approved by the Minister for the purpose ;
- (g) the emoluments, and any income not arising in Ceylon, for three years reckoned from the date of employment in Ceylon, of any scientist, technician, expert or adviser, who is not a citizen of Ceylon and who is brought to and employed in Ceylon on or after April 1, 1958, by a corporation to which section 6 applies, or by the proprietor of an undertaking, to which that section applies, for the purposes of that undertaking, but so however that, if the exemption from tax granted by section 6 in respect of that corporation or undertaking ends on a date earlier than the date on which the aforementioned period of exemption of three years expires, such period shall expire on the date on which the exemption from tax in respect of that corporation or undertaking ends ;
- (h) the income of any institution or trust of a public character established by any written law solely for the purposes of scientific research ;
- (i) the profits and income derived by the Government of any foreign country, either directly or through any agency of that Government, from aid granted

in money, goods, services or in any other form by that Government to the Government of Ceylon ;

- (j) the profits and income of the United Nations Organisation including the net annual value of any land owned in Ceylon by and occupied by or on behalf of that Organisation and any improvements on that land ;
- (k) the profits and income derived by any such body of persons outside Ceylon as may be approved by the Government of Ceylon from aid granted in money, goods, services or in any other form by that body to that Government ;
- (l) the official emoluments, and any income not arising in or derived from Ceylon, of—
  - (i) the Diplomatic Representative in Ceylon (by whatever name or title designated) of the Government of any foreign country and the High Commissioner in Ceylon of the Government of any part of Her Majesty's dominions ;
  - (ii) any such member of the staff of any Diplomatic Representative or High Commissioner referred to in sub-paragraph (i) as is a citizen or subject of the country represented by that Diplomatic Representative or High Commissioner, any such Consul or Trade Commissioner as is a citizen or subject of the country represented by him, and any such member of the staff of any Consul or Trade Commissioner as is a citizen or subject of the country represented by that Consul or Trade Commissioner, such Consul or Trade Commissioner or member of a staff referred to above not being a person who carries on or exercises in Ceylon any other employment or any trade, business, profession or vocation ;

- (iii) any expert, adviser, technician or official whose salary or principal emolument is not payable by the Government of Ceylon and who is brought to Ceylon by the Government of Ceylon through any Specialised Agency of the United Nations Organisation, or under the Point Four Assistance Programme of the Government of the United States of America, or through the Colombo Plan Organisation (including its Technical Assistance Bureau) or any similar organisation approved by the Minister ;
- (iv) any trainee from abroad who is sent to Ceylon under any of the Technical Co-operation Programmes of the United Nations Organisation and its Specialised Agencies, or of the Colombo Plan Organisation, or of any similar organisation approved by the Minister ; and
- (v) any official of the United Nations Organisation who is resident in Ceylon and who is not a citizen of Ceylon.

As regards other income, the liability to tax of any person hereinbefore mentioned shall be the same as though he were a non-resident person ;

- (m) any overseas allowance or representational allowance granted by the Government of Ceylon to any individual who is deemed by sub-section (6) of section 54 to be resident in Ceylon ;
- (n) the official emoluments of any citizen of Ceylon who is employed as an expert, adviser or official or a technician by the United Nations Organisation or by any Specialised Agency of that Organisation ;
- (o) the official emoluments, and any income not arising in or derived from Ceylon, of—
  - (i) members of any naval, military or air forces of any country other

than Ceylon who are in Ceylon at the request or with the concurrence of the Government of Ceylon ; and

- (ii) persons employed in any civil capacity by the Government of any country other than Ceylon who, not being persons resident in Ceylon for a period exceeding three months immediately prior to the date of commencement of such employment, are so employed in or visit Ceylon for any purpose connected with such members of any naval, military or air forces as are referred to in the preceding sub-paragraph (i) ;
- (p) wound and disability pensions granted to members or ex-members of Her Majesty's Forces ;
- (q) United States Government Disability Pensions ;
- (r) the income accruing to a person receiving instruction at any university, college, school, or other educational establishment from a scholarship, exhibition, bursary, or similar educational endowment ;
- (s) any capital sum received by way of death gratuity or as consolidated compensation for death or injuries ;
- (t) the accumulated interest payable to an individual in respect of any Ceylon Savings Certificate issued under the Savings Certificates Ordinance, so long as the amount of the certificates held by the individual who is for the time being the holder of such certificates does not exceed the amount which an individual is for the time being authorised to hold under the written law, rules, or regulations relating to such certificates ;
- (u) interest paid or credited to any individual by the Ceylon Savings Bank and the Ceylon Post Office Savings Bank ;

- (v) any sum paid to the owner of an estate out of the Rubber Replanting Subsidy Fund (established under the Rubber Replanting Subsidy Act), for the purpose of subsidising the replanting of rubber plants in that estate ;
- (w) any sum paid to any person under any regulations made under the Tea Subsidy Act, No. 12 of 1958, as a subsidy out of the Tea Subsidy Fund established under that Act ;
- (x) the profits and income other than the profits and income arising out of the business of a printer, publisher, transporter or distiller, of any co-operative society which is registered under the Co-operative Societies Ordinance, and the majority of the members of which are resident in Ceylon ; and
- (y) the profits and income of the University of Ceylon established under the Ceylon University Ordinance, and the Vidyodaya University of Ceylon and the Vidyalankara University of Ceylon established under the Vidyodaya University and the Vidyalankara University Act, No. 45 of 1958 :

Provided that in any case where a co-operative society is a member of another co-operative society so registered, each member of the first-mentioned society shall be deemed to be and shall be reckoned as a member of the second-mentioned society for the purpose of ascertaining whether a majority of the members of the second-mentioned society are resident in Ceylon :

And provided, further, that nothing in this section shall be construed to exempt in the hands of the recipients any dividends (not including rebates to members of registered co-operative societies in proportion to the business done by them with such societies), interest, annuities, salaries, wages, bonuses, perquisites, pensions, or other profits paid or arising wholly or in part out of the income so exempted.

(2) Where a body of persons resident in Ceylon carries on or operates a provident, building, savings, or thrift society or fund, and—

- (a) where the Commissioner is satisfied that a number of persons forming a substantial



proportion of such society or of the contributors to such fund have either no taxable incomes, or taxable incomes wholly chargeable at rates not exceeding twenty per centum, or

- (b) where such society or fund has been approved by the Commissioner under section 10 (1) (f),

the Commissioner may in his discretion, subject to such conditions as he may specify, restrict or remit the tax payable by such society or fund as the case may appear to him to require.

(3) The exemption conferred by sub-paragraph (ii) of paragraph (1) of sub-section (1) shall not apply in the case of any person referred to in that sub-paragraph unless the Minister, being satisfied that a corresponding official of the Government of Ceylon resident in the country represented by that person is or would be granted similar exemption from income tax by that country, declares that the exemption shall apply in that case.

6. (1) This section shall apply—

- (i) to any corporation established on or after April 1, 1951, and—

(a) to the capital of which the Government of Ceylon makes a contribution, and

(b) which is declared by the Minister by Order published in the *Gazette* to be a corporation to which this section shall apply ; and

- (ii) to any industrial undertaking in respect of which the Commissioner is satisfied that the following conditions are fulfilled :—

(a) that it is an undertaking for the production or manufacture in Ceylon of goods or commodities commenced on or after April 1, 1951 ;

Exemption for profits and income of certain corporations and industrial undertakings.

- (b) that the undertaking is not formed by the splitting up or reconstruction of any business previously in existence, or by the transfer to a new business of buildings, machinery or plant used in a business which was being carried on before April 1, 1951 ;
  - (c) that more than twenty-five persons are employed for the purposes of the undertaking ;
  - (d) that the goods or commodities produced or manufactured by that undertaking are certified by the Director of Industries or any other prescribed authority as being in his opinion of satisfactory quality ; and
  - (e) that the prices at which such goods or commodities are sold are certified by the Director of Commerce or any other prescribed authority as being in his opinion reasonable ;
- (iii) to any undertaking of deep sea fishing ;  
and
- (iv) to any undertaking carried on in any land for a purpose for which such land was leased in accordance with such notification as was, or may be, published in that behalf, in the *Gazette*.
- (2) The profits and income of—
- (i) any corporation referred to in paragraph (i) of sub-section (1), being the profits and income for the year of assessment in which the Government of Ceylon makes a contribution to the capital of that corporation and for each of the next five subsequent years of assessment,
  - (ii) any undertaking referred to in paragraph (ii) of sub-section (1), being the profits and income of that undertaking for the year of assessment in which production or manufacture in Ceylon of goods or commodities commences and for each of the next five subsequent years of assessment,

- (iii) any undertaking referred to in paragraph (iii) of sub-section (1), being the profits and income of that undertaking for the year of assessment in which it commences to carry on business and for each of the next five subsequent years of assessment, and
- (iv) any undertaking referred to in paragraph (iv) of sub-section (1) being the profits and income of that undertaking for the year of assessment in which the lease of the land in which such undertaking is carried on was executed and for each of the next five subsequent years of assessment,

shall be exempt from income tax.

(3) Where the profits and income for any year of assessment of any corporation or undertaking referred to in sub-section (1) are exempt from the tax by virtue of sub-section (2), all dividends which are in that year paid to the shareholders of the corporation or undertaking shall be exempt from the tax, and accordingly the provisions of section 27 shall not apply to such dividends.

7. (1) The profits and income derived from the export trade of any articles or goods of any industrial undertaking approved by the Minister for the time being in charge of the subject of industries, being such profits and income for the year of assessment succeeding the year in which such articles or goods are exported for the first time and for each of the two subsequent years of assessment, shall be exempt from income tax.

Exemption for profits and income from the export trade of approved industrial undertakings.

(2) Where, for the purposes of sub-section (1), the profits and income derived from the export trade of any articles or goods referred to in that sub-section cannot be ascertained at the time of assessment, such sum as the Commissioner in his discretion considers reasonable to be such profits and income for the year of assessment in respect of which the assessment is made, shall be exempt from income tax.

8. (1) If the profits of a business carried on by a charitable institution are applied solely to a charitable purpose of that institution and either the business is carried on in the course of the actual carrying out of a primary purpose of that

Exemptions from income tax in respect of charitable institutions.

institution or the work in connection with the business is mainly performed by beneficiaries of that institution, such profits shall be exempt from income tax.

(2) Where a charitable institution which receives grants from the Government of Ceylon and which is approved by the Minister for the purposes of this sub-section carries on any business of a casual nature for the charitable purpose of that institution, the profits of such business shall be exempt from income tax.

(3) The net annual value of any place of public worship and its premises administered by a charitable institution shall be exempt from income tax.

(4) The net annual value of any place or premises owned and occupied by a charitable institution solely for any of the purposes of that institution shall be exempt from income tax.

(5) 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 shall, in so far as such profits and income are applied to the purposes for which such grant was made, be exempt from income tax.

(6) Where the assessable income for any year of assessment of a charitable institution does not exceed four thousand rupees, such income shall not be taxable.

(7) The amount of the income tax payable for any year of assessment by any charitable institution shall not exceed the amount of the assessable income of such charitable institution for that year of assessment reduced by four thousand rupees.

9. (1) The interest payable on each of the loans specified in sub-section (2) shall be exempt from income tax.

(2) (a) The 5 per centum Sterling Loan, 1960/1970 raised in the United Kingdom in January, 1930.

(b) The 4½ per centum Sterling Loan, 1965, raised in the United Kingdom in September, 1930.

(c) The 3 per centum Sterling Loan, 1959/1964, raised in the United Kingdom in December, 1935.

Exemption of  
interest on  
Government  
loans.

## CHAPTER II

## Ascertainment of Profits or Income

10. (1) Subject to the provisions of sub-sections (7) and (8), there shall be deducted, for the purpose of ascertaining the profits or income of any person from any source, all outgoings and expenses incurred by such person in the production thereof, including—

Deductions  
allowed.

- (a) such sum as the Commissioner in his discretion considers reasonable for the depreciation by wear and tear of plant, machinery, and fixtures arising out of their use by such person as the owner thereof in a trade, business, profession, vocation, or employment carried on or exercised by him, such sum being calculated normally at a fixed rate per centum per annum on the written-down value ;
- (b) where such person who carries on or exercises any trade, business, profession, vocation, or employment has sold or discarded any plant, machinery, or fixtures used in producing the income therefrom, without ceasing to carry on or exercise the said trade, business, profession, vocation, or employment, the loss attributable to the excess of the written-down value over the sum, if any, realized or likely to be realized by the sale thereof :

Provided that—

- (i) any corresponding profit shall be treated as a receipt of the trade, business, profession, vocation, or employment, and
  - (ii) where such plant, machinery, or fixtures were only partly used or employed in such trade, business, profession, vocation, or employment, the deduction or addition under this sub-section shall be proportionately reduced ;
- (c) such sum as the Commissioner in his discretion considers reasonable for bad debts incurred by such person in any trade, business, profession, vocation, or

employment which have become bad during the period of which the profits are being ascertained, and for doubtful debts to the extent that they are estimated to have become bad during the said period, notwithstanding that such bad or doubtful debts were due and payable prior to the commencement of the said period :

Provided that all sums recovered during the said period on account of the amounts previously written off or allowed in respect of bad or doubtful debts shall for the purposes of this Act be treated as receipts of the trade, business, profession, vocation, or employment for that period ;

- (d) interest paid or payable by such person to a banker ;
- (e) any contribution or abatement deducted from the salary or pension of such person under the Widows' and Orphans' Pension Fund Ordinance, if such person is or was a public officer, and any contribution or abatement deducted from the salary or pension of such person, if such person is or was a member of the Local Government Service, under the regulations relating to the establishment of any Widows' and Orphans' Pension Fund or Scheme for that service ;
- (f) any contribution by an employer to a pension, provident or savings fund, or to a provident or savings society, which may be approved by the Commissioner subject to such conditions as he may prescribe ;
- (g) such sum not exceeding three hundred rupees in any year as may be expended by such person as a professionally or technically qualified employee in the payment of subscription to a professional or technical society of which he is a member or in the purchase of professional or technical books, journals and reports ;
- (h) a prescribed lump sum for the depreciation by wear and tear of any plant, machinery or fixtures acquired by such person in

the year preceding the year of assessment and used by him in any trade, business, profession, vocation, or employment carried on or exercised by him, such lump sum being variable according to the kind of plant, machinery or fixtures concerned ;

- (i) a prescribed lump sum for the depreciation by wear and tear of any building constructed in the year preceding the year of assessment for the purpose of any agricultural or industrial undertaking carried on by such person,—
- (a) for use as a staff welfare building, or
  - (b) for occupation as a dwelling-house by any member of the subordinate staff employed by such person in such undertaking, or
  - (c) for occupation for the purposes of such undertaking otherwise than as a dwelling-house ;
- (j) any sum expended by such person for the repair (not renewal) of plant, machinery or fixtures employed for producing the income, or the cost of renewal of any plant, machinery or fixtures if no deduction for depreciation thereof has been allowed under paragraph (a), or any sum expended for the renewal of any building, implement, utensil, or articles so employed, if no deduction for depreciation thereof has been allowed under paragraph (i), or any sum expended for the repair of any building, implement, utensil or articles so employed.

(2) The provisions of paragraphs (a) and (b) of sub-section (1) shall not apply to any plant, machinery or fixtures purchased after March 31, 1957, or where statutory income is directed by the Commissioner under section 12 (2) to be computed up to any such day other than the thirty-first day of March as is specified in the direction, after such specified day in the year preceding the year of assessment commencing on April 1, 1957.

(3) Where any person sells, discards, otherwise disposes of, or otherwise ceases to be the owner of, any plant, machinery or fixtures acquired by him after March 31, 1957, or such specified day as is referred to in sub-section (2), and used in producing the income from any trade, business, profession, vocation, or employment carried on or exercised by him, or any building constructed after March 31, 1957, or such specified day as is referred to in sub-section (2), which is a staff welfare building or a building for use as a dwelling-house by any member of the subordinate staff employed by him in or for the purposes of, or in connection with, any agricultural or industrial undertaking, or which is a building occupied, for the purposes of such undertaking, otherwise than as a dwelling-house, and the sale or discard or other disposal or other cessation of ownership occurs when or after he ceases to carry on or exercise such trade, business, profession, vocation, employment or undertaking, and a deduction for depreciation has been made under paragraph (h) or paragraph (i) of sub-section (1) in respect of the things sold or discarded or otherwise disposed of or otherwise ceased to be owned, then, if the sale or discard or other disposal or other cessation of ownership is before the expiry of the period of likely use by reference to which the deduction for depreciation was determined, such part of the amount deducted for depreciation as is in the opinion of the Commissioner attributable to the unexpired part of such period shall be added to the profits or income of such person as a receipt of such trade, business, profession, vocation, employment or undertaking.

(4) Where any person sells, discards, otherwise disposes of, or otherwise ceases to be the owner of, any plant, machinery or fixtures acquired by him after March 31, 1957, or such specified day as is referred to in sub-section (2), and used in producing the income from any trade, business, profession, vocation, or employment carried on or exercised by him, or any building constructed after March 31, 1957, or such specified day as is referred to in sub-section (2), which is a staff welfare building or a building for use as a dwelling-house by any member of the subordinate staff employed by him in or for the purposes of, or in connection with, any agricultural or industrial undertaking, or which is a building occupied for the purposes of such



undertaking, otherwise than as a dwelling-house, and the sale or discard or other disposal or other cessation of ownership occurs without his ceasing to carry on or exercise such trade, business, profession, vocation, employment or undertaking, and a deduction for depreciation has been made under paragraph (h) or paragraph (i) of sub-section (1) in respect of the thing sold or discarded or otherwise disposed of, or otherwise ceased to be owned, then—

(a) if the sale or discard or other disposal or other cessation of ownership is before the expiry of the period of likely use by reference to which the deduction for depreciation was determined, the Commissioner shall take into account the unexpired part of such period and determine the amount of the loss, or the amount of the profit, arising in the event of a sale from the sale, or in the event of a discard or other disposal or other cessation of ownership, from the likely sale of such plant, machinery, fixtures, or building, and where the amount of the loss is so determined, there shall be deducted that amount for the purpose specified in sub-section (1), and where the amount of the profit is so determined, that amount shall be added to the profits or income of such person as a receipt of such trade, business, profession, vocation, employment, or undertaking, and where such plant, machinery, or fixtures was or were only partly used or employed for such trade, business, profession, vocation, or employment, or such building was only partly used for the purposes of, or in connection with, such undertaking, the deduction or addition under this sub-section shall be proportionately reduced; and

(b) if the sale or discard or other disposal or other cessation of ownership is after the expiry of the aforesaid period of likely use, the full amount of the sale proceeds in the event of a sale, or the full amount likely to be realised by the sale of such plant, machinery, fixtures,

or building in the event of a discard or other disposal or other cessation of ownership shall be added to the profits or income of such person as a receipt of such trade, business, profession, vocation, employment, or undertaking, and where in the case of a discard or other disposal or other cessation of ownership such plant, machinery or fixtures was or were only partly used or employed for such trade, business, profession, vocation, or employment, or such building was only partly used for the purposes of, or in connection with, such undertaking, the addition under this sub-section shall be proportionately reduced.

(5) There shall be deducted for the purpose of ascertaining the profits and income of any person—

- (a) a sum equal to twenty per centum of the expenditure actually incurred by him in the purchase and installation of any new plant, machinery, or fixtures to be used by him in the commencement by him of a trade or business (other than an agricultural undertaking) which is not an approved project ;
- (b) a sum equal to forty per centum of the expenditure actually incurred by him in the purchase and installation of any new plant, machinery or fixtures to be used by him in an agricultural undertaking or in the commencement by him of a trade or business which is an approved project ;
- (c) a sum equal to twenty per centum of the expenditure actually incurred in constructing any building, for the purposes of any industrial undertaking other than an approved project, to be used as a staff welfare building, or as a dwelling-house by any member of the subordinate staff employed by him in, or for the purposes of, or in connection with, such undertaking, or as a building to be occupied for the purposes of such undertaking other than as a dwelling-house ;

- (d) a sum equal to forty per centum of the expenditure actually incurred in constructing any building, for the purposes of any approved project or agricultural undertaking, to be used as a staff welfare building, or as a dwelling-house by any member of the subordinate staff employed by him in, or for the purposes of, or in connection with, such project or undertaking, or as a building to be occupied for the purposes of such project or undertaking other than as a dwelling-house.

For the purposes of this sub-section "approved project" means—

- (i) any project declared by the Minister to be an approved project for the purposes of section 47A of the Income Tax Ordinance, or
- (ii) any such project for the establishment of a new undertaking as is considered by the Minister for the time being in charge of the subject of industries to be essential for the economic progress of Ceylon and is, at the request of such Minister, declared by the Minister of Finance to be an approved project for the purposes of this sub-section and published in the *Gazette*.

(6) Where in respect of a year preceding a year of assessment, any person who is not a citizen of Ceylon, and who is carrying on or exercising any trade, business, profession or vocation in Ceylon incurs any cost of passage from Ceylon to his home abroad and from such home to Ceylon of himself or of his wife, son or daughter, the amount of such cost shall be deducted for the purpose specified in sub-section (1).

(7) In ascertaining the profits or income arising from the rent or annual value of land and improvements thereon, no deduction shall be made for outgoings and expenses except those authorised in section 3.

(8) Subject as hereinafter provided, income arising from interest shall be the full amount of interest falling due whether paid or not, without any deduction for outgoings or expenses :

Provided that—

- (a) where it appears to an Assessor that any interest is unpaid and cannot be recovered, any assessment which includes such interest shall, notwithstanding the provisions of section 103, be reduced by the amount of interest included which has been shown to be irrecoverable ;
- (b) where it appears to an Assessor that any interest falling due in respect of a loan has not been received, he may exclude such interest from the assessment ; and
- (c) where it appears to an Assessor that any interest which has been excluded from an assessment under paragraph (b) has subsequently been received, he shall make an assessment or additional assessment including such interest, and such assessment or additional assessment may be made and shall be valid notwithstanding that the period of limitation prescribed by section 94 has elapsed.

Any decision of an Assessor in the exercise of any discretion conferred upon him by this sub-section may be questioned in an appeal against an assessment in accordance with the provisions of Chapter XII.

Deductions  
not allowed.

**11. (1)** For the purpose of ascertaining the profits or income of any person from any source, no deduction shall be allowed in respect of—

- (a) domestic or private expenses, including the cost of travelling between residence and place of business or employment ;
- (b) expenses incurred in connection with employment other than the expenses referred to in paragraphs (d), (e) and (g) of sub-section (1) of section 10 ;
- (c) any travelling expenditure incurred in connection with any trade, business, profession or vocation carried on or exercised by such person other than—
  - (i) if he is carrying on any trade or business, the expenditure, determined in accordance with the provisions of sub-section (2) and not exceeding two

thousand rupees a year, incurred by him in connection with his trade or business in travelling within Ceylon to any place outside the city, town or village within which he mainly carries on his trade or business,

(ii) if he is exercising any profession or vocation, the expenditure, determined in accordance with the provisions of sub-section (2), incurred by him in connection with his profession or vocation in travelling within Ceylon to any place outside the city, town or village within which his residence or office is situated,

(iii) the amount actually expended by an employee of such person, who is not an executive officer, in travelling within Ceylon in connection with the trade, business, profession or vocation carried on or exercised by such person,

(iv) the expenditure, determined in accordance with the provisions of sub-section (2), incurred by an executive officer who is in the employment of such person in travelling within Ceylon in connection with the trade, business, profession or vocation carried on or exercised by such person to any place outside the city, town or village within which such person mainly carries on his trade or business, or, if such person exercises any profession or vocation, within which the residence or office of such person is situated ;

(d) entertainment expenses incurred by such person or his employee or on his behalf in connection with any trade, business, profession or vocation carried on or exercised by him ;

- (e) entertainment allowance paid by such person to his executive officer ;
- (f) one quarter of such person's cost of advertisement in connection with any trade, business, profession or vocation carried on or exercised by him ;
- (g) any disbursements or expenses not being money expended for the purpose of producing the income ;
- (h) any expenditure of a capital nature or any loss of capital ;
- (i) the cost of any improvements ;
- (j) any sum recoverable under an insurance or contract of indemnity ;
- (k) rent of, or expenses in connection with, any premises or part of premises not occupied or used for the purpose of producing the income ;
- (l) any amounts paid or payable by way of United Kingdom income tax, or super tax, or surtax (other than the excess of any such United Kingdom income tax, or super tax, or surtax, over such maximum amount of the credit in respect of Ceylon income tax as is allowed by paragraph (d) of sub-section (1) of section 70) or Ceylon income tax, or Commonwealth tax as defined in section 71 or such other tax or levy charged or imposed by the law for the time being in force as the Minister may, with the approval of the House of Representatives, declare by Order published in the *Gazette* ;
- (m) any interest paid or payable other than that allowed under section 10 (1) (d) ;
- (n) any annuity, ground rent, or royalty ; or
- (o) any payment to any pension, provident, savings, widows' and orphans' pension, or other society or fund, except such payments as are allowed under paragraphs (e) and (f) of sub-section (1) of section 10 :

Provided that in the case of the cost of advertising outside Ceylon incurred solely in connection with the export trade of any articles

or goods of any approved industrial undertaking referred to in section 7, the full cost of such advertising shall be deductible.

(2) For the purpose of determining the expenditure incurred in connection with travelling which is referred to in paragraph (c) of sub-section (1) and in respect of which deduction is allowed under this section, such expenditure shall in relation to any person carrying on any trade or business or exercising any profession or vocation, or in relation to any executive officer in the employment of such person—

- (i) be deemed to include the expenditure for subsistence incurred in the course of travelling by such person or officer;
- (ii) be deemed to include an allowance for lodging in respect of each night spent away from such person's or officer's residence in connection with the trade, business, profession or vocation carried on or exercised by such person at such rate as may be prescribed if it is proved that he spent the night at any hotel, resthouse or boarding house; and
- (iii) be computed in accordance with the rates prescribed from time to time in the Financial Regulations of the Government of Ceylon for ascertaining the cost of travelling and subsistence in regard to public officers.

(3) No person carrying on any trade or business or exercising any profession or vocation shall be entitled to any sum for depreciation by wear and tear of any vehicle used for travelling for the purpose of his trade, business, profession or vocation except in the case of a vehicle used for such purpose by an officer, who is not an executive officer, in the employment of such person, and in respect of the last-mentioned vehicle such person, shall be entitled to such sum as the Commissioner may consider reasonable for such depreciation.

(4) An Order made by the Minister for the purpose of paragraph (l) of sub-section (1) may be declared to take effect from a date earlier than the date on which that Order is made.

## CHAPTER III

## Ascertainment of Statutory Income

Basis for computing statutory income.

12. (1) Save as provided in this section, the statutory income of every person for each year of assessment from each source of his profits and income in respect of which tax is charged by this Act shall be the full amount of the profits or income which was derived by him or arose or accrued to his benefit from such source during the year preceding the year of assessment, notwithstanding that he may have ceased to possess such source or that such source may have ceased to produce income.

(2) Where the Commissioner is satisfied that any person usually makes up the accounts of a trade, business, profession, vocation, or employment carried on or exercised by him to some day other than the thirty-first day of March, he may direct that the statutory income from that source be computed on the amount of the profits of the year ending on that day in the year preceding the year of assessment. Where, however, the statutory income of any person from a trade, business, profession, vocation, or employment has been computed by reference to an account made up to a certain day, and such person fails to make up an account to the corresponding day in the year following, the statutory income from that source both of the year of assessment in which such failure occurs and of the two years of assessment following shall be computed on such basis as the Commissioner in his discretion thinks fit.

Relief from tax in connection with commencement and cessation of profession, vocation or employment.

13. (1) Where a person has commenced to carry on or exercise a profession or vocation or an employment in Ceylon on or after April 1, 1951, and before April 1, 1958, and if he has not made a claim for a set-off or refund within the time allowed in paragraph (a) of sub-section (1) of section 11A (inserted by Act No. 13 of 1959) of the Income Tax Ordinance, then he shall be entitled—

(a) if he ceases to carry on or exercise that profession, vocation or employment in the year of assessment commencing on April 1, 1963, to a refund or set-off against the tax of seventy-five per centum of the excess, if any, of the



tax assessed in respect of him in the year preceding the year of assessment in which he ceases to carry on or exercise that profession, vocation or employment and the two next succeeding years of assessment over the tax that would have been assessed in respect of him for those three years as if sub-section (1) or sub-section (2) of section 13 of the Income Tax Ordinance did not apply and sub-section (6) of that section applied in respect of that profession, vocation or employment as though the expression "in any year of assessment commencing before April 1, 1958" occurring in the aforesaid sub-section (6) were omitted;

- (b) if he ceases to carry on or exercise that profession, vocation or employment, in the year of assessment commencing on April 1, 1964, to a refund or set-off against the tax of seventy per centum of the excess referred to in paragraph (a) of this sub-section; and
- (c) if he ceases to carry on or exercise that profession, vocation or employment in any of the next succeeding years of assessment, to a refund or set-off against the tax of such percentage of the excess referred to in paragraph (a) of this sub-section as will be less by five per centum than the percentage to which he shall be entitled in the immediately preceding year of assessment.

(2) Where a person has commenced to carry on or exercise a profession, vocation or employment in Ceylon before April 1, 1951, then, if he ceases to carry on or exercise that profession, vocation or employment on or after April 1, 1958, the preceding provisions of this section shall apply to him in respect of that profession, vocation or employment.

Apportionment  
of profits.

14. Where in the case of any trade, business, profession, vocation, or employment it is necessary in order to arrive at the profits or losses of any year of assessment or other period to divide and apportion to specific periods the profits or losses for any period for which accounts have been made up, or to aggregate any such profits or losses or any apportioned parts thereof, it shall be lawful to make such a division and apportionment or aggregation, and any apportionment under this section shall be made in proportion to the number of days in the respective periods.

## CHAPTER IV

Ascertainment of Assessable Income and  
Taxable Income and Rates of Tax to be  
charged

15. (1) The assessable income of a person for any year of assessment shall be his total statutory income for that year subject to the following deductions:—

Deductions from statutory income in arriving at assessable income.

- (a) sums payable by him for the year preceding the year of assessment by way of interest not allowable under section 10 (1) (d), annuity, ground rent, or royalty:

Provided that—

- (i) where under section 12 the statutory income arising from any source has been computed by reference to the profits or income of any period other than the year preceding the year of assessment, the interest, annuity, ground rent or royalty payable in respect of such source shall be computed on the like basis;
- (ii) no deduction shall be allowed in respect of any sum payable by way of interest, annuity, ground rent, or royalty by a person out of Ceylon to another person out of Ceylon;
- (iii) where for any year of assessment the said sums exceed the total statutory income for that year, the excess shall be treated for the purposes of this section in the same manner as a loss incurred in a trade during the said year;
- (iv) where, at the time of making any assessment, it appears to an Assessor that any of the said sums has not been paid, he may refuse to allow any deduction in respect of that sum; and
- (v) where it appears to an Assessor that any sum in respect of which a deduction has been refused under

paragraph (iv) has subsequently been paid, he shall, on application made in writing within twelve months of such payment and supported by such proof as he may require, make an amended assessment allowing such deduction, notwithstanding the provisions of section 103; and any tax found to have been paid in excess as a result of such amended assessment shall be refunded notwithstanding that the claim for such refund may be made after the expiry of the period of three years prescribed by section 117;

- (b) the amount of a loss incurred by him during the year of assessment in any trade, business, profession, or vocation, which, if it had been a profit, would have been assessable under this Act:

Provided that no such deduction shall be made unless it is claimed by notice in writing within six months of the end of the year of assessment;

- (c) the amount of a loss incurred by him in any trade, business, profession or vocation during any preceding year of assessment commencing on or after the first day of April, 1954, which if it had been a profit would have been assessable under this Act and which has not been so allowed against his statutory income of a previous year:

Provided that--

- (i) in no circumstances shall the aggregate deduction from statutory income in respect of any loss exceed the amount of such loss; and
- (ii) a deduction under this paragraph shall be made as far as possible from the statutory income of the first year of assessment after that in which the loss was incurred, and, so far as it cannot be so

made, then from the statutory income of the next year of assessment, and so on ;

(d) the amount of any loss which has been incurred in any year preceding the year of assessment by any corporation or undertaking referred to in section 6 and which has not been deducted from the statutory income for a previous year of assessment.

(2) Any decision of an Assessor in the exercise of any discretion conferred upon him by sub-section (1) may be questioned in an appeal against an assessment in accordance with Chapter XII.

(3) Where at any time within the three years of assessment immediately succeeding any year of assessment any person ceases to carry on any trade, business, profession, vocation or employment, he shall, on his making an application in that behalf to the Commissioner, be entitled to a deduction from the statutory income for that year of assessment of the amount of a loss incurred by him in that trade, business, profession, vocation or employment in any of those three years which, if it had been a profit, would have been assessable under this Act, and which has not been allowed against his statutory income of any year. For the purpose of allowing that deduction, the assessable income of that person for that year of assessment shall, notwithstanding the provisions of section 103, be revised :

Provided that—

- (i) in no circumstances shall the aggregate deduction from statutory income in respect of any loss exceed the amount of such loss ;
- (ii) a deduction under this sub-section shall be made as far as possible from the statutory income of the first year of assessment preceding that in which the loss was incurred, and, so far as it cannot be so made, from the statutory income of the next preceding year of assessment, and so on ; and
- (iii) where the person is a company entitled to a deduction under this sub-section from the company's statutory income of any

year of assessment and the company has paid out of such statutory income dividends to any shareholders of the company, the amount of such deduction shall be reduced by the gross amount of such dividends.

(4) The whole or any part of that amount which in accordance with the provisions of paragraph (h) or paragraph (i) of sub-section (1) of section 10 cannot be deducted from the statutory income of any person for any year of assessment, shall, together with a sum equal to four per centum of that amount, be deducted as far as possible from the statutory income of the subsequent year of assessment, and, so far as it cannot be so deducted, it shall be deducted from the statutory income of the next succeeding year of assessment, and so on. Where under the preceding provisions of this sub-section a deduction is made from the statutory income of any of the succeeding years of assessment of such person, such deduction shall consist of the amount or part thereof which could not be deducted from the statutory income of the immediately preceding year of assessment and a sum equal to four per centum per annum of such amount or part thereof.

(5) For the purposes of sub-section (1) (b) and (c) and sub-section (3), the loss incurred during any year of assessment shall be computed, where the Commissioner so decides, by reference to the year ending on the day in such year of assessment which would have been adopted under section 12 (2) for the computation of statutory income of the following year of assessment if a profit had arisen.

(6) Where any person has been declared bankrupt or adjudged insolvent by a competent court, no loss incurred prior to the date of bankruptcy or insolvency shall be set off against income arising after such date.

(7) The amount of a loss for the purposes of this section shall be ascertained in the manner provided in this Act for the ascertainment of profits.

(8) No deduction under this section shall be allowable except on a claim made in writing by the person assessable, containing such particulars and supported by such proof as the Commissioner may require.

16. Save as hereinafter provided in this Act, the taxable income of any person for any year of assessment shall be his assessable income for that year of assessment.

Taxable income.

17. (1) Subject as hereinafter provided, income tax shall be charged, for each year of assessment commencing on or after the first day of April, 1963, on the taxable income for that year of any such person or Government as is referred to in the First Schedule to this Act at the appropriate rates specified in that Schedule.

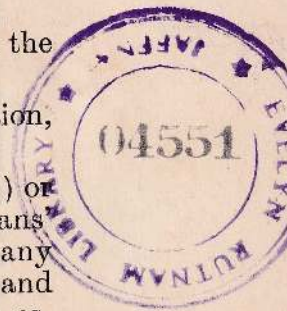
Rates of tax for year of assessment 1963-1964 and subsequent years.

(2) That part of the First Schedule to this Act relating to non-resident individuals shall, in its application to an individual who is non-resident for a portion of the year preceding any year of assessment, have effect as if each of the sums specified in that part were reduced in the proportion which the number of days during which he is non-resident bears to the number of days in that year of assessment.

(3) Where, in consequence of the inclusion in the statutory income of an individual of—

- (a) a sum received in commutation of pension, or
- (b) a sum refunded under section 46 (1) or section 49 of the Widows' and Orphans' Pension Fund Ordinance or under any regulation relating to any Widows' and Orphans' Pension Fund or Scheme established for the Local Government Service which corresponds to the said section 46 (1) or section 49, or
- (c) a sum received as a retiring gratuity, or
- (d) a sum paid to him, at the time of his retirement from any employment, from a provident fund approved by the Commissioner other than such part of that sum as represents his contributions to that provident fund made after April 1, 1954,

his taxable income for any year of assessment exceeds that which would be his taxable income if no such afore-mentioned sum were included in his statutory income, the excess, notwithstanding anything contained in any other sub-section, shall, if he was liable to income tax in the three immediately preceding years of assessment, be chargeable with



tax at the average of the effective rates at which he was liable to tax in those three years, or, if he was liable to tax for only two of those three years, be chargeable with tax at the average of the effective rates at which he was liable to tax in those two years, or, if he was liable to tax for only one of those three years, be chargeable with tax at the effective rate at which he was liable to tax in that year :

Provided that for any year of assessment the rate of tax chargeable on such excess shall not exceed fifteen per centum :

Provided further that, where he was non-resident in any of the three immediately preceding years of assessment referred to in the preceding provisions of this sub-section, the rate at which the aforesaid excess is chargeable with tax shall be determined by the Commissioner, so, however, that the amount payable by him as tax on such excess shall not be more than that which would be payable if he had been resident :

Provided further that, where the excess referred to in the preceding provisions of this sub-section is in consequence of the inclusion in the statutory income of such sum as is referred to in paragraph (d) of those provisions and tax has already been paid in respect of that sum or any part thereof, the amount of the tax chargeable under those provisions on such excess shall be reduced by the amount of the tax already paid and, if the amount of the tax already paid is more than the tax so chargeable on such excess, no tax shall be so chargeable on such excess.

For the purposes of this sub-section, the effective rate of tax for any year of assessment shall be the percentage which the amount of tax payable for that year, without any deduction for any relief under sections 27, 67, 68, 70 and 71, bears to the amount of the assessable income for that year.



## CHAPTER V

## Provisions relating to resident individuals

18. This Chapter shall apply to every individual resident in Ceylon in the year preceding any year of assessment, but shall not apply to any receiver, trustee, executor or liquidator.

Persons to whom this Chapter applies.

19. (1) Where, according to a return of income furnished under this Act by a resident individual in respect of the year preceding any year of assessment, he had a wife and no child or dependent relative in such preceding year, then, for the purpose of the computation of the income tax in respect of them for such year of assessment, they shall be deemed to be a family, and such individual shall be deemed to be the head of such family.

Individuals who are deemed to be a family.

(2) Where, according to a return of income furnished under this Act by a resident individual in respect of the year preceding any year of assessment, he had a wife and any child or dependent relative in such preceding year, then, for the purpose of the computation of the income tax in respect of them for such year of assessment, they shall be deemed to be a family, and such individual shall be deemed to be the head of such family.

(3) Where, according to a return of income furnished under this Act by a resident individual other than an individual referred to in sub-section (1) or sub-section (2), in respect of the year preceding any year of assessment, such individual had any child or dependent relative in such preceding year, then for the purpose of the computation of the income tax in respect of them for such year of assessment, such individual and child or dependent relative shall be deemed to be a family, and such individual shall be deemed to be the head of such family.

20. (1) The assessable incomes of the members of a family other than the head of such family for any year of assessment shall be aggregated, and such aggregated assessable income shall be deemed to form part of the assessable income of the head of such family for such year of assessment.

Taxable income and the individual liable to pay income tax on such income.

From such assessable income of the head of such family there shall be deducted the allowances to which he is entitled under section 21, and the

balance left after such deduction shall be his taxable income for such year of assessment and he shall be liable to pay income tax on such taxable income :

Provided that where the tax cannot be collected from the head of such family, then, if his wife or child is included in such family, such portion of the tax as appears to the Commissioner to be attributable to the income of such wife or child may be collected from such wife or child notwithstanding that no assessment has been made upon such wife or child, and the provisions of this Act as to collection and recovery of tax shall apply accordingly.

(2) Where in respect of any year of assessment an individual is not included in a family, his assessable income for such year less the allowances to which he is entitled under section 21 shall be his taxable income for such year and he shall be liable to pay the tax on such taxable income.

Allowances to be deducted from assessable income in arriving at taxable income.

**21.** (1) Where for any year of assessment a family consists of a husband and wife and no child or dependent relative, an allowance of three thousand five hundred rupees in respect of such husband and wife shall be deducted from the assessable income of the head of such family for that year in arriving at his taxable income for that year.

(2) Where for any year of assessment a family consists of a husband and wife and one or more children or dependent relatives or one or more children and dependent relatives, an allowance of three thousand five hundred rupees in respect of the husband and wife, and—

(a) if there is one child or dependent relative, an allowance of two hundred and fifty rupees in respect of such child or dependent relative,

(b) if there are one child and one dependent relative, an allowance of two hundred and fifty rupees in respect of each of them,

(c) if there are children or dependent relatives, an allowance of two hundred and fifty rupees in respect of each of not more than four of them, and

- (d) if there are children and dependent relatives, an allowance of two hundred and fifty rupees in respect of each of not more than four out of the total number of such children and dependent relatives,

shall be deducted from the assessable income of the head of such family for that year in arriving at his taxable income for that year.

(3) Where for any year of assessment a family consists of an individual and one child or dependent relative, an allowance of three thousand rupees in respect of such individual and an allowance of two hundred and fifty rupees in respect of such child or dependent relative shall be deducted from the assessable income of the head of such family for that year in arriving at his taxable income for that year.

(4) Where for any year of assessment a family consists of an individual and children or dependent relatives or children and dependent relatives, an allowance of three thousand rupees in respect of such individual and—

(a) if there are children or dependent relatives, an allowance of two hundred and fifty rupees in respect of each of not more than five of them, and

(b) if there are children and dependent relatives, an allowance of two hundred and fifty rupees in respect of each of not more than five out of the total number of such children and dependent relatives,

shall be deducted from the assessable income of the head of such family for that year in arriving at his taxable income for that year.

(5) Where for any year of assessment an individual is not included in a family, there shall be deducted from his assessable income for that year in arriving at his taxable income for that year an allowance of three thousand rupees.

**22.** For the purposes of this Act,—

(a) the head of a family shall be deemed to be one and half units ;

(b) the wife of the head of a family shall be deemed to be one half of a unit ;

Units and  
fractions  
of units.

(c) a child, or a dependent relative, who is included in a family shall be deemed to be one half of a unit; and

(d) an individual who is not included in a family shall be deemed to be one and a half units.

Computation of income tax payable by individuals to whom this Chapter applies.

**23.** (1) In respect of individuals to whom this Chapter applies income tax shall be computed in accordance with the provisions of Part I of the Second Schedule to this Act:

Provided that where the amount of the tax so computed is less than the amount of the tax which will be payable if the tax is computed in accordance with the provisions of Part II of that Schedule, the person liable to pay the tax shall pay the amount of the tax computed in accordance with the provisions of Part II of that Schedule.

(2) For the purpose of the computation of the income tax on the taxable income of the head of a family there shall be substituted for each sum specified in items 1 to 9 of Part I of the Second Schedule to this Act the product of the multiplication of that sum by the aggregate of such units and fractions of units contained in that family in accordance with the provisions of section 22 as represent the members of that family who are entitled to allowances under section 21.

(3) For the purpose of the computation of the income tax on the taxable income of an individual who is not included in a family in respect of any year of assessment, there shall be substituted for each sum specified in items 1 to 9 of Part I of the Second Schedule to this Act, the product of the multiplication of that sum by one and a half.

Proportionate allowances and proportionate charge of tax.

**24.** Where an individual is chargeable with tax for any year of assessment as a resident in Ceylon for a part only of the year preceding that year of assessment,—

(a) he shall be entitled for that year of assessment to the same proportion only of the allowances under section 21 as the number of days during which he is resident bears to the number of days in such preceding year, and

(b) the provisions of Part I of the Second Schedule to this Act read with sub-section (2) and sub-section (3) of section 23, shall, in their application, to that individual, have effect as if each of the sums mentioned in that Part of that Schedule were reduced in the proportion which the number of days during which he is resident bears to the number of days in such preceding year.

## CHAPTER VI

## Income Tax in respect of Companies

Tax to which  
resident  
companies  
are liable.

25. (1) The income tax to which a company resident in Ceylon in the year preceding the year of assessment shall be liable shall consist of—

- (a) a sum equal to 57 per centum of the taxable income of such company for such year of assessment, and
- (b) a sum equal to  $33\frac{1}{2}$  per centum of the aggregate amount of the gross dividends distributed by such company out of the profits on which the taxable income of such company is computed for such year of assessment :

Provided that where it is proved to the satisfaction of the Commissioner that the resident company is a company the issued capital of which does not exceed two hundred and fifty thousand rupees at any time during the year preceding the year of assessment, then—

- (i) where the assessable income of such company does not exceed fifty thousand rupees the tax to which such company shall be liable under paragraph (a) of this sub-section shall be a sum equal to  $28\frac{1}{2}$  per centum of the taxable income of such company for such year of assessment, and
- (ii) where the assessable income of such company exceeds fifty thousand rupees, the tax to which such company shall be liable under paragraph (a) of this sub-section shall not exceed the aggregate of—
  - (i) a sum equal to  $28\frac{1}{2}$  per centum of fifty thousand rupees, and
  - (ii) the amount by which the taxable income of such company for such year of assessment exceeds fifty thousand rupees.

(2) Where a dividend is paid by any resident company to another resident company and either—

- (a) a deduction has been made under section 27 (1) in respect of that dividend by the first-mentioned company, or
- (b) that dividend consists of any part of the amount of a dividend received by the first-mentioned company from another resident company,

that dividend shall, notwithstanding anything to the contrary in any other provision of this Act, be deemed not to form part of the assessable income of the second-mentioned company.

(3) In sub-section (1), “amount of the gross dividends” of a company means the amount of the dividends before such deductions as the company is entitled to make under this Act for tax are made from the dividends.

**26.** (1) The income tax to which a non-resident company shall be liable—

Tax to which non-resident companies are liable.

- (a) shall, where there are remittances of such company in the year preceding such year of assessment or, if the statutory income of such company is directed by the Commissioner under section 12 (2) to be computed to some day other than the thirty-first day of March as is specified in the direction, where there are remittances in the year ending on such specified day in the year preceding such year of assessment, consist of a sum equal to 57 per centum and an additional 6 per centum, of the taxable income of such company for such year of assessment and a sum which shall, if the aggregate amount of such remittances is less than one-third of such taxable income, be equal to  $33\frac{1}{3}$  per centum of such aggregate amount, and if such aggregate amount is not less than one-third of such taxable income, be equal to  $33\frac{1}{3}$  per centum of one-third of such taxable income; and

(b) shall, where there are no such remittances, consist of a sum equal to 57 per centum and an additional 6 per centum, of such taxable income.

(2) In sub-section (1), "remittances", with reference to a non-resident company, mean—

(a) sums remitted abroad out of the profits of that company, such sums not including any dividends paid by a resident company to such non-resident company if such resident company made a deduction under section 27 (1) in respect of such dividends,

(b) such part of the proceeds of the sale abroad of products exported by that company as is retained abroad, and

(c) in respect of any products exported by that company and not sold in a whole-sale market or not sold at all, such part of the profits deemed under section 58 to be derived from Ceylon as is retained abroad.

(3) Where a dividend is paid by any resident company to any non-resident company and a deduction under section 27 (1) in respect of that dividend has been made by the first-mentioned company that dividend shall, notwithstanding anything to the contrary in any other provision of this Act, be deemed not to form part of the assessable income of such non-resident company.

(4) Every resident company shall deduct from the amount of any dividend which becomes payable during any year of assessment to any non-resident company income tax equivalent to 6 per centum of the amount of such dividend, and the amount of such tax shall be a debt due from the resident company to the Crown and shall be recoverable forthwith as such, or may be assessed and charged upon such company in addition to any income tax otherwise payable by it.



27. (1) Subject to the provisions of sub-section (2) and sub-section (3), every resident company shall be entitled to deduct from the amount of any dividend payable to any shareholder in the form of money or an order to pay money out of the profits on which the taxable income of that company is computed for any year of assessment income tax equal to  $33\frac{1}{3}$  per centum of such amount :

Resident company entitled to deduct from any dividend tax of  $33\frac{1}{3}$  per centum and if so requested by the Commissioner tax at a higher rate.

Provided that where any such dividend consists of any part of the amount of a dividend received by that company from another resident company, such part shall not be included in the amount of the first-mentioned dividend for the purposes of this sub-section.

(2) The Commissioner may give notice in writing to a resident company requiring it to deduct from the amounts of dividends payable to a particular shareholder income tax on such amounts at a rate greater than  $33\frac{1}{3}$  per centum but not greater than the highest rate at which tax is chargeable for such year of assessment on the taxable income of an individual; and where such notice is given, such company shall deduct from the amounts of all dividends payable during such year of assessment to such shareholder tax on such amounts at the rate specified in such notice; and such part of the tax required to be so deducted as exceeds  $33\frac{1}{3}$  per centum of the amounts of such dividends shall be a debt due from such company to the Crown and shall be recoverable forthwith as such, or may be assessed and charged upon such company in addition to any income tax otherwise payable by it.

(3) Where a resident company has obtained or is entitled to obtain relief in respect of double taxation under the provisions of section 70 or section 71, the rate at which such company may deduct tax from the dividends payable during any year of assessment shall be reduced as the Commissioner may direct.

(4) Every person who issues a warrant, cheque or other order drawn or made in payment of any dividend in respect of which a deduction has been made under sub-section (1) and which becomes

payable by a resident company during any year of assessment shall annex thereto a statement in writing showing—

- (a) the gross amount which after deduction of income tax thereon corresponds to the net amount actually paid ;
- (b) the sum deducted as income tax ;
- (c) the net amount actually paid ; and
- (d) where any such dividend includes any part of the amount of a dividend received by that company from any other resident company, the part of the amount of the dividend so received.

(5) Where the statement referred to in sub-section (4) discloses that a shareholder of a resident company received a dividend which included the amount of any dividend received from any other resident company, then that amount shall, for the purposes of determining the statutory income of such shareholder, be increased by fifty per centum and he shall be entitled to a set-off against the tax payable by him of an amount equal to the said fifty per centum.

(6) Where the assessable income of a person other than a company includes a dividend from a resident company in the form of money or of an order to pay money, he shall be entitled, on production of a statement relating to such dividend made in accordance with sub-section (4), to a set-off against the tax payable by him of the amount of tax shown on such statement :

Provided that where the rate at which tax may be deducted from such dividend has been reduced under the provisions of sub-section (3), the set-off shall be adjusted as the Commissioner may direct.

(7) Where for any year of assessment the assessable income of a person includes a dividend from a resident company in the form of shares or debentures, he shall be entitled to a set-off, against the tax payable by him, of an amount equal to that which the company is entitled under sub-section (1) to deduct as tax on such dividend.

(8) Where the assessable income of a person other than a company includes a dividend from a company which, although not resident in Ceylon, has paid Ceylon income tax on any part of its profits, he shall be entitled to a set-off of tax in respect of a similar part of the dividend, the amount of which shall be decided by the Commissioner.

## CHAPTER VII

## Imposition of the Wealth Tax

28. This Chapter shall not apply to—

- (a) the Diplomatic Representative in Ceylon (by whatever name or title designated) of the Government of any foreign country and the High Commissioner in Ceylon of the Government of any part of Her Majesty's dominions ;
- (b) any such member of the staff of any Diplomatic Representative or High Commissioner referred to in paragraph (a) of this section as is a citizen or subject of the country represented by that Diplomatic Representative or High Commissioner, any Consul or Trade Commissioner who is a citizen or subject of the country represented by him, and any such member of the staff of any Consul or Trade Commissioner as is a citizen or a subject of the country represented by that Consul or Trade Commissioner ;
- (c) any expert, adviser, technician or official whose salary or principal emolument is not payable by the Government of Ceylon and who is brought to Ceylon by the Government of Ceylon through any Specialised Agency of the United Nations Organisation, or under the Point Four Assistance Programme of the Government of the United States of America, or through the Colombo Plan Organisation (including its Technical Assistance Bureau) or any similar organisation approved by the Minister ; or any scientist, technician, expert or adviser, who is not a citizen of Ceylon and who is employed in Ceylon on a contract of employment entered into on or after April 1, 1959, between him and the Government of Ceylon or between him and any such statutory corporation or institution as may be approved by the Minister for the purpose ; or any scientist, technician, expert or adviser who is not a citizen of Ceylon and who

Persons to whom this Chapter shall not apply.

is brought to and employed in Ceylon on or after April 1, 1958, by a corporation to which section 6 of this Act applies or by the proprietor of an undertaking to which the aforesaid section applies, for the purposes of that undertaking, in so far as the first three years of employment in Ceylon of such scientist, technician, expert or adviser are concerned but so however that if the exemption from income tax granted by section 6 in respect of that corporation or undertaking ends on a date earlier than the date on which the afore-mentioned period of three years of employment ends, then the exemption from wealth tax in respect of such scientist, technician, expert or adviser shall end on the first-mentioned date ;

- (d) any trainee from abroad who is sent to Ceylon under any of the Technical Cooperation Programmes of the United Nations Organisation and its Specialised Agencies, or of the Colombo Plan Organisation, or of any similar organisation approved by the Minister ;
- (e) any official of the United Nations Organisation who is resident in Ceylon and who is not a citizen of Ceylon ;
- (f) members of any naval, military or air forces of any country other than Ceylon who are in Ceylon at the request or with the concurrence of the Government of Ceylon ;
- (g) persons employed in any civil capacity by the Government of any country other than Ceylon, who, not being persons resident in Ceylon for a period exceeding three months immediately prior to the date of commencement of such employment, are so employed in or visit Ceylon for any purpose connected with such members of any naval, military or air forces as are referred to in paragraph (f) of this section ;
- (h) any local authority ;
- (i) the University of Ceylon established under the Ceylon University Ordinance, and

- the Vidyodaya University of Ceylon and the Vidyalandkara University of Ceylon established under the Vidyodaya University and the Vidyalandkara University Act, No. 45 of 1958 ;
- (j) any body of persons to which section 78 of this Act applies ;
  - (k) any institution or trust of a public character established by written law solely for the purposes of scientific research ;
  - (l) any corporation established under the Government Sponsored Corporations Act ;
  - (m) any corporation established under the State Industrial Corporations Act, No. 49 of 1957 ;
  - (n) the Ceylon Institute of Scientific and Industrial Research established under the Ceylon Institute of Scientific and Industrial Research Act ;
  - (o) any co-operative society registered under the Co-operative Societies Ordinance ;
  - (p) the Co-operative Wholesale Establishment established under the Co-operative Wholesale Establishment Act ;
  - (q) the Ceylon State Plantations Corporation established under the Ceylon State Plantations Corporation Act, No. 4 of 1958 ;
  - (r) the Milk Board established under the Milk Board Act ;
  - (s) the Ceylon Savings Bank and the Ceylon Post Office Savings Bank ;
  - (t) the Central Bank of Ceylon and the Monetary Board established under the Monetary Law Act ;
  - (u) the Ceylon State Mortgage Bank established under the Ceylon State Mortgage Bank Ordinance ;
  - (v) any institution whose primary business is the business of a bank ;
  - (w) the Rubber Research Board established under the Rubber Research Ordinance ;

- (x) the Coconut Research Board established under the Coconut Research Ordinance;
- (y) the Board of the Tea Research Institute of Ceylon established under the Tea Research Ordinance;
- (z) the corporation known as the Incorporated Victoria Home for Incurables and established by the Victoria Home for Incurables Ordinance;
- (aa) the corporation known as the Incorporated Council of Legal Education and established by the Council of Legal Education Ordinance;
- (ab) the administrators of the Widows' and Orphans' Pension Fund of public officers of Ceylon;
- (ac) the administrators of the Widows' and Orphans' Pension Fund or Scheme established for the Local Government Service;
- (ad) the administrators of the Employees' Provident Fund established under the Employees' Provident Fund Act, No. 15 of 1958;
- (ae) the Agricultural and Industrial Credit Corporation of Ceylon established under the Agricultural and Industrial Credit Corporation Ordinance;
- (af) Air Ceylon Limited established under the Air Ceylon (Incorporation) Act;
- (ag) the Commissioners of the Loan Board appointed under the Loan Board Ordinance;
- (ah) the Gal Oya Development Board established under the Gal Oya Development Board Act;
- (ai) the administrators of the National Housing Fund established under the National Housing Act;
- (aj) the Hospitals Lotteries Board established under the Hospitals Lotteries Act;

- (ak) the Board of Trustees of the Lady Lochore Loan Fund constituted under the Lady Lochore Loan Fund (Board of Trustees) Act ;
- (al) the Ceylon Coconut Board established under the Coconut Products Ordinance ;
- (am) the Ceylon Tea Propaganda Board established under the Tea Propaganda Ordinance ;
- (an) the Local Loans and Development Commissioners appointed under the Local Loans and Development Ordinance ;
- (ao) the Ceylon Transport Board established under the Motor Transport Act, No. 48 of 1957 ;
- (ap) the Port (Cargo) Corporation established under the Port (Cargo) Corporation Act, No. 13 of 1958 ;
- (aq) the Public Service Mutual Provident Association established under the Public Service Mutual Provident Association Ordinance ;
- (ar) the Ceylon Railway Benefit Association established under the Ceylon Railway Benefit Association Ordinance ;
- (as) the Government Officers' Benefit Association ;
- (at) the United Nations Organisation ;
- (au) the Government Surveyors' Association incorporated by the Government Surveyors' Association Ordinance ; and
- (av) any other person who may be exempted from the provisions of this Act by Order made by the Minister, approved by the House of Representatives and published in the *Gazette*.

Charge of  
the wealth  
tax.

29. Subject to the other provisions of this Chapter, there shall be charged for every year of assessment commencing on or after April 1, 1963, from every person (including a Hindu undivided family but not including a company) in respect of the taxable wealth of such person, a tax, which is hereafter in this Act referred to as the "wealth tax", at the rates specified in the Third Schedule to this Act.



30. (1) There shall be included in the wealth of a person—

Wealth to include certain property.

- (a) any property in which he has only a life interest ;
- (b) being the only beneficiary under a trust, the property subject to the trust ;
- (c) being one of several beneficiaries under a trust the benefits from which to the beneficiaries can be ascertained from year to year, such part of the property subject to the trust as is proportionate to the share of the benefit from the trust ;
- (d) being the trustee of a trust the benefits from which to all or any of the beneficiaries under the trust cannot be ascertained from year to year, the property subject to the trust ;
- (e) being the trustee of a trust of a public character, the property subject to the trust other than property excluded from such wealth under paragraph (e) of sub-section (1) of section 31 ; and
- (f) being a partner in a firm, the value of his interest in the firm determined in the prescribed manner :

Provided that nothing in the preceding provisions of this sub-section shall apply to a pension or provident fund approved by the Commissioner.

(2) Where the estate of a deceased person is administered by an executor, then, for the purposes of sub-section (1), the executor shall be deemed to be the trustee of the estate and every heir to the whole or any part of the estate shall be deemed to be a beneficiary and the estate shall be deemed to be the property subject to the trust.

31. (1) There shall be excluded from the wealth of a person for any year of assessment—

Certain property to be excluded from wealth.

- (a) his immovable property which is outside Ceylon ;
- (b) being a person not resident in Ceylon, or a person ceasing to be resident in Ceylon, in the year preceding that year of assessment, his movable property which is outside Ceylon ;

- (c) being a member of a Hindu undivided family, his interest in the coparcenary property of such family ;
- (d) any motor car kept for his private use, household effects or other article (not including jewellery) of personal use of which he is the owner ;
- (e) being a charitable institution within the meaning of this Act, any such property thereof as is property the income from which, or the annual value of which, is exempted from income tax under this Act ;
- (f) any such interest in any property as is available to him for a period not exceeding six years ;
- (g) his investments in securities of the Government of Ceylon ;
- (h) the rights under any patent, copyright, trade mark, or registered design belonging to him, unless those rights are held by him as assets of a business, profession or vocation ;
- (i) his right or interest in any life insurance policy before the moneys covered by that policy become due and payable to him ;
- (j) his right to receive a pension or other life annuity ;
- (k) any tools and instruments necessary for him to carry on his profession or vocation, subject to a maximum of twenty thousand rupees in value ;
- (l) any instruments and other apparatus used by him for purposes of scientific research ;
- (m) any works of art, archæological, scientific or art collections, books or manuscripts belonging to him and not intended for sale ;
- (n) any drawings, paintings, photographs, and prints belonging to him and not intended for sale ;
- (o) any heirlooms belonging to him and not intended for sale, but not including jewellery ;

- (p) any jewellery belonging to him or, if he is the head of a family, any jewellery belonging to him and the members of his family, subject to a maximum of twenty-five thousand rupees in value ;
- (q) being an employee, the amount to his credit in any provident fund ; and
- (r) any property of which he is the owner but the life interest in which subsists in any other person.

(2) Where a person has any investment which is an approved investment within the meaning of section 69 of this Act or section 47A of the Income Tax Ordinance, that investment shall be excluded from his wealth for the five years of assessment next succeeding the date on which that investment was made.

(3) Where a person has any share in the capital of any corporation or undertaking specified in section 6 of this Act, the amount of that share shall be excluded from his wealth so long as the profits and income of that corporation or undertaking are wholly or partly exempt from income tax.

**32.** (1) Where according to the return of wealth furnished by a person in respect of a year preceding any year of assessment such person is the head of a family, the wealth of each individual who is a member of that family shall, for the purposes of this Act, be deemed to form part of the wealth of the head of that family and accordingly the values of the net wealth of all such members shall be aggregated with the net wealth of the head of that family for that year of assessment. Where the aggregated net wealth of the head of that family for that year of assessment amounts to or exceeds one hundred thousand rupees, such net wealth shall be his taxable wealth for that year of assessment, and the head of that family shall be liable to the wealth tax in respect of such taxable wealth.

Taxable  
wealth of  
persons  
included in a  
family.

(2) Where the debts of an individual included in a family exceeds his wealth, then such excess shall be set off against the aggregated net wealth of the head of that family.

For the purposes of this sub-section, debts shall not include any debt specified in each of the paragraphs (a), (b), (c), (d) and (e) in the definition of "net wealth" in section 129.

Taxable wealth of person other than an individual included in a family or a charitable institution.

33. Where the net wealth for any year of assessment of a person, other than an individual who is not included in a family or a charitable institution, amounts to or exceeds one hundred thousand rupees, such net wealth shall be the taxable wealth of such person for that year of assessment and such person shall be liable to the wealth tax in respect of such taxable wealth.

Taxable wealth of a charitable institution.

34. (1) Where the net wealth for any year of assessment of a charitable institution exceeds twenty thousand rupees, the entirety of such net wealth shall be the taxable wealth of such institution, and such institution shall be liable to the wealth tax in respect of such taxable wealth.

(2) The amount of the wealth tax which a charitable institution is liable to pay in respect of its taxable wealth for any year of assessment shall not be more than the amount by which its taxable wealth exceeds twenty thousand rupees.

Value of property which constitutes wealth.

35. (1) The value of any immovable property for any year of assessment shall be its market value on the valuation date.

(2) The value of any movable property, other than cash, which constitutes wealth shall be computed in accordance with the following provisions :—

(a) The value of any movable property for any year of assessment shall be its market value on the valuation date.

(b) Where the movable property consists of shares (not being preference shares) in any company which by its articles restricts the right to transfer its shares, or which is a company in which more than half of the total shares issued is held by not more than five persons, their wives or minor children, either directly or through nominees, and the Commissioner is satisfied that the shares have not, within the period of twelve months immediately preceding the valuation date, been quoted in the official list of a recognised stock exchange in the United Kingdom or in a list of a like nature issued in Ceylon by any association of brokers approved by the Secretary to the Treasury for the purposes

of this paragraph, the value of such shares shall, if the Commissioner so directs, be ascertained not in the manner provided by the preceding provisions of this sub-section but by reference to the market value of all the assets of the company as a going concern, including goodwill, on the valuation date, after deducting therefrom—

- (i) the par or redemption value, whichever is the greater, of any debentures, debenture stock and preference shares of the company ;
- (ii) all debts of the company incurred or created *bona fide* for consideration in money or money's worth ;
- (iii) such sum as on a just and fair computation represents any future or contingent liabilities of the company or any liabilities thereof which are uncertain in amount ; and
- (iv) the amount of any reserve fund separately invested which is *bona fide* intended to be applied in payment of pensions to employees or otherwise for the benefit of them or their dependants or relatives, and in no other manner.

(3) Where any person by whom wealth tax is payable is carrying on a business for which accounts are maintained by him regularly, the Commissioner may, instead of determining separately the value of each property held by such person in such business and goodwill, determine the net value as a whole of the properties held by such person in such business and goodwill.

(4) Where the value of any property is, according to the preceding provisions of this section, an amount equal to its market value, then, if such market value cannot be ascertained because such property is not saleable in the open market, the value of such property shall be determined in the prescribed manner.

Collection of wealth tax from other members of a family.

**36.** Where the wealth tax in respect of a person who has taxable wealth and who is the head of a family cannot be collected from him, then, if his wife or child is included in such family, such portion of the wealth tax as appears to the Commissioner to be attributable to the taxable wealth of such wife or child may be collected from such wife or child notwithstanding that no assessment has been made upon such wife or child, and the provisions of this Act as to collection and recovery of the wealth tax shall apply accordingly.

Recovery of wealth tax from trustees.

**37.** Where the property subject to a trust or deemed under sub-section (2) of section 30 to be subject to a trust or any part of that property is included under this Act in the wealth of a person who is, or is deemed under sub-section (2) of section 30 to be, a beneficiary under that trust such part of the wealth tax payable by that beneficiary as appears to the Commissioner to be attributable to that property or that part of that property shall, if it cannot be recovered from that beneficiary or if the income from that property or from that part of that property is not paid to that beneficiary and is accumulated by the trustee of that trust for the benefit of that beneficiary, be recovered from that trustee notwithstanding that no assessment has been made upon that trustee, and the provisions of this Act as to collection and recovery of the wealth tax shall apply accordingly.

Wealth tax not to exceed eighty per centum of assessable income.

**38.** The wealth tax payable by any person for any year of assessment shall not exceed eighty per centum of his assessable income for that year of assessment.

## CHAPTER VIII

## Imposition of the Gifts Tax

39. (1) Subject to the other provisions of this Chapter, there shall be charged for every year of assessment commencing on or after April 1, 1963, from every individual, other than an individual referred to in section 28, in respect of the taxable gifts made by such individual a tax which is hereafter in this Act referred to as the "gifts tax", at the rate or rates specified in the Fourth Schedule to this Act.

Charge of the gifts tax.

(2) Such part of the amount of the gifts tax paid by an individual in respect of his taxable gifts for any year of assessment as is attributable to the value of any one of his taxable gifts shall be deemed to be a sum which bears to the value of that gift the same proportion as the amount of the gifts tax bears to the value of his taxable gifts.

(3) Where stamp duty has been paid in respect of an instrument by which an individual has made a taxable gift, the amount of such stamp duty shall be set off, to the extent that it can be set off, from the amount of the gifts tax in respect of his taxable gifts.

(4) The individual liable to gifts tax in respect of taxable gifts shall be the donor, but where such tax cannot be recovered from the donor, it may be recovered from the donee notwithstanding that no assessment has been made upon the donee, and the provisions of this Act as to collection and recovery of the gifts tax shall apply accordingly :

Provided that the amount which may be recovered from the donee shall not exceed that portion of such tax which appears to the Commissioner to be attributable to the value of the gift made to the donee by the donor as at the date of the gift.

40. For the purposes of this Chapter—

(a) where a company makes a gift on any date, every person who is a shareholder of the company on that date shall be deemed to make a gift in value equal to an amount which bears to the value of the gift made by the company the same proportion as his share of the

Gifts to include certain transfers.

capital of the company bears to the aggregate of the shares of the capital of the company, and, if any such shareholder has not consented to the making of the gift by the company and declines to pay such part of the gifts tax in respect of his taxable gifts as is attributable to the value of the gift which he is deemed to make under this paragraph, the provisions of subsection (4) of section 39 shall apply in regard to the recovery of the amount which he declines to pay as though such amount were a contribution which cannot be recovered from him ;

(b) where any property is transferred and an Assessor, having regard to the circumstances of the case, is of the opinion that the transfer is for a consideration which is not adequate, and the parties to the transfer, upon being requested in writing by the Assessor to show cause against such opinion within the time specified in the request, do not show cause within that time or show such cause as is considered by the Assessor to be inadequate, the amount by which the market value of that property at the date of the transfer exceeds the value of the consideration shall be deemed to be a gift made by the transferor ;

(c) where any property is transferred and an Assessor, having regard to the circumstances of the case, is of the opinion that the consideration for the transfer has not passed or is not intended to pass either in full or in part from the transferee to the transferor, and the parties to the transfer, upon being requested in writing by the Assessor to show cause against such opinion within the time specified in the request, do not show cause within that time or show such cause as is considered by the Assessor to be inadequate, the amount of the consideration which, in the opinion of the Assessor, has not passed



or is not intended to pass shall be deemed to be a gift made by the transferor ;

(d) where a person absolutely entitled to any property causes or has caused that property to be vested in whatever manner in himself and any other person jointly without adequate consideration and such other person makes an appropriation from or out of that property, the amount of the appropriation used for the benefit of the person making the appropriation or for the benefit of any other person shall be deemed to be a gift made in his favour by the person who causes or has caused that property to be so vested ;

(e) where there is a release, discharge, surrender or abandonment of any debt (other than a debt which is treated as a bad debt and allowed as a deduction for the purposes of income tax under this Act) or contract or of any interest in any property by any person, the value of the release, discharge, surrender or abandonment shall be deemed to be a gift made by him ; and

(f) the gift of any property, on or after July 18, 1958, subject to a reservation in favour of the donor or any other person shall be deemed to take effect when it is made and not when the interest created by the reservation is extinguished.

**41.** (1) This Chapter shall not apply to any gift made by any individual—

Exemption in respect of certain gifts.

(a) of immovable property situated outside Ceylon ;

(b) of movable property situated outside Ceylon unless he is a citizen of Ceylon and is resident in Ceylon during the year in which the gifts are made, such year being the year preceding a year of assessment ;

- (c) to any child, whether such child is over or under twenty-five years of age, of such individual in consideration of the marriage of such child subject to a maximum of ten thousand rupees in value in respect of the marriage of each such child;
- (d) on or after July 18, 1958, to a charity which is an approved charity within the meaning of section 67 (1) (b), each such gift being over one thousand rupees in value, subject to a maximum of three hundred thousand rupees in value for the lifetime of such individual;
- (e) to the Government or to any local authority;
- (f) at any time before July 18, 1958;
- (g) in the year preceding a year of assessment commencing on or after April 1, 1963, the value of which, or if more than one gift is made in that year the aggregate value of such gifts, does not exceed one thousand rupees;
- (h) by a will; or
- (i) in contemplation of death.

(2) For the purposes of sub-section (1), a property shall be deemed to be gifted by any individual in contemplation of his death if he, being ill and expecting to die of his illness, gives to any person possession of that property which is to be a gift to that person in case the donor dies of his illness, the gift being revocable by the donor and being inoperative in the event of the donor's recovery from his illness or his surviving that person.

**42.** (1) The gifts of an individual other than gifts specified in section 41 shall be his taxable gifts, and he shall, subject to the provisions of sub-section (4) of section 39, be liable to gifts tax in respect of such taxable gifts.

(2) For every year of assessment (hereafter in this sub-section referred to as the "relevant year of assessment") commencing on or after April 1, 1963, the value of the taxable gifts made in the year preceding the relevant year of assessment by any person liable to the gifts tax shall be added to the value of the taxable gifts made by him on or after

Taxable gifts of a person, and computation of amount of contribution in respect of taxable gifts to the gifts tax.

July 18, 1958, and before such preceding year. Then, assuming that the sum resulting from such addition is the value of the taxable gifts in respect of which gifts tax is chargeable, the amount of such tax shall be computed. From the amount so computed there shall be deducted all sums paid by him previously, whether by way of contributions in respect of taxable gifts to the Personal Tax, levied under the Personal Tax Act, No. 14 of 1959 or as gifts tax under this Act. The amount left after such deduction shall be the amount of the gifts tax in respect of his taxable gifts for the relevant year of assessment.

43. (1) The value of any property (other than cash) which constitutes a gift shall, subject as hereafter in this section provided, be estimated to be the market value of the gift on the date on which the gift was made.

Determination  
of value of  
gifts.

(2) Any gift which is subject to any reservation in favour of the donor or any other person shall be valued as if that gift had passed to the donee without that reservation.

(3) Where the gift consists of shares (not being preference shares) in any company which by its articles restricts the right to transfer its shares, or which is a company in which more than half of the total shares issued is held by not more than five persons, their wives or minor children, either directly or through nominees, and the Commissioner is satisfied that the shares have not, within the period of twelve months immediately preceding the date on which the gift is made, been quoted in the official list of a recognised stock exchange in the United Kingdom or in a list of a like nature issued in Ceylon by any association of brokers approved by the Secretary to the Treasury for the purposes of this section, the value of such shares shall, if the Commissioner so directs, be ascertained not in the manner provided by sub-section (1) but by reference to the market value of all the assets of the company as a going concern, including goodwill, on the date on which the gift is made, after deducting therefrom—

- (i) the par or redemption value, whichever is the greater, of any debentures, debenture stock and preference shares of the company,

- (ii) all debts of the company incurred or created *bona fide* for consideration in money or money's worth ;
- (iii) such sum as on a just and fair computation represents any future or contingent liabilities of the company or any liabilities thereof which are uncertain in amount ; and
- (iv) the amount of any reserve fund separately invested which is *bona fide* intended to be applied in payment of pensions to employees or otherwise for the benefit of them or their dependants or relatives, and in no other manner.

(4) Where the value of any property (other than property to which sub-section (3) applies) cannot be estimated under sub-section (1) because it is not saleable in the open market, its value shall be determined in the prescribed manner.

## CHAPTER IX

## Provisions relating to special cases

## A—HUSBAND AND WIFE AND CHILDREN

44. (1) The assessable income of the wife of any non-resident individual for any year of assessment shall be deemed to be part of the assessable income of her husband for that year.

Income of  
married  
woman.

(2) Where in the case of a married woman the marriage subsists during part only of a year preceding any year of assessment,—

(a) the provisions of Chapter V shall apply only to such part of the wife's assessable income for that year of assessment as bears to the whole of such income the same proportion as the number of days in that year of assessment during which the marriage subsists bears to the total number of days in the year preceding that year of assessment ;

(b) the provisions of Chapter VII shall apply only to such part of the wife's taxable wealth for that year of assessment as bears to the whole of such wealth the same proportion as the number of days in that year of assessment during which the marriage subsists bears to the total number of days in the year preceding that year of assessment ;

(c) the aforesaid provisions shall not apply to any source of profits or income or taxable wealth, as the case may be, which is not a source of profits or income or taxable wealth of the wife during that part of the year for which the marriage subsists.

(3) Where the husband is resident and the wife is non-resident during the whole or any part of the year preceding any year of assessment, the assessable income or taxable wealth of the wife for that year of assessment shall, for the purposes of this section, be determined as though she were resident during the whole of that preceding year, or that part of that preceding year, as the case may be.

(4) Where in the case of a married woman, the marriage is on a date after the first day of April

in the year preceding any year of assessment or the marriage subsists for part only of that preceding year, then for such period of that preceding year commencing on the first day of April and ending on the date of the marriage, or for such period in that preceding year during which the marriage does not subsist, as the case may be, she shall be assessed separately on her income, in respect of income tax, and on her taxable wealth, in respect of wealth tax and the provisions of this Act as to collection and recovery shall apply to her accordingly.

(5) For the purposes of this section, a marriage shall not be deemed to subsist if the wife is living apart from her husband under the decree of a competent court or a duly executed deed of separation, or if the husband and wife are in fact separated in such circumstances that the separation is likely to be permanent.

(6) Where under sub-section (5) a marriage is not deemed to subsist, the allowance under section 21 in respect of any child shall,—

- (a) if the spouses are living apart under the decree of a competent court or a duly executed deed of separation and the cost of maintaining that child is required by that decree or deed to be borne wholly by one spouse, be granted to that spouse,
- (b) if that child is a step-child of one spouse, be granted to the other spouse,
- (c) if that child is a child authorised by an adoption order made under the Adoption of Children Ordinance to be adopted by one spouse, be granted to that spouse, and, if that child is a child authorised by such an adoption order to be adopted by the two spouses jointly, be apportioned equally to the two spouses, and
- (d) in any other case, be apportioned equally to the two spouses.

(7) Where a marriage is dissolved, the allowance under section 21 in respect of any child by such marriage shall—

- (a) if the child is maintained solely by one parent, be granted to that parent, and

(b) if the child is maintained by both parents, be apportioned equally to the two parents.

45. (1) Notwithstanding anything in the preceding provisions of this Act, any husband or wife may give notice in writing to the Commissioner before the first day of June in any year of assessment, or at any time before an assessment is made in any year of assessment, requiring that the income tax and wealth tax for that year shall be assessed, charged and recovered separately on the income or taxable wealth of the husband and on the income and taxable wealth of the wife as if they were not married; and all the provisions of this Act shall thereupon apply to each of them accordingly:

Separate  
assessment  
of husband  
and wife.

Provided that, in the case of a person who is not resident in Ceylon immediately prior to his arrival therein, a notice given within the period of twelve months next succeeding his arrival in Ceylon shall be effective for the purposes of this sub-section.

(2) Where income tax is assessed separately on the income of the husband and on the income of the wife as a result of a notice under sub-section (1), the incomes of the husband and the wife and of any person who, according to the returns of income furnished by the husband and the wife, is a child or dependent relative of either or both of those spouses shall be aggregated and the income tax that would be payable by the husband if such notice had not been given shall be ascertained in accordance with the provisions of this Act. The amount of the income tax so ascertained shall be apportioned among the husband and wife in the proportion which the assessable income of each of them bears to the aggregate assessable income of both of them.

(3) Where the wealth tax is assessed separately on the taxable wealth of the husband and on the taxable wealth of the wife as a result of a notice under sub-section (1), the value of the taxable wealth of the husband and the value of the taxable wealth of the wife and the value of the taxable wealth of any individual who, according to the returns of taxable wealth furnished by the husband and the wife, is a child or dependent relative of either or both of those spouses shall be aggregated

and the wealth tax that would be payable by the husband if such notice had not been given shall be ascertained in accordance with the provisions of this Act. The amount of the wealth tax so ascertained shall be apportioned among the husband and the wife in the proportion which the value of the taxable wealth of each of them bears to the value of the aggregate taxable wealth of both of them.

(4) Where wealth tax and income tax in respect of a husband and a wife are assessed separately in consequence of a notice under sub-section (1) and where the aggregate amount of the income tax and the wealth tax payable by the husband or wife is more than eighty per centum of the assessable income of such husband or wife, then the amount of the set-off against the wealth tax under section 105 shall not exceed such amount as would have been set off against the wealth tax that the husband would have paid if such notice had not been given.

(5) Where income tax and wealth tax are assessed separately in respect of a husband and a wife as a result of a notice under sub-section (1) and where the aggregate amount of the income tax or wealth tax payable by the husband and wife will be less than the amount of the income tax or wealth tax or income tax and wealth tax that would have been payable by the husband if such notice had not been given, then the amount of such deficit shall be apportioned among such husband and wife in the proportion which the assessable income or taxable wealth of each such person bears to the aggregate assessable income or taxable wealth of both of them.

(6) Where one spouse is resident and the other is non-resident and a notice under sub-section (1) is given by the resident spouse, the resident spouse may in such notice elect that the provisions of sub-section (2) or sub-section (3) be not applied, and in that event, the income from Ceylon or the value of the taxable wealth, as the case may be, of the non-resident spouse and any individual who is a child or dependent relative of either or both of those spouses and who is a non-resident shall, notwithstanding the provisions of sub-section (2) or sub-section (3), be deemed to be the income or value of the taxable wealth of the resident spouse and shall be assessed accordingly, and in the computation of the income tax payable



by the resident spouse, the non-resident spouse and any such individual shall not be regarded as a member of the family of the resident spouse.

(7) Where one spouse is resident and the other is non-resident, the resident spouse may be deemed to be the agent of the non-resident spouse for all the purposes of this Act and shall be liable to pay the whole of the tax chargeable in respect of the profits and income or taxable wealth of both, whether assessed jointly or severally.

46. Where a child whose assessable income exceeds five hundred rupees for any year of assessment either reaches the age of twenty-five or marries or leaves the parental home during the year preceding that year of assessment, the income of that child for the period commencing on the date on which he attains such age or marries or leaves his parental home and ending on the last day of the year preceding that year of assessment shall not be aggregated with the income of his parent.

Separate assessment of child.

#### B—RECEIVERS, TRUSTEES, EXECUTORS, ETC.

47. (1) An Assessor may give notice in writing to a receiver or trustee requiring him to furnish within the period specified in the notice—

Returns to be furnished by receivers and trustees and their chargeability with tax.

(a) in the case of a receiver—

(i) a return of the income from the properties under his control, for the purposes of income tax, or

(ii) a return of such properties and, where any properties are distributed by him among any persons, a description of those properties and the names and addresses of those persons, for the purposes of the wealth tax;

(b) in the case of a trustee—

(i) a return of the income from the properties subject to the trust for the purposes of income tax, or

(ii) a return of such properties and the names and addresses of the beneficiaries under the trust and the benefits to which they are entitled under the trust,

and a receiver or trustee shall be chargeable with income tax or wealth tax—

- (i) if he is a receiver, on the income or wealth of the properties subject to his control, and
- (ii) if he is a trustee, on the income or wealth of the properties of the trust, subject to the provisions of sub-section (2) of this section and sub-section (1) of section 30.

(2) Where there are any beneficiaries to a trust the income of which is liable to income tax under sub-section (1), then the share of the income to which such beneficiaries are entitled may be deducted from the amount of the income which is liable to tax under sub-section (1) and may be considered for the purposes of this Act as the income of such beneficiaries and accordingly each such beneficiary shall be chargeable with income tax in respect of his share of such income.

(3) The income tax or wealth tax or any part thereof with which a beneficiary to a trust is chargeable in respect of his income or taxable wealth to which he is entitled from the trust may be recovered from the trustee of the trust, notwithstanding that no assessment has been made upon such trustee, and the provisions of this Act relating to collection and recovery of tax shall apply to such trustee. Such trustee shall be entitled to deduct the amount of such tax or part thereof from the income which will be payable to such beneficiary from the trust.

Chargeability to income tax of trustee of an incapacitated person.

**48.** The trustee of an incapacitated person shall be chargeable with income tax in like manner and to the like amount as such person would be chargeable under this Act :

Provided that nothing in the preceding provisions of this section shall be deemed to prevent such person being assessed directly in his own name.

Liability of executor to income tax and wealth tax payable by deceased person.

**49.** An executor of a deceased person shall be liable to do all such acts, matters and things as such deceased person would be liable to do under this Act if he were alive, and shall be chargeable with income tax, wealth tax or gifts tax with which such deceased person would be chargeable if he were alive in respect of all periods prior to the date of the death of such person :

Provided that—

- (i) no proceedings shall be instituted against the executor under the provisions of Chapter XVI of this Act in respect of any act or default of the deceased person ;
- (ii) no assessment or additional assessment in respect of a period prior to the date of such person's death shall be made after the expiry of the third year of assessment subsequent to the year of assessment in which probate or letters of administration, as the case may be, was or were issued to the executor except where by reason of fraud or wilful evasion by such person non-assessment or under-assessment had been made, in which case an assessment or additional assessment may be made at any time after the expiry of the aforesaid year of assessment ; and
- (iii) the liability of an executor under this section shall be limited to the sum of—
  - (a) the deceased person's estate in his possession or control at the date when notice is given to him that liability to tax will arise under this section, and
  - (b) any part of the estate which may have passed to a beneficiary.

**50.** (1) An Assessor may give notice in writing to the executor of a deceased person requiring him to furnish within the period specified in such notice—

- (a) a return of the income from the estate administered by him and the name and address of each heir and other person having any interest in the estate of the deceased person (such heir or other person hereinafter referred to as a "beneficiary") and his interest in such estate, for the purposes of income tax ;

Returns to be furnished by executors and chargeability of executors and beneficiaries.

(b) a return of the assets and liabilities of the estate administered by him and the names and addresses of the beneficiaries to, and their interest in, such estate, for the purposes of the wealth tax.

(2) A beneficiary shall be chargeable with income tax or wealth tax in respect of his share of the income, or of the taxable wealth, to which he is entitled from the estate of the deceased person.

(3) Where the income or the taxable wealth to which a beneficiary is entitled from the estate of a deceased person cannot be assessed, the executor shall be chargeable with income tax or wealth tax in respect of such income or taxable wealth.

(4) The income tax or the wealth tax or any part thereof with which a beneficiary is chargeable in respect of his income or taxable wealth to which he is entitled from the estate of a deceased person may, notwithstanding that no assessment has been made upon the executor of the deceased person, be recovered from such executor, and accordingly the provisions of this Act as to collection and recovery of tax shall apply to such executor. Such executor shall be entitled to deduct the amount of such tax or part thereof from the income which will be payable to such beneficiary.

Joint trustees  
and executors.

51. Where two or more persons act in the capacity of trustees of a trust or executors of a deceased person's estate, they may be charged jointly or severally with the income tax, wealth tax or gifts tax with which they are chargeable in that capacity under this Act, and shall be jointly and severally liable for payment of such taxes.

## C—PARTNERSHIPS

Assessment of  
partnership  
income.

52. (1) Where a trade, business, profession, vocation, or employment is carried on by two or more persons in partnership, the provisions of the following sub-sections shall apply.

(2) An Assessor may give notice in writing to the precedent partner of the partnership requiring him to furnish within the time specified in such notice a return showing the profits or losses of the partnership from such trade, business, profession, vocation, or employment during the period of twelve months immediately preceding the year of assessment or during any other period in respect of which statutory income may be computed under section 12, ascertained in accordance with the provisions of this Act relating to the ascertainment of profits and income of a person, and showing also any interest, annuity, ground rent, or royalty payable by the partnership in respect of such trade, business, profession, vocation, or employment for the said period. The amount of such interest, annuity, ground rent, or royalty (except where it is payable by a person out of Ceylon to another person out of Ceylon) shall be deducted from the profits or added to the losses ascertained as above, and the figure thus arrived at shall be known as the divisible profit or loss for that period. The precedent partner shall further in such return declare any other income of the partnership for the said period together with the names and addresses of all the partners, and shall apportion among them the whole of the divisible profit or loss and other income in accordance with their shares in the partnership during the period in which the said profit or loss or income arose.

Where no active partner is resident in Ceylon, the return shall be furnished by the agent of the partnership in Ceylon.

(3) In computing the profits or losses of the partnership, nothing shall be deducted for salaries or other remuneration of partners or for interest on partners' capital, but such sums shall be taken into account in apportioning among the partners the divisible profit or loss and other income.

(4) The statutory income of any partner from the partnership shall be computed in accordance with the provisions of section 12 by treating his share of the divisible profit of the partnership as though it were profits of a trade, business, profession, vocation, or employment carried on or exercised by him, and his share of other income as though it accrued to him solely :

Provided that where no return has been made as required by sub-section (2) or a return made under that sub-section has not been accepted, the Assessor may estimate the statutory income of any partner from the partnership to the best of his judgment.

(5) The share of any partner of a divisible loss shall be a loss incurred by him within the meaning of section 15. The amount of such divisible loss and the partner's share thereof shall be determined by the Assessor and such determination may be questioned in an appeal against an assessment in accordance with the provisions of Chapter XII.

(6) Where a return has been made by the precedent partner in accordance with sub-section (2) and has been accepted by the Assessor, the income of each partner resident in Ceylon derived from the partnership shall be assessed upon him individually.

(7) The income of any non-resident partner or partners from the partnership shall be assessable in the name of the partnership or of any resident partner or of any agent of the partnership in Ceylon, and the income tax charged thereon shall be recoverable by all means provided in this Act out of the assets of the partnership, or from any partner, or from any such agent.

(8) Where no return has been made in accordance with sub-section (2) or the return has not been accepted by the Assessor, either as regards the amount of the profits or income or the allocation

thereof among the partners, it shall be lawful for an assessment to be made in the name of the partnership on the estimated amount of the profits and income of the partnership arrived at in accordance with the provisions of this Act relating to the ascertainment of the assessable income of a person, and income tax thereon may be charged at such rate or rates as may be specified in that behalf in the First Schedule to this Act, and shall be recoverable out of the assets of the partnership, or from any partner, or from any agent of the partnership; such assessment shall be subject to appeal by any person aggrieved thereby in the manner provided by Chapter XII, and the Commissioner or the Board of Review, as the case may be, may upon such appeal determine the profits and income and allocate the same among the partners and compute their statutory incomes from the partnership as provided in sub-section (4) and the income tax payable in respect thereof, which may be reassessed on the individual partners or may be recovered as tax on the assessment appealed against without any new assessment.

(9) Where under this section income has been assessed in the name of a partnership, and a change occurs in such partnership by reason of the retirement or death, or the dissolution of the partnership as to one or more of the partners, or the admission of a new partner, in such circumstances that one or more of the persons who were joint owners of the assets of such partnership continues or continue to be owner or joint owners of such assets, the person or partnership becoming owner of such assets in consequence of such change shall be charged with income tax or any part of it which remains unpaid, and the provisions of Chapter XIV shall apply to such person or partnership accordingly.

#### D—AGRICULTURE

53. (1) For the purpose of ascertaining the profits from an estate, the succeeding provisions of this section shall apply in addition to, and shall be read with, Chapter II.

Ascertainment  
of profits  
from estates.

(2) There shall be deducted for the purposes of ascertaining the profits from an estate for any year of assessment—

- (a) the cost of the maintenance of any immature area in the estate, and
- (b) all expenses incurred by the owner in replanting the whole or any portion of the estate with palms, trees or bushes of a more or less permanent character for the purpose of producing coconut, rubber, tea, cocoa and other products, including the cost of clearing and preparing the land for such replanting.

(3) In this section—

- (a) “estate” means any area of land used mainly for the purposes of permanent cultivation ;
- (b) “immature area” means an estate or part of an estate first planted in a particular year, in which the trees planted in that year are not fully mature, or not in full bearing.

#### E—RESIDENCE

What constitutes residence.

54. (1) Where a company or body of persons has its registered or principal office in Ceylon, or where the control and management of its business are exercised in Ceylon, such company or body of persons shall be deemed to be resident in Ceylon for the purposes of this Act :

Provided that where a company registered in Ceylon proves that it is controlled and managed in the United Kingdom, and that it is treated for the purpose of United Kingdom income tax as resident in that country, it shall be treated as non-resident.

(2) An individual who arrives in Ceylon and who is in Ceylon for a period or periods amounting in the aggregate to more than six months during the year commencing from the date of his arrival shall, if he is in Ceylon at the end of that year, be deemed resident throughout that year ; but if he is not in Ceylon at the end of that year, he shall be deemed resident from the date of his arrival to the date of his last departure during that year, and, subject



to the provisions of sub-section (5), non-resident from the date of such last departure to the end of that year.

(3) An individual who has been deemed resident throughout a period of twenty-four consecutive months or who would have been deemed to be so resident if this Act had always been in force, shall be deemed to be resident until such time as he is continuously absent from Ceylon for an unbroken period of twelve months. When such person is so absent, he shall be deemed to be non-resident as from the date on which such absence commenced.

(4) Where an individual is deemed resident for any period in accordance with the provisions of any of the foregoing sub-sections, and at the end of such period is absent from Ceylon for less than three months, such period of absence shall for all the purposes of this section be treated as if it had been spent by him in Ceylon.

(5) Where an individual dies during the year preceding any year of assessment, and, in respect of the period from the commencement of such year to the date of his death, the Commissioner is satisfied—

- (a) that, although he is deemed to be resident under the foregoing sub-sections, he would, but for his death, have been deemed to be non-resident ; or
- (b) that, although he is not deemed to be resident under the foregoing sub-sections, he would, but for his death, have been deemed to be resident ; and
- (c) that there is chargeable for the said period a greater amount of income tax than would have been so chargeable if he had lived,

the Commissioner may direct that such deceased individual shall be deemed to have been resident or non-resident, as the case may be, for the purpose of granting such relief as the circumstances of the case may require.

(6) An individual who is in the employment of the Government of Ceylon and who is resident in any other country during any period for the purposes of such employment shall, for the purposes of this Act, be deemed to be resident in Ceylon during that period if income tax or any tax of a corresponding nature is not payable in that

country in respect of the official emoluments payable to him for such period :

Provided that any such individual who is a citizen or subject of any country other than Ceylon shall not, by reason of his being so deemed to be resident in Ceylon, be liable to income tax as a resident as respects any income, other than his official emoluments or other income arising in or derived from Ceylon.

#### F—LIABILITY OF NON-RESIDENT PERSONS

Chargeability  
of certain  
profits of  
non-resident  
persons.

55. (1) Where a person in Ceylon, acting on behalf of a non-resident person, effects or is instrumental in effecting any insurance or sells or disposes of or is instrumental in selling or disposing of any property, whether such property is in Ceylon or is to be brought into Ceylon and whether the insurance, sale, or disposal is effected by such person in Ceylon or by or on behalf of the non-resident person outside Ceylon and whether the moneys arising therefrom are paid to or received by the non-resident person directly or otherwise, the profits arising from any such insurance, sale, or disposal shall be deemed to be derived by the non-resident person from business transacted by him in Ceylon, and the person in Ceylon who acts on his behalf shall be deemed to be his agent for all the purposes of this Act :

Provided that, where the property sold or disposed of is produced or manufactured by such non-resident person outside Ceylon, the profits from the sale or disposal shall—

- (a) if the sale or disposal was by wholesale, be deemed to be not more than the profits which might reasonably be expected to be made by a merchant selling the property by wholesale, and
- (b) if the sale or disposal was by retail, be deemed to be not more than the profits which might reasonably be expected to be made by a merchant selling the property by retail.

(2) The profits of a non-resident person from employment by a resident person shall be chargeable with income tax in so far as such profits arise from services or past services rendered in Ceylon.

56. A non-resident person shall be assessable either directly or in the name of his agent in respect of all his profits and income arising in or derived from Ceylon, whether such agent has the receipt of the income or not, and the income tax so assessed whether directly or in the name of the agent shall be recoverable by all means provided in this Act out of the assets of the non-resident person or from the agent. Where there are more agents than one they may be assessed jointly or severally in respect of the income of the non-resident person and shall be jointly and severally liable for income tax thereon.

Persons assessable on behalf of a non-resident person.

57. (1) For the purposes of this section—

Liability of certain non-resident persons.

(a) a person is closely connected with another person where the Commissioner in his discretion considers that such persons are substantially identical or that the ultimate controlling interest of each is owned or deemed under this section to be owned by the same person or persons ;

(b) the controlling interest of a company shall be deemed to be owned by the beneficial owners of its shares, whether held directly or through nominees, and shares in one company held by or on behalf of another company shall be deemed to be held by the shareholders of the last-mentioned company.

(2) Where a non-resident person carries on business with a resident person with whom he is closely connected and the course of such business is so arranged that it produces to the resident person either no profits or less than the ordinary profits which might be expected to arise, the business done by the non-resident person in pursuance of his connection with the resident person shall be deemed to be carried on in Ceylon, and such non-resident person shall be assessable and chargeable with income tax in respect of his profits from such business in the name of the resident person as if the resident person were his agent, and all the provisions of this Act shall apply accordingly.

(3) Where income tax is chargeable in respect of the profits arising from the sale of goods or produce manufactured or produced outside Ceylon by a non-resident person or by a person or persons with whom he is closely connected, the profits of such non-resident person for the purposes of this Act from the sale of such goods or produce shall be deemed to be not less than the profits which might reasonably be expected to have been made by a merchant, or, where the goods or produce are retailed by or on behalf of the non-resident person, by a retailer of the goods or produce sold, who had bought the same direct from a manufacturer or producer with whom he was not connected.

Where import duty levied on an *ad valorem* basis under the Customs Ordinance has been paid in Ceylon on such goods or produce, the sum to be deducted as the cost of such goods or produce on arrival in Ceylon shall not, for the purpose of computing the profits arising in Ceylon, be greater than the value on which such import duty has been so paid.

Profits of certain businesses to be computed on a percentage of the turnover.

58. Where the Commissioner in his discretion considers that the true amount of the profits of a non-resident person arising in or derived from Ceylon in respect of a trade or business cannot be readily ascertained, such profits may be computed on a fair percentage of the turnover of that trade or business in Ceylon :

Provided that the amount of such percentage may be questioned in an appeal against an assessment in accordance with the provisions of Chapter XII.

Profits of non-resident persons from sale of exported produce.

59. Where a non-resident person carries on in Ceylon any agricultural, manufacturing, or other productive undertaking, and sells any product of such undertaking outside Ceylon or for delivery outside Ceylon, whether the contract is made within or without Ceylon, the full profit arising from the sale in a wholesale market shall be deemed to be income arising in or derived from Ceylon within the meaning of section 2 :

Provided that, if it is shown that the profit has been increased through treatment of the product outside Ceylon other than handling,

blending, sorting, packing, and disposal, such increase of profit shall not be deemed to be income arising in or derived from Ceylon.

Where any such product is not sold in a wholesale market, or is not sold at all, the said person shall be deemed to derive profits from Ceylon within the meaning of section 2 and such profits shall be deemed to be not less than the profits which might have been obtained if such person had sold such product wholesale to the best advantage.

60. (1) Where the assessable income for any year of assessment of an individual not resident in Ceylon consists solely of profits or income from services rendered in Ceylon or from business transacted in Ceylon and does not exceed one thousand rupees, such profits or income shall not be taxable.

Exemption of income of non-resident persons in certain cases.

(2) Subject to the provisions of sub-section (4), where a non-resident person receives any sum by way of dividend from a non-resident company or by way of interest, annuity, ground rent, or royalty which has been disallowed or excepted under the provisions of section 15 (1) (a) (ii) or section 52 (2), such sum shall not be regarded as income of such non-resident person arising in or derived from Ceylon, and he shall not be chargeable with income tax or entitled to any relief from Ceylon tax under sections 70 and 71 or to any repayment of tax in respect thereof.

(3) Subject to the provisions of sub-section (4), any sum received by a non-resident person as the profits or income of that person arising from any Treasury Bill issued under the Local Treasury Bills Ordinance shall be exempt from the tax.

(4) The provisions of sub-sections (2) and (3) shall not operate so as to exclude any sum mentioned in either of those sub-sections from the computation of the profits of any trade or business carried on in Ceylon, where such sum forms part of the receipts of such trade or business.

## G—SHIPPING

61. (1) Where a non-resident person carries on the business of shipowner or charterer and any ship owned or chartered by him calls at a port in

Profits of non-resident shipowners or charterers.

Ceylon, his full profits arising from the carriage of passengers, mails, livestock, or goods shipped in Ceylon shall be deemed to arise in Ceylon :

Provided that this section shall not apply to goods which are brought to Ceylon solely for trans-shipment.

(2) Where for any accounting period such person produces the certificate mentioned in sub-section (3), the profits arising in Ceylon from his shipping business for such period, before deducting any allowance for depreciation, shall be a sum bearing the same ratio to the sums receivable in respect of the carriage of passengers, mails, livestock, and goods shipped in Ceylon as the ratio for the said period shown by that certificate of the total profits to the total sums receivable by him in respect of the carriage of passengers, mails, livestock, and goods :

Provided that where the said total profits have been computed on a basis which differs materially from that specified in the preceding provisions of this sub-section, the ratio of profits shall be adjusted so as to correspond as nearly as may be to the ratio which would have been arrived at if the profits had been computed in accordance with such provisions.

(3) The certificate shall be one issued by or on behalf of any income tax authority which assesses the full profits of the non-resident person from his shipping business, and shall certify for any accounting period as regards such business—

(a) the ratio of the profits, or where there are no profits, of the loss as computed for the purposes of income tax by that authority, without making any allowance by way of depreciation, to the total sums receivable in respect of the carriage of passengers, mails, livestock, or goods ; and

(b) the ratio of the allowance for depreciation as computed by that authority to the said total sums receivable in respect of the carriage of passengers, mails, livestock, and goods.

(4) Where at the time of assessment the provisions of sub-section (2) cannot for any reason be satisfactorily applied, the profits arising in Ceylon

may be computed on a fair percentage of the full sum receivable on account of the carriage of passengers, mails, livestock, and goods shipped in Ceylon :

Provided that where any person has been assessed for any year of assessment by reference to such percentage, he shall be entitled to claim at any time within three years of the end of such year of assessment that his liability to income tax for that year be recomputed on the basis provided by sub-section (2).

(5) Where the Commissioner decides that the call of a ship belonging to a particular non-resident shipowner or charterer at a port in Ceylon is casual and that further calls by that ship or others in the same ownership are improbable, the provisions of this section shall not apply to the profits of such ship and no income tax shall be chargeable thereon.

62. The master of any ship owned or chartered by a non-resident person who is chargeable under the provisions of section 61 shall (though not to the exclusion of any other agent) be deemed the agent of such non-resident person for all the purposes of this Act.

Master of ship  
to be an  
agent.

63. (1) In addition to any other powers of collection and recovery provided in this Act, the Commissioner may, where the income tax charged on the income of any person who carries on the business of shipowner or charterer has been in default for more than three months (whether such person is assessed directly or in the name of some other person), issue to the Principal Collector of Customs or other authority by whom clearance may be granted a certificate containing the name of the said person and particulars of the income tax in default. On receipt of such certificate, the Principal Collector of Customs or other authority shall be empowered and is hereby required to refuse clearance from any port in Ceylon to any ship owned wholly or partly or chartered by such person until the said tax has been paid.

Refusal of  
clearance  
where income  
tax is in arrear.

(2) No civil or criminal proceedings shall be instituted or maintained against the Principal Collector of Customs or other authority in respect of a refusal of clearance under this section, nor shall the fact that a ship is detained under this

section affect the liability of the owner, charterer, or agent to pay harbour dues and charges for the period of detention.

Application of sections 61 to 63 to profits of non-resident owners of aircraft.

64. (1) The provisions of sections 61 to 63 shall apply to every non-resident person who carries on business as the owner or charterer of aircraft in like manner as they apply in the case of a non-resident person who carries on the business of shipowner or charterer.

(2) In the application of the provisions of sections 61 to 63 to any non-resident person who carries on business as the owner or charterer of aircraft—

- (a) “ship” shall be deemed to include aircraft, and “shipowner” shall be construed accordingly ;
- (b) “port” shall be deemed to include a customs aerodrome ;
- (c) “shipped” shall be deemed to include the meaning ‘loaded into an aircraft’ ;
- (d) “trans-shipment” shall be deemed to include transfer from one aircraft to another or in either direction between an aircraft and some other vessel ;
- (e) “shipping business” shall be deemed to include the business of the carriage of passengers, mails, livestock, or goods by aircraft ;
- (f) any reference to the master of a ship shall be deemed to include a reference to the person having for the time being control or charge of an aircraft ;
- (g) any reference to the granting of clearance to any ship shall be deemed to include a reference to the doing of any act which, under the provisions of any written law, is authorised to be done in relation to an aircraft in lieu of the granting of a certificate of clearance under section 63 of the Customs Ordinance, and any reference to the refusal of clearance shall be construed accordingly ;



- (h) "harbour dues and charges" shall be deemed to include any charges payable to the Government of Ceylon or to any person on account of the landing, stay or housing at a customs aerodrome of any aircraft arriving in or departing from Ceylon.

#### H—INSURANCE

65. (1) The profits of a company, whether mutual or proprietary, from the business of life insurance shall be the investment income of the Life Insurance Fund less the management expenses (including commission) attributable to that business :

Ascertainment  
of profits of  
insurance  
companies.

Provided that where such a company which is not resident in Ceylon transacts life insurance business in Ceylon whether directly or through an agent, the profits therefrom shall be ascertained by reference to the same proportion of the total investment income of the Life Insurance Fund of the company as the premiums from life insurance business in Ceylon bear to the total life insurance premiums received by it, subject to a deduction of agency expenses in Ceylon (including commission) 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 life insurance premiums or investment income.

(2) 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 Ceylon (less any premiums returned to the insured and premiums paid on reinsurance) and deducting therefrom a reserve for 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 are being 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 Ceylon, 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.

(3) Where the Commissioner is satisfied that by reason of the limited extent of the business transacted in Ceylon by a non-resident insurance company it would be unreasonable to require the company to furnish the particulars necessary for the application of sub-sections (1) and (2) he may, notwithstanding the provisions of those sub-sections, permit the profits of the company to be ascertained by reference to the proportion of the total profits and income of the company corresponding to the proportion which its premiums from insurance business in Ceylon bear to its total premiums, or any other basis which appears to him to be equitable.

(4) For the purposes of this section, "investment income of the Life Insurance Fund" means, in the case of a company whose sole business is life insurance, the whole of its income from investment, and, in the case of any other company, such part of its income from investments as appears fairly attributable to its life insurance business.

#### I—INTEREST, ETC., PAYABLE TO PERSONS OUTSIDE CEYLON

Deduction of  
income tax from  
interests, etc.

66. (1) Where any person in Ceylon pays or credits to any person or partnership out of Ceylon any sum falling due as—

- (a) interest on debentures, mortgages, loans, deposits, or advances; or
- (b) rent, ground rent, royalty, or annuity, which is payable either in respect of property in Ceylon or out of income arising in Ceylon,

whether such sum is due from him or from another person, or from a partnership, he shall be entitled, notwithstanding any agreement to the contrary, to deduct income tax on such sum at a rate of  $33\frac{1}{3}$  per centum, and the amount of tax so deductible shall be a debt due from such person to the Crown and shall be recoverable forthwith as such or may be assessed and charged upon such person in addition to any income tax otherwise payable by him under this Act :

Provided that—

(a) the Commissioner may give notice in writing for any year of assessment to any person in Ceylon, as regards a particular person or partnership out of Ceylon, requiring him to deduct, from any sums paid or credited by him to that person or partnership as aforesaid, income tax on such sums at a rate higher than  $33\frac{1}{3}$  per centum, but not greater than the highest rate at which tax is chargeable for that year upon the taxable income of an individual; and the tax so deductible shall be recoverable and chargeable as aforesaid; and

(b) the preceding provisions of this sub-section shall not apply to any interest paid out of income not arising in Ceylon, or to interest on any loan or advance made by a banker.

(2) Any person who deducts income tax in accordance with the provisions of sub-section (1) from any sum paid or credited to a person or partnership out of Ceylon shall thereupon issue to such person or partnership a statement in writing showing—

(a) the gross amount of such payment;

(b) the rate and amount of the tax so deducted; and

(c) the net amount actually paid.

(3) Where the assessable income of a person includes a sum from which income tax has been deducted in accordance with sub-section (1), he shall be entitled, on production of a statement relating to such sum issued in accordance with sub-section (2), to a set-off against the tax payable by him of the amount of tax shown on such statement.

(4) Where in consequence of the provisions of this section income tax is deducted during any year of assessment from the income of a person out of Ceylon arising from a source in respect of which that person is liable to be assessed for the same year of assessment either directly or through an agent, and no set-off is due under the provisions of sub-section (3) for that year of assessment, the

Commissioner may grant such relief as he may decide to be reasonable.

(5) Where for any year of assessment the whole or any part of the assessable income of any non-resident person, other than an individual who is entitled to relief under section 70 (2) and has claimed such relief, is composed of income from which income tax has been deducted by virtue of sub-section (1) of section 27 or sub-section (1) of this section, and the rate (hereinafter referred to as the "new rate") at which tax is deductible under the aforesaid sub-section for that year of assessment is either greater or less than the corresponding rate for the year preceding the year of assessment in which the tax was so deducted, the income from which the tax has been so deducted shall be treated for all purposes of this Act as if income tax had been deducted therefrom at the new rate.

In any case where income tax is, under the preceding provisions of this sub-section, deemed to have been deducted at a rate higher than a rate at which tax was actually deducted, no person shall be entitled to any repayment by reason only that such tax is so deemed to have been deducted at such higher rate.

#### J—DONATIONS

Relief on account of donations to the Government of Ceylon or to approved charities.

67. (1) In this section, "approved donation" means a donation not less in amount than one thousand rupees—

- (a) made in money or otherwise to the Government of Ceylon, or
- (b) made in money to any such public charitable trust or institution as is declared by the Minister by notice published in the *Gazette* to be an approved charity for the purposes of this section.

For the purposes of this section, the amount of a donation made to the Government of Ceylon otherwise than in money shall be the value of such donation, and such value shall—

- (i) be the actual cost to the donor of the property donated, and
- (ii) where the actual cost cannot be ascertained, be the market value of the property donated.

(2) Where an approved donation has been made by any person, then—

- (i) the actual amount of the donation ; or
- (ii) an amount representing one-tenth of the assessable income of that person for the year of assessment in which the donation is made, or if that person is a company an amount representing one-twentieth of the assessable income of that company ; or

(iii) fifty thousand rupees,

whichever amount is the least, shall, for the purposes of sub-section (3) of this section, be the permitted allowance in relation to that donation.

(3) Where any person or member of a family has in the year preceding any year of assessment made an approved donation, such person or the head of that family shall be entitled on account thereof to such relief from the income tax as will secure that the tax payable by that person or the head of that family is reduced to the amount which would have been payable as tax if the permitted allowance in relation to that donation had been deducted from the statutory income of that person or the head of that family :

Provided that the relief from tax on account of that donation shall not exceed one-half of the permitted allowance in relation to that donation.

(4) Where a person has in any year of assessment made two or more donations, whether to the same approved charity or to different such charities, or to the Government of Ceylon, or to one or more approved charities and to the Government of Ceylon, the aggregate amount of the donations, if such amount is not less than one thousand rupees, shall be treated as one approved donation for the purposes of this section.

**K—PREMIA ON LIFE INSURANCE POLICIES AND ANNUITIES, AND PROVIDENT OR PENSIONS FUND CONTRIBUTIONS OF EMPLOYEES**

68. (1) Where a person—

- (a) during the year preceding any year of assessment pays any premia on a life insurance policy, or for the purchase of an annuity, or

Relief from income tax in respect of premia on life insurance policies and annuities and provident or pensions fund contributions of employees.

(b) during any period of employment the profits from which are included in the total statutory income of any year of assessment makes any contributions to a provident fund or to a pension fund approved by the Commissioner,

such person shall be entitled to a deduction from the income tax payable in respect of that year of assessment of an amount equal to the tax calculated at the effective rate on the amount of such premia or, as the case may be, on the amount of such contributions :

Provided, however, that such effective rate shall not exceed twenty-five per centum in the case of premia on life insurance policies or for the purchase of annuities, and fifteen per centum in the case of contributions to a provident fund or pension fund, and the amount on which tax is calculated at such effective rate shall not exceed one-sixth of his assessable income for such year of assessment or four thousand rupees, whichever amount is less :

Provided further that, in the case of any person who does not contribute to a provident or pension fund approved by the Commissioner or who is not entitled to a pension on cessation of employment, such effective rate shall not exceed twenty-five per centum for the purchase of annuities and the amount on which tax is calculated at such effective rate shall not exceed one-sixth of his assessable income for such year of assessment or eight thousand rupees whichever amount is less :

Provided, further, that the preceding provisions of this sub-section shall not apply to—

- (a) any premia paid outside Ceylon on any life insurance policy issued outside Ceylon after July 4, 1957, and
- (b) any premia paid outside Ceylon for the purchase of an annuity outside Ceylon after July 4, 1957.

(2) Where the assessable income of a wife or child for any year of assessment is aggregated with the assessable income of the head of the family of which such wife or child is a member, any premia on a life insurance policy or an annuity paid by the wife or child shall, for the purposes of the preceding provisions of this section, be deemed to be premia paid by the head of the family.

(3) For the purposes of this section, the effective rate of tax shall be determined as provided in sub-section (3) of section 17.

#### L—APPROVED INVESTMENTS

69. (1) In this section—

“approved investment” means an investment—

(a) in an approved project before production or manufacture of goods or commodities in that project commences other than—

- (i) an investment for the purpose of purchasing an existing investment, or
- (ii) an investment for the purpose of purchasing shares in a company which are not the first issue, or
- (iii) an investment for the purpose of purchasing shares in a company which are not ordinary shares ; or

(b) in securities of the Government of Ceylon ;

“ approved project ” means any such project for the establishment of a new undertaking as is considered by the Minister for the time being in charge of the subject of industries to be essential for the economic progress of Ceylon and is at the request of such Minister declared by the Minister of Finance by notice published in the *Gazette* to be an approved project for the purposes of this section.

(2) Where in the year preceding any year of assessment an individual makes an approved investment, then—

(a) the actual amount of that investment,  
or

(b) an amount representing one-fifth of the assessable income of that individual, or if that individual is a member of a family, of the head of that family, for that year of assessment, or

(c) fifty thousand rupees,

whichever amount is the least, shall, for the purposes of sub-section (3) of this section, be the permitted allowance in relation to such investment.

Relief on account of approved investments.

(3) An individual who has, in the year preceding any year of assessment, made an approved investment shall, be entitled, on account of that investment, to such relief from income tax as will secure that the tax payable by him, or if he is a member of a family, by the head of that family, is reduced to the amount which would be payable as the tax if the permitted allowance in relation to that investment were deducted from his statutory income, or the statutory income of the head of that family, as the case may be :

Provided, however, that the relief from tax on account of that investment shall not exceed one-half of such permitted allowance.

(4) No relief under sub-section (3) shall be allowed in respect of any investment by an individual in an undertaking referred to in section 19 (2) of the Finance Act, No. 65 of 1961.

(5) Where the ownership of any investment in respect of which relief had been granted to an individual under sub-section (3) changes, otherwise than by the death of that individual, within a period of six years after the date of such investment, then in respect of the year of assessment in which such relief was granted an additional assessment consisting of the difference between the amount of income tax to which that individual, or if that individual is a member of a family, the head of that family, would have been liable if such relief had not been granted and the amount of tax which that individual or the head of that family had paid for that year of assessment shall, notwithstanding anything in this Act, be made in respect of that individual or the head of that family and the provisions of this Act relating to notice of assessment, appeal and other proceedings shall apply in relation to such additional assessment.

#### M—RELIEF IN CASES OF DOUBLE TAXATION

70. (1) (a) Where the Senate and the House of Representatives by resolutions approve any agreement, entered into between the Government of Ceylon and the Government of any other territory, for the purpose of affording relief from double taxation in relation to income tax and wealth tax under Ceylon law and any taxes of a similar character imposed by the laws of that territory, the agreement shall, notwithstanding anything in any other written law, have the force of law in Ceylon in so far as it provides for relief

Effect of agreements for double taxation relief.



from income tax or wealth tax, or for charging the profits or income arising from sources in Ceylon to persons not resident in Ceylon or determining the profits or income to be attributed to such persons and their agencies, branches or establishments in Ceylon, or for determining the profits or income to be attributed to persons resident in Ceylon who have special relationships with persons not so resident.

(b) Every agreement which is approved by resolutions under paragraph (a) shall be published in the *Gazette* together with a notice that it has been so approved.

(c) The Minister may, by Order published in the *Gazette*, make such provision as may be necessary for the purpose of implementing any agreement which by virtue of paragraph (a) of this sub-section has the force of law in Ceylon, including provision—

(i) that the agreement and the Order shall have effect in respect of periods prior to the date of the execution or publication in the *Gazette* of the agreement; and

(ii) that any provision of this Act and any other written law relating to income tax or wealth tax shall have effect subject to such amendments or modifications as may be specified in the Order.

Every Order made under this sub-section shall have the force of law.

(d) In any case where any agreement referred to in paragraph (a) provides that tax payable under the laws of any territory outside Ceylon shall be allowed as a credit against any tax payable in Ceylon, the credit to be granted in respect of any Ceylon tax upon profits or income arising from any source shall not exceed the amount of the Ceylon tax payable in respect of such profits or income.

(2) Any non-resident individual who in the year preceding the year of assessment is a British subject resident in the United Kingdom or in any other part of Her Majesty's Realms and Territories or in any British protectorate or protected state, or in any territory in respect of which a mandate on behalf of the League of Nations has been accepted by Her Majesty, or who is a resident of any country which grants to residents of Ceylon in respect of any income tax levied in that country relief similar

to that allowed by this sub-section, and whose total income from all sources does not exceed fifty thousand rupees, shall be entitled to relief equal to the excess of Ceylon tax paid by him, by deduction or otherwise, for that year of assessment in respect of his Ceylon income over the amount which bears the same proportion to the amount which would be payable by him for that year by way of Ceylon tax if he were resident in Ceylon in the year preceding that year of assessment and chargeable in respect of his total income from all sources, wherever arising, as the amount of the Ceylon income, computed as though he were resident in Ceylon, bears to the amount of such total income from all sources :

Provided that where any such individual is non-resident for a part only of the year preceding a year of assessment the relief shall be calculated by reference to the Ceylon income tax, total income, and Ceylon tax of that part of the preceding year.

(3) (a) For the purposes of this and the following section—

(i) “income”, “Ceylon income” and “total income” shall be calculated as far as may be in accordance with the provisions of this Act relating to the ascertainment of assessable income, but shall not include any sum payable out of such income by way of interest, annuity, ground rent, or royalty ;

(ii) “Ceylon tax” means the amount of income tax before deducting any relief under this section and the following section, but does not include tax on any sum payable by way of interest, annuity, ground rent, or royalty out of the income in respect of which the tax is charged.

(b) The Ceylon rate of tax shall be ascertained by dividing the Ceylon tax by the income on which the tax has been paid or is payable, calculated in accordance with paragraph (a) of this sub-section.

**71.** (1) The succeeding provisions of this section shall not apply to any person who is a resident of a country with which arrangements for the avoidance of double taxation are made under the provisions of sub-section (1) of section 70.

Relief in  
respect of  
Commonwealth  
income tax.

(2) Where any person proves to the satisfaction of the Commissioner that he has paid, or is liable to pay by deduction or otherwise, both Ceylon tax for any year of assessment and Commonwealth tax for the corresponding year on his income from any source, he shall be entitled to relief from Ceylon tax of one-half of the Ceylon tax or Commonwealth tax paid or payable in respect of his income from that source, whichever is the less :

Provided that the relief granted under this sub-section shall not exceed one-half of the Ceylon tax after deducting therefrom any relief given under the provisions of section 70.

(3) For the purposes of this section—

(a) “ Commonwealth tax ” means any income tax and super tax charged under any law in force in any part of Her Majesty's Realms and Territories (other than the United Kingdom and Ceylon), or in any British protectorate or protected state, or in any territory in respect of which a mandate on behalf of the League of Nations has been accepted by Her Majesty where the legislature of that part or place has provided for relief in respect of tax charged on income both in that part or place and in Ceylon which appears to the Commissioner to correspond to the relief granted by this section, and the amount of Commonwealth tax shall be the amount of such tax before deducting such first-mentioned relief ;

(b) the Ceylon tax paid or payable in respect of income from any source shall be ascertained by applying the Ceylon rate of tax to the assessable income from that source, after deducting any sum payable therefrom by way of interest, annuity, ground rent, or royalty, and Commonwealth tax paid or payable in respect of income from any source shall be ascertained as far as may be in a corresponding manner ;

- (c) a certificate issued by or on behalf of the authority administering a Commonwealth tax shall be receivable in evidence to show the amount of Commonwealth tax paid or payable in respect of income from any source ;
- (d) “ corresponding year ”, in relation to a year of assessment under this Act, means the year for the purposes of Commonwealth tax, which the Commissioner in his discretion shall deem to correspond with such year of assessment under this Act.

Relief in respect of Ceylon wealth tax.

72. (1) Where any person proves to the satisfaction of the Commissioner that, in respect of his wealth consisting of property in another country, he has paid or is likely to pay for any year of assessment Ceylon wealth tax and wealth tax for the corresponding year of assessment in such other country with which arrangements for granting relief from double taxation have been made under sections 70 and 71, then he shall be entitled to relief from the wealth tax payable by him in Ceylon in respect of such wealth of the amount of the wealth tax payable in respect of such wealth in Ceylon or in such other country, whichever is less.

(2) For the purposes of sub-section (1), the wealth tax payable by any person in Ceylon or in another country in respect of wealth consisting of property in such other country shall be computed at a rate equivalent to the quotient obtained by dividing the amount of the wealth tax payable in respect of all his taxable wealth by the value of all his taxable wealth.

#### N—PROVISIONS RELATING TO MINISTERS, SENATORS AND MEMBERS OF THE HOUSE OF REPRESENTATIVES

Relief in respect of allowances granted to Ministers, Senators and Members of the House of Representatives.

73. (1) The succeeding provisions of this section shall apply to Ministers, Senators and Members of the House of Representatives.

(2) In the case of the person holding for the time being the office of Prime Minister—

- (a) the rental value of the place of residence provided, and

(b) the entertainment allowance paid,

to such person by the Government of Ceylon shall not be taken into consideration in ascertaining the profits and income arising to such person from that office.

(3) In the case of a person holding for the time being the office of a Minister (other than Prime Minister), the entertainment allowance paid to such person by the Government of Ceylon shall not be taken into consideration in ascertaining the profits and income arising to such person from that office.

(4) In the case of the person holding for the time being the office of Speaker of the House of Representatives—

(a) the rental value of the place of residence provided to such person ; and

(b) each of the following allowances paid to such person :—

(i) the entertainment allowance,

(ii) the allowance for the maintenance of the staff for such residence,

(iii) the allowance for the maintenance of the official conveyance, and

(iv) the travelling allowance,

by the Government of Ceylon shall not be taken into consideration in ascertaining the profits and income arising to such person from that office.

(5) In the case of a person holding for the time being the office of President of the Senate—

(a) the entertainment allowance, and

(b) the allowance for the maintenance of the official conveyance,

paid to such person by the Government of Ceylon shall not be taken into consideration in ascertaining the profits and income arising to such person from that office.

(6) In the case of any person holding for the time being the office of Deputy President of the Senate or the office of Deputy Speaker of the House of Representatives or the office of Deputy Chairman of Committees of the House of Representatives, the clerical allowance and the travelling

allowance paid to such person by the Government of Ceylon shall not be taken into consideration in ascertaining the profits and income of such person from that office.

(7) In the case of any person who is a Senator (other than the President or the Deputy President or a Minister or a Parliamentary Secretary), the clerical allowance and one-half of the travelling allowance paid to him by the Government of Ceylon shall not be taken into consideration in ascertaining the profits and income of such person in his capacity as a Senator.

(8) In the case of any person who is a member of the House of Representatives (other than the Speaker, Deputy Speaker or Deputy Chairman of Committees or a Minister or a Parliamentary Secretary), the clerical allowance and the travelling allowance and one-half of the amount of the other allowances paid to such person by the Government of Ceylon shall not be taken into consideration in ascertaining the profits and income of that person in his capacity as such member.

#### O—MISCELLANEOUS

Applicability of provisions relating to particular sources of profits or income.

74. Where any provision of this Act expressly relates to any particular source of profits or income mentioned in sub-section (1) of section 3, such provision shall not apply to the determination of any profits or income which is assessable and has been assessed as falling within any other source mentioned in that sub-section.

Profits of a company from transactions with its shareholders.

75. The profits of a company from transactions with its shareholders which would be assessable if such transactions were with persons other than its shareholders shall be profits within the meaning of this Act.

Income from certain dividends to include tax thereon.

76. The income of a person arising from a dividend paid by a company liable to United Kingdom income tax, or Commonwealth tax within the meaning of section 71 shall, where any such tax has been deducted therefrom, be the gross amount before making such deduction; where no such deduction has been made, the income arising shall be the amount of the dividend increased by an

amount on account of such taxes corresponding to the extent to which the profits out of which the said dividend has been paid have been charged with such taxes.

77. Where any insurance premium has been allowed as an expense incurred in the production of profits or income, any sum realized under such insurance shall be taken into account in the ascertainment of such profits or income.

How certain receipts from insurance to be treated.

78. (1) Where a body of persons, whether corporate or unincorporate, carries on a club or similar institution and receives from its members not less than three-fourths of its gross receipts on revenue account (including entrance fees and subscriptions), it shall not be deemed to carry on a business; but where less than three-fourths of its gross receipts are received from members, the whole of the income from transactions both with members and others (including entrance fees and subscriptions) shall be deemed to be receipts from a business, and the body of persons shall be chargeable either in respect of the profits therefrom, or in respect of the income which would be assessable if it were not deemed to carry on a business, whichever is the greater.

Ascertainment of income of clubs, trade associations, etc.

(2) Where a body of persons, whether corporate or unincorporate, carries on a trade association, chamber of commerce, or similar institution in such circumstances that more than half its receipts by way of entrance fees and subscriptions are from persons who claim or would be entitled to claim that such sums were allowable deductions for the purposes of section 10, such body of persons shall be deemed to carry on a business, and the whole of its income from transactions both with members and others (including entrance fees and subscriptions) shall be deemed to be receipts from a business, and the body of persons shall be chargeable either in respect of the profits therefrom or in respect of the income which would be assessable if it were not deemed to carry on a business whichever is the greater.

(3) In this section, "members", in relation to a body of persons, means those persons who are entitled to vote at a general meeting of the body at which effective control is exercised over its affairs.

(4) Nothing in this section shall operate to annul or reduce any exemption granted under section 5 of this Act.

Certain undistributed profits to be treated as distributed and certain transactions and dispositions to be disregarded.

79. (1) Where, in the case of a company controlled by not more than five persons,—

(a) the assessable income of the company for any year of assessment is computed on the profits of the company for any year ending on or after the first day of April, 1962, (hereafter in this sub-section referred to as the “previous year”), and

(b) the Assessor is satisfied that, in respect of the previous year, the company has not distributed to its shareholders a reasonable part of its profits,

the Assessor may, subject to the provisions of sub-sections (2), (3) and (4), treat the whole or a part of the profits of the company after deducting therefrom any expenditure incurred for the development of the business of the company other than the price paid for the purchase of an existing business or an agricultural undertaking, as distributed in the form of dividends to the shareholders of the company; and the persons concerned shall be assessable accordingly.

(2) In determining under sub-section (1) whether a company has not distributed to its shareholders a reasonable part of its profits, the Assessor shall have regard not only to the current requirements of the company's business but also to such other requirements as may be necessary or advisable for the maintenance and development of that business.

(3) For the purposes of sub-section (1) any of the following sums shall be regarded as profits available for distribution among the shareholders of the company and not as having been applied or being applicable to the requirements of the company's business or to such other requirements as may be necessary or advisable for the maintenance and development of that business:—

(a) any sum expended or applied, or intended to be expended or applied, out of the profits of the company—

(i) in or towards payment for the business, undertaking or property



which the company was formed to acquire or which was the first business, undertaking or property of a substantial character acquired by the company, or

(ii) in redemption or repayment of any share or loan capital or debt (including any premium on such share or loan capital or debt) issued or incurred in or towards payment for any such business, undertaking or property, or issued or incurred for the purpose of raising money applied or to be applied in or towards payment therefor, or

(iii) in meeting any obligations of the company in respect of the acquisition of any such business, undertaking or property, or

(iv) in redemption or repayment of any share or loan capital or debt (including any premium on such share or loan capital or debt) issued or incurred otherwise than for adequate consideration,

(b) any sum lent to a director or shareholder of the company, and

(c) any sum expended or applied, or intended to be expended or applied, in pursuance or in consequence of any fictitious or artificial transactions.

(4) For the purposes of sub-section (3), share or loan capital or debt shall be deemed to be issued or incurred otherwise than for adequate consideration if—

(a) it is issued or incurred for consideration the value of which to the company is substantially less than the amount of the capital or debt (including any premium thereon), or

(b) it is issued or incurred in or towards, or for the purposes of raising money applied or to be applied in or towards, the redemption or repayment of any share or loan capital or debt which itself was

issued or incurred for such consideration as is mentioned in paragraph (a) of this sub-section or which represents, directly or indirectly, any share or loan capital or debt which itself was issued or incurred for such consideration,

and references in this sub-section and in sub-section (3) to money applied or to be applied for any purpose shall be deemed to include references to money applied or to be applied in or towards the replacement of that money.

(5) Where a company referred to in sub-section (1) is being wound up in pursuance of an order made by a court or a resolution passed in that behalf by the shareholders of the company, then the balance of the income after payment of income tax in the year of assessment in which such winding-up commences and for each subsequent year of assessment until such winding-up is completed shall be regarded as income distributed as dividends to such shareholders.

(6) Where under the preceding provisions of this section the whole or any part of the undistributed profits of a company is treated as distributed in the form of dividends, and any shareholder is assessable accordingly, the additional amount which becomes payable as tax by that shareholder by reason of the operation of that sub-section shall be recoverable either from the shareholder or from the company as the Commissioner may in his discretion determine.

(7) Where an Assessor is of opinion that any transaction which reduces or would reduce the amount of tax payable by any person is artificial or fictitious or that any disposition is not in fact given effect to, he may disregard any such transaction or disposition and the persons concerned shall be assessable accordingly.

(8) Nothing in this section shall prevent the decision of an Assessor in the exercise of any discretion given to him by this section from being questioned in an appeal in accordance with the provisions of Chapter XII.

(9) In this section—

(a) “disposition” includes any trust, grant, covenant, agreement, or arrangement ;

(b) "company controlled by not more than five persons" means a company in which more than half of the total shares issued is held by not more than five persons, their wives or minor children, either directly or through nominees.

**80.** (1) Every person chargeable with tax under this Act as trustee, executor, or agent, or from whom such tax is recoverable in respect of the income or wealth of another person, may retain out of any assets coming into his possession or control on behalf of such other person or in his capacity as trustee, executor, or agent so much thereof as shall be sufficient to produce the amount of such tax, and he shall be and is hereby indemnified against any person whomsoever in respect of his retention of such assets.

Indemnification  
of representa-  
tive.

(2) Where any person acting as trustee or executor has paid tax, and no assets of the trust or estate come into his possession or control out of which he could retain the tax so paid, such tax shall be a debt due from the beneficiaries of the trust or estate to the trustee or executor.

(3) Where a person chargeable with tax or from whom tax is recoverable in respect of the income or wealth of another person has paid such tax, and no assets of such other person come in to his possession or control out of which he could retain the tax so paid, such tax shall be a debt due to him from such other person.

## CHAPTER X

## Returns, etc.

Duty of persons chargeable with tax to furnish returns if not required to do so under section 82.

**81.** (1) It shall be the duty of every person chargeable, either singly or as a head of a family, with income tax, wealth tax or gifts tax for any year of assessment, if he has not been required by the Assessor under section 82 to make a return of income, wealth or gifts for that year, to give notice in writing to the Commissioner within a period of three months after the date of commencement of such year that he is so chargeable.

(2) A notice under sub-section (1) shall specify—

(a) the full name and address of the person giving such notice,

(b) the particulars relating to the source or sources of his income or to his property or gifts or if he has a wife, child or dependent relative, particulars relating to the sources of the income or to the property of such wife, child or dependent relative, and

(c) any reference to a file number of the Department of Inland Revenue in any previous correspondence between that Department and him on any matter relating to income tax, wealth tax or gifts tax.

Returns and information to be furnished.

**82.** (1) An Assessor may give notice in writing to any person requiring him to furnish within the time specified in such notice a return of his income, wealth or gifts, and, if he has a wife, child or dependent relative, the income or wealth of such wife, child or dependent relative, containing such particulars and in such form as may be prescribed.

(2) An Assessor may give notice in writing to any person when and as often as he thinks necessary requiring him to furnish within the time specified in such notice—

(a) fuller or further returns, or

(b) fuller and further information relating to any matter as will in the opinion of the Assessor be necessary or relevant

for the assessment of the income tax, wealth tax or gifts tax payable by such person.

(3) For the purpose of obtaining full information in respect of any person's income, wealth, expenditure or gifts, an Assessor may give notice in writing to such person requiring him—

(a) to produce for examination, or transmit to the Assessor, within the period specified in such notice, any such deeds, plans, instruments, books, accounts, trade lists, stock lists, registers, cheques, paying in slips, auditors' reports, or other documents in his possession as may be specified in such notice ;

(b) to attend in person or by an authorised representative at such place and on such date and at such time as may be specified in the notice for the purpose of being examined regarding his income, wealth, expenditure or gifts.

(4) For the purposes of this Act an Assistant Commissioner may give notice in writing to any person requiring him—

(a) to attend in person or by authorised representative at such place and on such date and at such time as may be specified in such notice so that he may be examined on any such matter or matters as may be specified in the notice ;

(b) to produce, or transmit to such Assistant Commissioner within the period specified in such notice any such deeds, plans, instruments, books, accounts, trade lists, stock lists, registers, cheques, paying in slips, auditors' reports, or other documents in his possession as may be specified in such notice.

(5) A person who attends in compliance with a notice given under sub-section (3) or sub-section (4) may be allowed by the Commissioner the expenses reasonably incurred by him in so attending.

(6) An Assistant Commissioner, or an Assessor with the approval of an Assistant Commissioner, may retain in his custody, as long as such retention is necessary for any purpose of this Act, any deeds,

plans, instruments, books, registers, accounts, trade lists, cheques, paying in slips, auditors' reports or other documents which are or have been produced before him or transmitted to him under sub-section (4) or which otherwise come or have come into his possession.

(7) A return, statement, or form purporting to be furnished under this Act by or on behalf of any person shall for all purposes be deemed to have been furnished by that person or by his authority, as the case may be, unless the contrary is proved, and any person signing any such return, statement, or form shall be deemed to be cognizant of all matters therein.

Information to be furnished by officials and employers.

83. (1) The Commissioner may give notice in writing to any officer in the employment of the Government or of any local authority or other public body requiring him to furnish within the period specified in such notice any such particulars which he may require for the purposes of this Act as may be in the possession of such officer :

Provided that no such officer shall by virtue of this section be obliged to disclose any particulars as to which he is under any express statutory obligation to observe secrecy.

(2) Every person who is an employer shall, when required to do so by notice in writing given by an Assessor, furnish within the period specified in such notice a return containing the names and places of residence and the full amount of the remuneration, whether in cash or otherwise, for the period specified in the notice, of—

(a) all persons employed by him who are in receipt of remuneration in excess of a minimum figure to be fixed by the Assessor; and

(b) any other person employed by him named by the Assessor.

(3) Any director of a company or person engaged in the management of a company shall be deemed to be a person employed by the company.

Returns to be furnished of income received on account of, or paid to, other persons.

84. Where any person in any capacity whatever—

(a) receives any profits or income to which this Act applies and which belongs to some other person; or

- (b) pays to some other person, or to his order, any such profits or income,

an Assessor may give notice to such first-named person requiring him to furnish within the period specified in such notice a return containing—

- (i) a true and correct statement of all such profits and income ; and
- (ii) the name and address of every person to whom such profits and income belong.

**85.** An Assessor may give notice in writing to any person who is the occupier of any land, requiring him to furnish within the period specified in such notice a return containing—

Occupiers to furnish returns of rent payable.

- (a) the name and address of the owner of such land ;
- (b) any improvements effected to such land ; and
- (c) a true and correct statement of the rent payable and any other consideration passing therefor.

**86.** An Assessor may give notice in writing to any person requiring him within the period specified in such notice to furnish a return containing the name of every lodger or inmate who is at the date of the notice resident in his house, hotel, or institution and has been so resident, except for temporary absences, throughout the period of three months preceding that date.

Return of lodgers and inmates.

**87.** Any act or thing required by or under this Act to be done by any person shall, if such person is an incapacitated or non-resident person, be deemed to be required to be done by the trustee of such incapacitated person or by the agent of such non-resident person, as the case may be.

Who may act for incapacitated or non-resident person.

**88.** (1) Any banker, agent of a banker, or other person in Ceylon who pays or credits to any person the value of the proceeds of a coupon for any interest, dividend, or other annual payment payable out of or in respect of the stock, funds, shares, or securities of any company or body of persons not resident in Ceylon shall, within thirty days of such date, render to the Commissioner a

Bankers to render returns of coupons cashed by them.

statement showing the name and address of such person, particulars of such coupon, and the amount paid or credited in respect thereof :

Provided that the Commissioner may authorise any such banker, agent of a banker or other person to render such statements quarterly or half-yearly during any year of assessment.

(2) In this section, "coupon" includes any warrant, bill of exchange, or order to pay money purporting to be issued, drawn, or made in payment of any interest, dividend, or other annual payment as aforesaid.

**89.** (1) Wherever two or more persons in partnership act in the capacity of trustees or executors, or as agents, or are employers, or are persons in receipt of money, value, or profits to whom section 84 applies, or act in any other capacity whatever, either on behalf of themselves or of any other person, the precedent partner of such partnership shall be answerable for doing all such acts, matters, and things as would be required to be done under the provisions of this Act by an individual acting in such capacity :

Provided that any person to whom a notice has been given under the provisions of this Act as precedent partner of a partnership shall be deemed to be the precedent partner thereof unless he proves that he is not a partner in such partnership, or that some other person resident in Ceylon is the precedent partner thereof.

(2) Where two or more persons who are not in partnership act jointly in any capacity mentioned in sub-section (1), they shall be jointly and severally answerable for doing all such acts, matters, and things as would be required to be done under the provisions of this Act by an individual acting in such capacity.

**90.** The secretary, manager, or other principal officer of every company or body of persons corporate or unincorporate shall be answerable for doing all such acts, matters, or things as are required to be done under the provisions of this Act by such company or body of persons :

Provided that any person to whom a notice has been given under the provisions of this Act on behalf of a company or body of persons shall be

Precedent partner to act on behalf of a partnership.

Principal officer to act on behalf of a company or body of persons.



deemed to be the principal officer thereof unless he proves that he has no connection with the company or body of persons or that some other person resident in Ceylon is the principal officer thereof.

**91.** (1) Every notice to be given by the Commissioner, an Assistant Commissioner, or an Assessor under this Act shall bear the name of the Commissioner or Assistant Commissioner or Assessor, as the case may be, and every such notice shall be valid if the name of the Commissioner, Assistant Commissioner, or Assessor is duly printed or signed thereon.

Signature and service of notices.

(2) Every notice given by virtue of this Act may be served on a person either personally or by being delivered at, or sent by post to, his last known place of abode or any place at which he is, or was, during the year to which the notice relates, carrying on business :

Provided that a notice of assessment under section 95 shall be served personally or by being sent by post by registered letter to any such place as aforesaid.

(3) Any notice sent by post shall be deemed to have been served on the day succeeding the day on which it would have been received in the ordinary course by post.

(4) In proving service by post it shall be sufficient to prove that the letter containing the notice was duly addressed and posted.

(5) Every name printed or signed on any notice or signed on any certificate given or issued for the purposes of this Act, which purports to be the name of the person authorised to give or issue the same, shall be judicially noticed.

**92.** (1) Where any person fails to comply with the notice in writing given to him by an Assessor requiring him to furnish a return of his income, wealth or gifts, and if he has a wife, child or dependent relative, the income or wealth of such wife, child or dependent relative, the Commissioner may in writing order that person to pay as a penalty for failure to comply with the requirements of such notice a sum not exceeding two hundred and fifty rupees.

Power of Commissioner to impose penalty for failure to furnish return.

(2) Where a penalty is imposed on a person under sub-section (1) he shall not be liable to a prosecution for an offence under paragraph (a) of section 118 (1) relating to that notice.

## CHAPTER XI

## Assessments

Assessor to  
make  
assessments.

**93.** (1) Every person who is in the opinion of an Assessor chargeable with income tax, wealth tax or gifts tax shall be assessed by him as soon as may be after the expiration of the time specified in the notice requiring him to furnish a return of income, wealth or gifts under section 82 :

Provided that the Assessor may assess any person at any time, whether or not such time is before the commencement of the year of assessment to which the assessment relates, if he is of opinion that such person is about to leave Ceylon, or that for any other reason it is expedient to do so.

(2) Where a person has furnished a return of income, wealth or gifts, the Assessor may either—

(a) accept the return and make an assessment accordingly ; or

(b) if he does not accept the return, estimate the amount of the assessable income, taxable wealth or taxable gifts of such person and assess him accordingly.

(3) Where a person has not furnished a return of income, wealth or gifts and the Assessor is of the opinion that such person is chargeable with income tax, wealth tax or gifts tax, he may estimate the amount of the assessable income, taxable wealth or taxable gifts of such person and assess him accordingly, but such assessment shall not affect the liability of such person to a penalty by reason of his failure or neglect to deliver a return.

Additional  
assessments.

**94.** Where it appears to an Assessor that for any year of assessment any person chargeable with income tax, wealth tax or gifts tax, has not been assessed or has been assessed at less than the proper amount, the Assessor may, within the year of assessment or within six years after the expiration thereof, assess such person at the amount or additional amount at which according to his judgment such person ought to have been assessed, and the provisions of this Act as to notice of assessment, appeal, and other proceedings shall apply to such assessment or additional assessment and to the tax charged thereunder :

Provided that where the non-assessment or under-assessment of any person for any year of

assessment is due to fraud or wilful evasion, such assessment or additional assessment may be made at any time after the expiration of that year of assessment.

95. (1) An Assessor shall give a notice of assessment to each person who has been assessed stating the amount of income, wealth or gifts assessed and the amount of tax charged.

Notice of assessment.

(2) Where by reason of an amendment of the law or an amendment of the rate of tax it is necessary to vary the amount of tax charged in any notice of assessment, the Assessor may give such notification as may be necessary to the person assessed in that notice of assessment; and any notification so given shall, as regards any particulars of the assessment contained in the notification, which have not been included in the notice of assessment, have effect as if the notification were a notice of assessment.

96. (1) No notice, assessment, 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 therein, if the same is in substance and effect in conformity with or according to the intent and meaning of this Act, and if the person assessed or intended to be assessed or affected thereby is designated therein according to common intent and understanding.

Validity of assessments, etc.

(2) Without prejudice to the generality of subsection (1), an assessment shall not be impeached or affected—

(a) by reason of a mistake therein as to the name or surname of the person chargeable, the amount of income, wealth or gifts assessed, or the amount of tax charged; or

(b) by reason of 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 the particulars mentioned in paragraph (a) of this sub-section.

## CHAPTER XII

## Appeals

## A—APPEALS TO THE COMMISSIONER

Appeals to the  
Commissioner.

97. (1) Any person who is aggrieved by the amount of an assessment made under this Act or by the amount of any valuation for the purposes of this Act may within a period of thirty days after the date of the notice of assessment appeal to the Commissioner against such assessment or valuation :

Provided that the Commissioner, upon being satisfied that owing to absence from Ceylon, sickness or other reasonable cause, the appellant was prevented from appealing within such period, shall grant an extension of time for preferring the appeal.

(2) Every appeal shall be preferred by a petition in writing addressed to the Commissioner and shall—

- (a) if the appeal is against an assessment of income tax, set out the source or sources of income specified in the notice of assessment against which the appeal is preferred and the grounds of such appeal ; or
- (b) if the appeal is against an assessment of wealth tax or gifts tax, set out the grounds of such appeal ; or
- (c) if the appeal is against the amount of the valuation of any property, specify that property and set out the grounds on which such valuation is erroneous and the value that should be put on that property.

(3) Every petition of appeal shall bear uncanceled stamps to the value of ten rupees :

Provided that the aforesaid sum shall be refunded if the appeal is allowed wholly or partly, or, if in the opinion of the Commissioner, the appeal is not frivolous.

(4) Where the assessment appealed against has been made in the absence of a return, the petition of appeal shall be sent together with a return duly made.

(5) Every petition of appeal which does not conform to the provisions of sub-sections (2), (3) and (4) shall not be valid.

(6) On receipt of a valid petition of appeal, the Commissioner may cause further inquiry to be made by an Assessor, and if in the course of such inquiry an agreement is reached as to the matters specified in the petition of appeal, the necessary adjustment of the assessment shall be made.

(7) Where no agreement is reached between the appellant and the Assessor in the manner provided in sub-section (6), the Commissioner shall, by notice given in writing to the appellant, require the appellant to transmit to him within a period of thirty days after the date of such notice, a list of documents upon which, and the names and designations of the persons on whose evidence, the appellant proposes to rely in support of his appeal.

(8) The Commissioner shall, as soon as may be after the transmission to him of the list referred to in sub-section (7), give notice in writing to the appellant of his determination on the appeal.

(9) Before making his determination on any appeal, the Commissioner may, if he considers it necessary so to do, by notice given in writing to the appellant—

(a) require the appellant to produce, or transmit, for inspection by the Commissioner any document specified in the list transmitted by him to the Commissioner ;

(b) require the appellant in person or by authorised representative to be present, together with such documents and witnesses as may be specified in such notice, at such place and on such date and at such time as may be specified in the notice to be heard on such matters relating to the appeal as may be specified in such notice.

(10) Where any appellant fails to comply with the requirements of any notice given under sub-section (7) or sub-section (9), the Commissioner shall dismiss the appeal :

Provided that if the appellant shall within a reasonable time after the dismissal of an appeal satisfy the Commissioner that he was prevented from complying with the requirements of such

notice by reason of absence from Ceylon, sickness or other unavoidable cause, the Commissioner may vacate the order of dismissal.

(11) The Commissioner shall have power to summon any person whom he may consider able to give evidence respecting the appeal to attend before him and may examine such person on oath or otherwise. Any person so attending may be allowed by the Commissioner any reasonable expenses necessarily incurred by such person in so attending.

(12) Where the Commissioner requires the appellant or his authorised representative to be heard on any matter relating to the appeal and specified in the notice given under sub-section (9) the appellant shall not at such hearing be allowed—

(a) to produce any document which is not included in the list furnished by him under sub-section (7) or to adduce the evidence of any witness whose name does not appear in that list, or

(b) to raise any point which is not specified in the petition of appeal.

(13) In disposing of an appeal under this section, the Commissioner may increase the assessment appealed against.

## B—APPEALS TO THE BOARD OF REVIEW

Constitution of  
the Board of  
Review.

98. (1) For the purpose of hearing appeals in the manner hereinafter provided, there shall be a Board of Review (hereinafter referred to as "the Board") consisting of not more than twenty members who shall be appointed from time to time by the Minister. The members of the Board shall hold office for a term of three years but shall be eligible for reappointment.

(2) There shall be a Clerk to the Board who shall be appointed by the Minister.

(3) There shall be a Legal Adviser to the Board who shall be appointed by the Board.

(4) Three or more members of the Board shall be nominated by the Minister and summoned by the Clerk to attend meetings at which appeals are to be heard. At such a meeting a quorum shall consist of two members.

(5) At the request of the Commissioner, the Clerk to the Board shall summon a meeting of the

whole Board. At such a meeting a quorum shall consist of five members.

(6) The remuneration of the members of the Board, the Clerk, and the Legal Adviser shall be fixed by the Minister.

99. Any appellant, or the authorised representative of any appellant, who is dissatisfied with the determination of an appeal under section 97, may, by petition in writing addressed to the Board, appeal from that determination within one month from the date of the notice of the determination. Every such petition shall—

Right of appeal to the Board of Review.

(a) be accompanied by a copy of the Commissioner's determination against which the appeal is made,

(b) set out precisely the grounds of appeal therefrom, and

(c) be delivered to the Clerk to the Board.

100. Notwithstanding the provisions of section 97, the Commissioner may refer any valid appeal made to him to the Board of Review, and the Board shall hear and determine such appeal, and the provisions of section 101 shall apply accordingly.

Commissioner may refer appeals to the Board of Review.

101. (1) As soon as may be after the receipt of a petition of appeal, the Clerk to the Board shall fix a date and time and place for the hearing of the appeal, and shall give fourteen clear days' notice thereof both to the appellant and to the Commissioner.

Hearing and disposal of appeals to the Board of Review.

(2) Every appellant shall attend at the meeting of the Board at which the appeal is heard in person or by an authorised representative :

Provided that where an authorised representative of the appellant is present at the hearing of an appeal the Board may postpone the hearing for such time as it thinks necessary for the attendance of the appellant.

(3) The Assessor who made the assessment appealed against or some other person authorised by the Commissioner shall attend such meeting of the Board in support of the assessment.

(4) The onus of proving that the assessment as determined by the Commissioner on appeal, or as referred by him under section 100, as the case may be, is excessive or erroneous shall be on the appellant.

(5) All appeals shall be heard *in camera*.

(6) The Board shall have power to summon to attend at the hearing any person whom it may consider able to give evidence respecting the appeal and may examine him as a witness either on oath or otherwise. Any person so attending may be allowed by the Board any reasonable expenses necessarily incurred by him in so attending.

(7) Except with the consent of the Board and on such terms as the Board may determine the appellant shall not, at the hearing by the Board, be allowed—

(a) to produce any document which was not included in the list referred to in section 97 (7), or to adduce the evidence of any witness whose name does not appear in such list ; or

(b) to produce any document which he has failed to produce, or transmit, for inspection when required to do so under sub-section (9) of section 97 or to adduce the evidence of any witness whose evidence was not tendered when called for under that sub-section.

(8) At the hearing of the appeal the Board may, subject to the provisions of sub-section (4), admit or reject any evidence adduced, whether oral or documentary, and the provisions of the Evidence Ordinance relating to the admissibility of evidence shall not apply.

(9) After hearing the appeal, the Board shall confirm, reduce, increase, or annul the assessment as determined by the Commissioner on appeal, or as referred by him under section 100, as the case may be, or may remit the case to the Commissioner with the opinion of the Board thereon. Where a case is so remitted by the Board, the Commissioner shall revise the assessment as the opinion of the Board may require.

(10) Where under sub-section (9) the Board does not reduce or annul such assessment, the Board may order the appellant to pay as costs of the Board a sum not exceeding two hundred and fifty rupees, which shall be added to the tax charged and recovered therewith.



## C—APPEALS TO THE SUPREME COURT

102. (1) The decision of the Board shall be final :

Appeal on a question of law to the Supreme Court.

Provided that either the appellant or the Commissioner may make an application requiring the Board to state a case on a question of law for the opinion of the Supreme Court. Such application shall not be entertained unless it is made in writing and delivered to the Clerk to the Board, together with a fee of fifty rupees, within one month of the date of the Board's decision. If the decision of the Board shall be notified to the Commissioner or to the appellant in writing, the date of the decision, for the purposes of determining the period within which either of such persons may require a case to be stated, shall be the date of the communication by which the decision is notified to him.

(2) The stated case shall set forth the facts, the decision of the Board, and the amount of the tax in dispute where such amount exceeds five thousand rupees, and the party requiring it shall transmit the case, when stated and signed, to the Supreme Court within fourteen days after receiving the same.

(3) For the purpose of the application of the provisions of the Stamp Ordinance—

(a) all proceedings before the Supreme Court on any case stated under this section or incidental to the hearing, determination or disposal of any such case, shall be deemed to be civil proceedings before the Supreme Court of the value of five thousand rupees, or of such greater amount as may be set forth by the Board under sub-section (2) as the amount of the tax in dispute ;

(b) every such case stated shall, together with all books, documents and papers annexed thereto by the Board, be deemed to be a single exhibit in civil proceedings before the Supreme Court ; and

(c) the Commissioner, if he is the appellant, shall be deemed to be a Government officer suing, or if he is the respondent to the appeal, a Government officer being sued, in a suit *virtute officii*.

(4) At or before the time when he transmits the stated case to the Supreme Court, the party requiring it shall send to the other party notice in writing of the fact that the case has been stated on his application and shall supply him with a copy of the stated case.

(5) Any two or more Judges of the Supreme Court may cause a stated case to be sent back for amendment, and thereupon the case shall be amended accordingly.

(6) Any two or more Judges of the Supreme Court shall hear and determine any question of law arising on the stated case and may in accordance with the decision of the court upon such question confirm, reduce, increase, or annul the assessment determined by the Board, or may remit the case to the Board with the opinion of the court thereon. Where a case is so remitted by the court, the Board shall revise the assessment as the opinion of the court may require.

(7) In any proceedings before the Supreme Court under this section, the court may make such order in regard to costs in the Supreme Court and in regard to the sum paid under sub-section (1) as to the court may seem fit.

(8) For the purpose of enabling the Commissioner or any other party to appeal to Her Majesty in Council against any order of the Supreme Court under sub-section (6) and for the purpose of the application of the provisions of the Appeals (Privy Council) Ordinance—

- (a) an order made by the Supreme Court under sub-section (6) shall, together with any order of that court under sub-section (7), be deemed to be a final judgment of the Supreme Court in a civil action between the Commissioner and such other party ;
- (b) the value of the matter in dispute in such civil action shall be deemed to be five thousand rupees :

Provided that where the Board has, under sub-section (2), set forth a higher amount than five thousand rupees as the amount of the tax in dispute, the value of the matter in dispute in such

civil action shall be the higher amount so set forth by the Board ; and

- (c) the Commissioner on any appeal to Her Majesty in Council, shall not be required to make any deposit or pay any fee or furnish any security prescribed by or under the Appeals (Privy Council) Ordinance.

### General

**103.** Where no valid appeal has been lodged within the time specified in this Act against an assessment as regards the amount of the assessable income, or in respect of the taxable wealth or taxable gifts, assessed thereby, or where the amount of such assessable income, or taxable wealth or taxable gifts has been determined on appeal, the assessment as made, or reduced, or increased or confirmed on appeal, as the case may be, shall be final and conclusive for all purposes of this Act as regards the amount of such assessable income or taxable wealth or taxable gifts :

Assessments or amended assessments to be final.

Provided that nothing in this Act shall prevent an Assessor from making an assessment or additional assessment for any year of assessment which does not involve re-opening any matter which has been determined on appeal for the year.

**104.** (1) Where in an assessment made in respect of any person the amount of income assessed or taxable wealth or taxable gifts exceeds that specified as his income or taxable wealth or taxable gifts in his return and the assessment is final and conclusive under section 103, the Commissioner may, unless that person proves to the satisfaction of the Commissioner that there is no fraud or wilful neglect involved in the disclosure of income or wealth or gifts made by that person in his return, in writing order that person to pay as a penalty for making an incorrect return a sum not exceeding two thousand rupees and a sum equal to twice the tax on the amount of the excess.

Penalty for incorrect return.

(2) Any person in respect of whom an order is made under sub-section (1) may, within twenty-one days after the notification of the order to him, appeal therefrom in writing to the Board of Review. The appeal shall state the grounds of objection to the order.

(3) The provisions of section 101 shall as far as possible apply to the hearing and disposal of any appeal under the preceding provisions of this section. The Board of Review may confirm, reduce, increase or annul the penalty imposed by the order of the Commissioner from which an appeal is made, but any increase of such penalty shall not be in excess of the maximum amount which the Commissioner may impose under sub-section (1) as such penalty.

(4) Where in respect of any person's return of income or wealth or gifts a penalty is imposed on that person under this section, he shall not be liable to a prosecution for an offence relating to that return under paragraph (a) of sub-section (2) of section 118 or under paragraph (a) of sub-section (1) of section 120.

Reduction of  
the tax in  
certain  
circumstances.

105. Where the aggregate of—

- (a) wealth tax to which a person is liable for any year of assessment, and
- (b) the income tax to which such person is liable for that year of assessment,

exceeds eighty per centum of the assessable income of that person for that year of assessment, such excess shall be set off against the wealth tax to which he is liable.

## CHAPTER XIII

## Payment of Tax

106. (1) The income tax, wealth tax or gifts tax, charged by any assessment shall be paid in the manner directed in the notice of assessment, or in any other notice given to the person liable to pay such tax, on or before a date specified in such notice. Subject to the provisions of sub-section (2) any tax not so paid shall be deemed to be in default, and the person by whom such tax is payable or, where any tax is payable by more than one person or by a partnership, then each of such persons and each partner in the partnership shall be deemed to be a defaulter for the purposes of this Act.

Provisions  
regarding  
payment of  
tax.

(2) Tax shall be paid notwithstanding any appeal against the assessment, unless the Commissioner orders that payment of the tax or any part thereof be held over pending the result of such appeal, and the amount of the tax or part thereof so held over shall be deemed not to be in default.

(3) Where the Commissioner is of opinion either that the tax or any part thereof held over under sub-section (2) is likely to become irrecoverable, or that the appellant is unreasonably delaying the prosecution of his appeal, he may revoke any order made under that sub-section and make such fresh order as the case may appear to him to require and the amount of any tax not paid on or before such date as may be specified in the fresh order shall be deemed to be in default.

(4) Where, upon the final determination of an appeal under Chapter XII, or upon any order made by the Commissioner, any tax which has been held over under sub-section (2) becomes payable or the tax charged by the original assessment is increased, the Commissioner shall give to the appellant a notice in writing fixing a date on or before which any tax or balance of tax shall be paid. Any tax not so paid shall be deemed to be in default.

(5) Where any tax is in default, a sum equivalent to five per centum of the amount in default shall be added to the tax and the Commissioner shall give notice in writing to the person by whom the tax is payable requiring him to pay the tax together

with such interest on or before a date specified in the notice, and if payment is not so made, the Commissioner may add a further sum or further sums not exceeding fifteen per centum of the tax in default until the tax is recovered.

(6) Where, upon the final determination of an appeal under Chapter XII, any tax in default to which any sum or sums under sub-section (5) has or have been added is reduced, then such sum or sums shall be calculated on the tax as so reduced.

Employer to deduct income tax due from employee from his remuneration and pay to the Commissioner.

**107.** (1) Where the Commissioner so directs by notice in writing to an employer, such employer shall, during the period commencing on the first day of September in a year of assessment and ending on the thirty-first day of August in the succeeding year of assessment, deduct the amount of the income tax payable in respect of the first-mentioned year of assessment by an individual in his employment (hereinafter referred to as an "employee") in such number of monthly instalments as may be specified in such notice; and thereafter, until such employer receives a fresh direction from the Commissioner, he shall, whether such employee has been assessed or not for the succeeding year of assessment, continue to deduct each month, commencing from September in such succeeding year from the remuneration payable to such employee an amount equivalent to the amount so deducted in the last month of the aforesaid period and the amount so deducted from September in such succeeding year of assessment shall be set off against the tax payable by such employee for the succeeding year of assessment. The employer shall pay the amount so deducted each month from the remuneration of an employee to the Commissioner.

(2) The Commissioner may at any time after he has given a direction under sub-section (1) withdraw such direction by notice given in writing to the employer if the employee has made arrangements to the satisfaction of the Commissioner for the payment of his income tax.

(3) Where any employee from whose remuneration tax is to be deducted by his employer is about to leave or leaves his employment, the employer shall deduct the whole amount of the

tax or any balance thereof which he has been directed to deduct by the notice given to him by the Commissioner from all or any payments made by him to such employee after he becomes aware that such employee is leaving his employment.

(4) Where any employee from whose remuneration tax is to be deducted under the preceding provisions of this section has left the employment of the employer to whom a direction under sub-section (1) is given, or where for any other reason the employer is unable to deduct the whole or any part of the tax specified in such direction, he shall forthwith give notice in writing to the Commissioner acquainting him with the facts of the matter, and any tax which the employer has not deducted or cannot deduct shall immediately become payable by the employee and shall be deemed to be in default fourteen days after the date of a notice thereof given to him.

(5) Where any employer is unable to deduct any tax which such employer has been directed to deduct under sub-section (1) from any remuneration and has failed to give notice to the Commissioner as provided in sub-section (4) within fourteen days of the date on which such deduction should have been made, or where such employer has deducted or could have deducted tax in any month from any remuneration in accordance with a direction under sub-section (1) and has not paid as directed by the Commissioner the amount of such tax to the Commissioner by the fifteenth day of the following month, such employer, if he is an individual, shall be liable, or where such employer is a company or a body of persons, whether corporate or unincorporate, the secretary, manager or other principal officer of such company or body shall be personally liable, for the whole of the tax which such employer has been directed to deduct under this section and such tax may be recovered from such individual, secretary, manager or other principal officer by all means provided in this Act, and such tax shall be deemed to be in default for the purposes of sub-section (5) of section 106.

(6) Every employer who deducts tax from the remuneration of any employee in accordance with a direction under sub-section (1) shall on request made by such employee issue to him a certificate of the amount of tax deducted in the prescribed form.

## CHAPTER XIV

## Recovery of Tax

Tax to include  
fines, etc.

**108.** In this Chapter, "tax" includes any sum or sums added to income tax, wealth tax or gifts tax under section 106 (5) by reason of default, together with any fines, penalties, fees, or costs incurred.

Tax to be a  
first charge.

**109.** (1) Save as provided in sub-section (2), tax in default shall be a first charge upon all the assets of the defaulter :

Provided that—

- (i) such charge shall not extend to or affect any assets sold by the defaulter to a *bona fide* purchaser for value prior to the seizure of the same in accordance with the provisions of section 110 ;
- (ii) as regards immovable property, the tax shall not rank in priority to any lease or encumbrance created *bona fide* for value and registered prior to the date of such seizure ; and
- (iii) as regards movable property, where tax for more than one year of assessment is in default, the tax for one year only, to be selected by the Commissioner, shall rank in priority to any lien or encumbrance created *bona fide* for value prior to the date of default.

(2) A receiver shall pay out of the assets under his control the tax charged or chargeable for one complete year of assessment prior to the date of the insolvency, bankruptcy, or liquidation, to be selected by the Commissioner, as a first charge on such assets and any other tax charged or chargeable for periods prior to such date shall be an unsecured debt :

Provided that where the receiver proves to the satisfaction of the Commissioner that any tax to which this sub-section applies is excessive, the Commissioner may, notwithstanding the provisions of section 103, review the assessment in respect of which the tax is charged and make such adjustments as he may in his discretion think reasonable.



110. (1) The Commissioner may appoint persons to be tax collectors.

Recovery of  
tax by seizure  
and sale.

(2) (a) Where any tax is in default, the Commissioner may issue a certificate to a Government Agent, Assistant Government Agent, Fiscal, Deputy Fiscal or tax collector containing particulars of such tax and the name of the defaulter, and the officer to whom such certificate is issued shall be empowered and is hereby required to cause the tax to be recovered from the defaulter named in the certificate by seizure and sale of his movable property.

(b) The said seizure shall be effected in such manner as the said officer shall deem most expedient in that behalf, and any property so seized shall be kept for five days at the costs and charges of the defaulter. If the defaulter does not pay the tax in default together with the costs and charges within the said five days, the Government Agent, Assistant Government Agent, Fiscal, Deputy Fiscal, or tax collector shall cause the said property to be sold by public auction.

(c) The sum realised by the sale shall be applied—

- (i) firstly in payment of the costs and charges of seizing, keeping, and selling the property, and
- (ii) secondly in satisfaction of the tax in default

and any balance shall be restored to the owner of the property seized.

(3) Where any tax is in default, and the Commissioner is of opinion that recovery by the means provided in sub-section (2) is impracticable or inexpedient, he may issue a certificate to a District Court having jurisdiction in any district where the defaulter resides or in which any property movable or immovable owned by the defaulter is situate, containing particulars of such tax and the name or names of the person or persons by whom the tax is payable, and the court shall thereupon direct a writ of execution to issue to the Fiscal authorising and requiring him to seize and sell all and any of the property movable and immovable of the defaulter, or such part thereof as he may deem necessary for recovery of the tax, and the provisions of sections 226 to 297 of the Civil Procedure Code shall, *mutatis mutandis*, apply to such seizure and sale.

(4) Whenever the Commissioner issues a certificate under this section, he shall at the same time issue to the defaulter, whether resident or non-resident, a notification thereof by personal service, registered letter sent through the post or telegraph; but the non-receipt of such notification by the defaulter shall not invalidate proceedings under this section.

Proceedings for recovery before a Magistrate.

**111.** (1) Where the Commissioner is of opinion in any case that recovery of tax in default by seizure and sale is impracticable or inexpedient, or where the full amount of the tax has not been recovered by seizure and sale, he may issue a certificate containing particulars of such tax and the name and last known place of business or residence of the defaulter to a Magistrate having jurisdiction in the division in which such place is situate. The Magistrate shall thereupon summon such defaulter before him to show cause why further proceedings for the recovery of the tax should not be taken against him, and in default of sufficient cause being shown, the tax in default shall be deemed to be a fine imposed by a sentence of the Magistrate on such defaulter for an offence punishable with fine only or not punishable with imprisonment, and the provisions of sub-section (1) of section 312 (except paragraphs (a), (c), and (h) thereof) of the Criminal Procedure Code, relating to default of payment of a fine imposed for such an offence shall thereupon apply, and the Magistrate may make any direction which, by the provisions of that sub-section, he could have made at the time of imposing such sentence :

Provided that nothing in this section shall authorise or require the Magistrate in any proceeding thereunder to consider, examine, or decide the correctness of any statement in the certificate of the Commissioner.

(2) Nothing in sub-sections (2) to (5) of section 312 of the Criminal Procedure Code shall apply in any case referred to in sub-section (1) of this section.

(3) In any case referred to in sub-section (1) in which the defaulter is sentenced to imprisonment in default of payment of the fine deemed by that sub-section to have been imposed on him, the Magistrate may allow time for the payment of the amount of the said fine or direct payment of that amount to be made by instalments.

(4) The court may require bail to be given as a condition precedent to allowing time under sub-section (1) for showing cause as therein provided or under sub-section (3) for the payment of the fine ; and the provisions of Chapter XXXVI of the Criminal Procedure Code shall apply where the defaulter is so required to give bail.

(5) Where payment in instalments is directed under sub-section (3) and default is made in the payment of any one instalment, the same proceedings may be taken as if default had been made in payment of all the instalments then remaining unpaid.

(6) In any proceeding under sub-section (1), the Commissioner's certificate shall be sufficient evidence that the tax has been duly assessed and is in default, and any plea that the tax is excessive, incorrect, or under appeal shall not be entertained :

Provided that where any person proceeded against has not appealed within the proper time against the assessment in respect of which the tax is charged and alleges that the tax is in excess of the sum which would have been charged if he had so appealed, the court may adjourn the matter for a period not exceeding thirty days to enable such person to submit to the Commissioner his objection to the tax.

(7) The Commissioner shall, notwithstanding the provisions of section 103, consider any objection made under sub-section (6) and give his decision thereon, which shall be final, and shall be certified by him to the Magistrate, and proceedings under this section shall thereupon be resumed to enforce payment of the tax as reduced or confirmed under such decision. Where no objection has been made to the Commissioner within the period for which the matter was adjourned under that sub-section, the Commissioner shall issue a certificate to that effect and proceedings under this section shall be resumed to enforce payment of the tax.

**112.** (1) Where tax payable by any person is in default and it appears to the Commissioner to be probable that any person—

- (a) owes or is about to pay money to the defaulter or his agent ; or
- (b) holds money for or on account of the defaulter or his agent ; or

Recovery of  
tax out of  
debts, etc.

- (c) holds money on account of some other person for payment to the defaulter or his agent ; or
- (d) has authority from some other person to pay money to the defaulter or his agent,

the Commissioner may give to such person notice in writing (a copy of which shall be sent by post to the defaulter) requiring him to pay any such moneys not exceeding the amount of the tax in default to the officer named in such notice. The notice shall apply to all such moneys which are in his hands or due from him or about to be paid by him at the date of receipt of such notice, or come into his hands or become due from him or are about to be paid by him at any time within a period of three months after the date of such notice.

(2) Any person who has made any payment in pursuance of this section shall be deemed to have acted under the authority of the person by whom the tax was payable and of all other persons concerned, and is hereby indemnified in respect of such payment against all proceedings, civil or criminal, notwithstanding the provisions of any written law, contract, or agreement.

(3) Any person to whom a notice has been given under sub-section (1) who is unable to comply therewith owing to the fact that the moneys in question do not come into his hands or become due from him within the period referred to in sub-section (1) shall within fourteen days of the expiration thereof give notice in writing to the Commissioner acquainting him with the facts.

(4) Where any person to whom a notice has been given under sub-section (1) is unable to comply therewith and has failed to give notice to the Commissioner as provided in sub-section (3), or where such person has deducted or could have deducted the tax to which the notice relates or any part thereof and has not paid over as directed by the Commissioner the amount of such tax or part thereof within fourteen days after the expiration of the period referred to in sub-section (1), such person shall, if he is an individual be liable, or where such person is a company or body of persons, whether corporate or unincorporate, the secretary, manager or other principal officer of such company or body shall be personally liable, for the whole of the tax

which such person has been required to deduct, and such tax may be recovered from such individual, secretary, manager or other principal officer by all means provided in this Act.

(5) For the purposes of this section, the expression "defaulter" shall be deemed to include the agent or authorised representative of a person who is in default and the provisions of this section shall apply in any case where the tax which would have been payable by any person if he were alive is in default; and for the purposes of the application of those provisions in any such case, the expression "defaulter" in sub-section (1) means—

- (a) the executor or administrator of a deceased person, or
- (b) any person who takes possession of, or intermeddles with, the property of a deceased person, or
- (c) any person who has applied or is entitled to apply to a District Court for the grant or resealing of probate or letters of administration in respect of the estate of a deceased person.

**113.** (1) Where the Commissioner is of opinion that any person is about to or likely to leave Ceylon without paying all income tax, wealth tax or gifts tax assessed upon him, 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 Inspector-General of Police to take such measures as may be necessary to prevent such person from leaving Ceylon without paying the tax or furnishing security to the satisfaction of the Commissioner for payment thereof.

Recovery of  
tax from  
persons leaving  
Ceylon.

(2) At the time of issue of his certificate to the Magistrate, the Commissioner shall issue to such person a notification thereof by personal service, registered letter sent through the post, or telegraph; but the non-receipt of any such notification by such person shall not invalidate proceedings under this section.

(3) Production of a certificate signed by the Commissioner or a Deputy Commissioner or an Assistant Commissioner, stating that the tax has been paid or that security has been furnished, 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 Ceylon.

Use of more than one means of recovery.

**114.** Where the Commissioner is of opinion that application of any of the provisions of this Chapter has failed or is likely to fail to secure payment of the whole of any tax due under this Act from any person, it shall be lawful for him to proceed to recover any sum remaining unpaid by any other means of recovery provided in this Chapter, notwithstanding that an order has been made by a Magistrate under section 111 and carried into effect.

Power of Commissioner to obtain information for the recovery of tax.

**115.** The Commissioner may, by notice given in writing to any person, require that person within the period specified in such notice to furnish any information which the Commissioner may require for the purpose of recovering any income tax, wealth tax or gifts tax due from such person or some other person.

Liability of directors of private company in liquidation.

**116.** (1) Notwithstanding anything in the Companies Ordinance, where, any private company is wound up and where any income tax to which that company is liable, whether the assessment of such tax was made, before or in the course of or after its liquidation, cannot be recovered, then, every person who was a director of the company at any time during the year of assessment in respect of which such tax is charged shall be jointly and severally liable for the payment of such tax unless he proves that the default in payment of tax cannot be attributed to any gross neglect, misfeasance or breach of duty on his part in relation to the affairs of the company.

(2) In this section the expression "private company" shall have the same meaning as in the Companies Ordinance.

## CHAPTER XV

## Repayment

117. (1) If it is proved to the satisfaction of the Commissioner by claim duly made in writing within three years of the end of a year of assessment that any person has paid any income tax, wealth tax or gifts tax, by deduction or otherwise, in excess of the amount with which he was properly chargeable for that year, such person shall be entitled to have refunded the amount so paid in excess :

Tax paid in excess to be refunded.

Provided that—

- (i) nothing in this section shall operate to extend or reduce any time limit for appeal or repayment specified in any other section or to validate any objection or appeal which is otherwise invalid, or to authorise the revision of any assessment or other matter which has become final and conclusive ; and
  - (ii) where any person has paid income tax by deduction in respect of a dividend in accordance with section 27 or in respect of interest, rent, ground rent, royalty, or other annual payment in accordance with section 66, he shall not be entitled by virtue of this section to any relief greater than that provided by section 27 (5), (6), (7) and (8) or section 66 (3).
- (2) Where through death, incapacity, bankruptcy, liquidation, or other cause a person who would but for such cause have been entitled to make a claim under sub-section (1) is unable to do so, his executor, trustee, or receiver, as the case may be, shall be entitled to have refunded to him for the benefit of such person or his estate any tax paid in excess within the meaning of sub-section (1).
- (3) Where it is proved to the satisfaction of the Commissioner by claim made in writing within three years of the end of a year of assessment that any person has paid income tax, wealth tax or gifts tax in excess of the amount with which he was properly chargeable for that year of assessment and that the excess is due to any error in the assessment or the return of the income, wealth or gifts of

that person other than an error in the application or construction of any provision of this Act in the making or revision of the assessment, such person shall be entitled to have refunded the amount so paid in excess.

(4) Where it is proved to the satisfaction of the Commissioner by claim made in writing that any person has paid any sum referred to in sub-section (5) of section 106 which is in excess of the sum which he should have paid if such sum were calculated in accordance with the provisions of sub-section (6) of that section, such person shall be entitled to have refunded the amount so paid in excess, if such claim is made within three years of the end of the year of assessment in which the sum referred to in the aforesaid sub-section (5) was paid.



## CHAPTER XVI

## Penalties and Offences

118. (1) Every person who—

- (a) fails to comply with the requirements of a notice given to him under any of the following sections or sub-sections :—  
27 (2), 47 (1), 50 (1), 52 (2), 66 (1), 82 (1), (2), (3) and (4), 83 (1) and (2), 84, 85, 86 or 115 ; or
- (b) fails to attend in answer to a notice issued under sections 82 (3) and (4), 97 (11) or 101 (6) or having attended fails without sufficient cause to answer any questions lawfully put to him ; or
- (c) fails to comply with the requirements of sections 27 (4), 81 (1), 88 (1), 107 (6) or 109 (2),

Penalties for failure to make returns, making incorrect returns, etc.

shall be guilty of an offence and shall for each such offence be liable, on conviction after summary trial before a Magistrate to a fine not exceeding five hundred rupees.

(2) Every person who without reasonable excuse—

- (a) makes an incorrect return by omitting or understating any income, wealth or gift, of which he is required by this Act to make a return, either on his own behalf or on behalf of another person or a partnership ; or
- (b) makes an incorrect statement in connection with a claim for a deduction or allowance under Chapter IV or Chapter V ; or
- (c) gives any incorrect information in relation to any matter or thing affecting his own liability to tax or the liability of any other person or of a partnership,

shall be guilty of an offence and shall for each such offence be liable, on conviction after summary trial before a Magistrate, to a fine not exceeding two thousand rupees and double the amount of the tax, or to imprisonment of either description for a term not exceeding six months or to both such fine and imprisonment and, in addition to such punishment, to pay a sum equal to double the amount of tax

which has been undercharged in consequence of such incorrect return, statement, or information, or would have been so undercharged if the return, statement, or information had been accepted as correct.

(3) No person shall be liable to any penalty under this section unless the complaint concerning such offence was made in the year of assessment in respect of or during which the offence was committed or within five years after the expiration thereof.

(4) The Commissioner may compound any offence under this section and may before judgment stay or compound any proceedings thereunder.

### 119. Every person who—

- (1) acts under this Act without taking an oath of secrecy as required by section 124(2);  
or
- (2) acts contrary to the provisions of section 124 (1) or to an oath taken under section 124 (2); or
- (3) aids, abets, or incites any other person to act contrary to the provisions of this Act,

shall be guilty of an offence, and shall for each such offence be liable, on conviction after summary trial before a Magistrate, to a fine not exceeding one thousand rupees, or to imprisonment of either description for a term not exceeding six months, or to both such fine and imprisonment.

### 120. (1) Any person who—

- (a) omits from a return made under this Act any income, wealth or gift, which should be included; or
- (b) makes any false statement or entry in any return made under this Act; or
- (c) makes a false statement in connection with a claim for a deduction or allowance under Chapter IV or Chapter V; or
- (d) signs any statement or return furnished under this Act without reasonable grounds for believing the same to be true; or

Breach of  
secrecy and  
other matters  
to be offences.

Penal  
provisions  
relating to  
fraud, etc.

- (e) gives any false answer whether verbally or in writing to any question or request for information asked or made in accordance with the provisions of this Act ; or
- (f) prepares or maintains or authorises the preparation or maintenance of any false books of account or other records or falsifies or authorises the falsification of any books of account or records ; or
- (g) makes use of any fraud, art, or contrivance whatsoever, or authorises the use of any such fraud, art, or contrivance,

and thereby evades or attempts to evade income tax, wealth tax or gifts tax or assists any other person to evade or to attempt to evade such tax shall be guilty of an offence, and shall for each such offence be liable on conviction after summary trial before a Magistrate to a fine not exceeding the total of five thousand rupees and treble the amount of tax for which he, or as the case may be the other person so assisted, is liable under this Act for the year of assessment in respect of or during which the offence was committed, or to imprisonment of either description for any term not exceeding six months, or to both such fine and imprisonment.

(2) The Commissioner may compound any offence under this section and may before judgment stay or compound any proceedings thereunder.

**121.** The institution of proceedings for, or the imposition of, a penalty, fine or term of imprisonment under this Chapter shall not relieve any person from liability to assessment, or payment of any tax for which he is or may be liable.

Tax to be payable notwithstanding any proceedings for penalties, etc.

**122.** No prosecution in respect of an offence under section 118 or section 120 may be commenced except at the instance of or with the sanction of the Commissioner.

Prosecutions to be with the sanction of the Commissioner.

## CHAPTER XVII

## Administration

Officers.

123. (1) For the purposes of this Act, there shall be appointed a Commissioner of Inland Revenue and such number of Deputy Commissioners of Inland Revenue, Assistant Commissioners of Inland Revenue and Assessors of Inland Revenue as may be necessary.

(2) An Assistant Commissioner exercising or performing any power, duty or function of the Commissioner under this Act shall be deemed for all purposes to be authorised to exercise or perform that power, duty or function until the contrary is proved.

(3) An Assistant Commissioner may exercise any power conferred on an Assessor of Inland Revenue by this Act.

Official  
secrecy.

124. (1) Except in the performance of his duties under this Act, every person who has been appointed under or who is or has been employed in carrying out or in assisting any person to carry out the provisions of this Act, shall preserve and aid in preserving secrecy with regard to all matters relating to the affairs of any person that may come to his knowledge in the performance of his duties under this Act, and shall not communicate any such matter to any person other than the person to whom such matter relates or his authorised representative or to the Minister or the Permanent Secretary to the Ministry of Finance nor suffer or permit any person to have access to any records in the possession, custody, or control of the Commissioner.

(2) Every person appointed under or employed in carrying out the provisions of this Act shall before acting under this Act, and the Minister and the Permanent Secretary to the Ministry of Finance may before acting under this Act, take and subscribe before a Justice of the Peace an oath of secrecy in the prescribed form.

(3) No person appointed under or employed in carrying out the provisions of this Act shall be required to produce in any court any return,

document, or assessment, or to divulge or communicate to any court any matter or thing coming under his notice in the performance of his duties under this Act, except as may be necessary for the purpose of carrying into effect the provisions of this Act or of any other written law administered by the Commissioner.

(4) Notwithstanding anything contained in this section, any officer of the Department of Inland Revenue may communicate any matter which comes to his knowledge in the performance of his duties under this Act or under any other written law administered by the Commissioner—

(a) to any other officer of that Department, if the communication is necessary for the performance of any duty under this Act, and

(b) to the Income Tax Authority of any part of Her Majesty's Realms and Territories or of any place under Her Majesty's protection or suzerainty to such an extent as the Commissioner may deem necessary to enable the correct relief to be given from income tax or wealth tax in that part or place in respect of the payment of income tax or wealth tax in Ceylon,

and the Commissioner may, notwithstanding anything in the Evidence Ordinance relating to the proof of documents, produce or cause to be produced in any court, in any proceedings under this Act, a copy of any particulars contained in any return or document received by him or in his possession under this Act or under any other written law administered by him, certified by him or on his behalf to be a correct copy of such particulars :

Provided that the Commissioner may produce or cause to be produced the original of any such return or document in any case where it is necessary to prove the handwriting or the signature of the person who wrote, made, signed or furnished such return or document, but only for the purpose of such proof :

Provided, further, that the Commissioner shall not in any case be compelled to produce in any

court either the original of such document or return or a copy of any particulars contained in such document or return.

(5) Notwithstanding anything contained in this section, the Commissioner may permit the Auditor-General or any officer of the Department of the Auditor-General duly authorised by him in that behalf to have such access to any records or documents as may be necessary for the performance of his official duties. The Auditor-General or any officer authorised by him under this sub-section shall be deemed to be a person employed in carrying out the provisions of this Act for the purpose of sub-section (2).

(6) Notwithstanding anything in the preceding provisions of this section, the Commissioner or any person authorised in that behalf by the Commissioner may from time to time cause to be published, in such manner as the Commissioner may consider expedient, a list containing the names and addresses of all the taxpayers and the income from the principal sources of income of such taxpayers in respect of each year of assessment.

## CHAPTER XVIII

## General

125. (1) The Minister may from time to time make rules generally for carrying out the provisions of this Act.

Power to make rules.

(2) Without prejudice to the generality of the foregoing power, such rules may—

- (a) provide for the ascertainment and determination of any class of income, wealth or gifts ;
- (b) prescribe the manner in which, and the procedure by which, the income, profits and gains shall be arrived at in the case of—
  - (i) insurance companies,
  - (ii) non-resident companies ;
- (c) prescribe any forms which may be necessary for carrying out the provisions of this Act ;
- (d) prescribe penalties for the contravention of any rules made under this section or the failure to comply therewith not exceeding in each case a sum of five hundred rupees ;
- (e) prescribe the procedure to be followed in respect of applications for refunds and reliefs ; and
- (f) provide for any matter which by this Act is to be, or may be, prescribed.

(3) In cases where income, profits and gains liable to tax cannot be definitely ascertained, the rules may prescribe methods by which an estimate of such income, wealth and gifts may be made and the proportion thereof liable to tax.

(4) All rules made under this section, other than a rule prescribing a penalty for the contravention of or failure to comply with a rule, shall come into operation on publication in the *Gazette* or at such other time as may be stated in such rules.

(5) A rule prescribing a penalty for the contravention of or failure to comply with a rule shall not come into operation until it is approved by the Senate and the House of Representatives and notice of such approval is published in the *Gazette*.

(6) All rules made under this section other than a rule prescribing a penalty for the contravention of or failure to comply with a rule, shall be laid, as soon as conveniently may be, on the table of the Senate and the House of Representatives at two successive meetings of the Senate and the House of Representatives and shall be brought before the Senate and the House of Representatives at the next subsequent meeting held thereafter by a motion that such rules shall not be disapproved, and if upon the introduction of any such motion, or upon any adjournment thereof, such rules are disapproved by the Senate or the House of Representatives, they shall be deemed to be rescinded as from the date of such disapproval, but without prejudice to anything already done thereunder; and such rules, if not so disapproved, shall continue to be of full force and effect. Every such disapproval shall be published in the *Gazette*.

Power to search  
buildings or  
places.

126. (1) Any officer appointed for the purposes of this Act who is specially authorised by the Commissioner in that behalf may, accompanied by a peace officer, do all or any of the following acts:—

- (i) enter and search any building or place where he has reason to believe that any articles, books of account or other documents which in his opinion will be useful for, or relevant to, any proceedings under this Act may be found and examine them, if found;
- (ii) seize any such articles, books of account or other documents or place marks of identification thereon or make extracts or copies therefrom;
- (iii) make a note or an inventory of any other thing found in the course of any search under this section which in his opinion will be useful for, or relevant to, any proceedings under this Act;

and the provisions of the Criminal Procedure Code relating to searches shall apply so far as may be to searches under this section.

In this sub-section "peace officer" shall have the same meaning as in the Criminal Procedure Code.



(2) Before authorising any officer to exercise the powers under sub-section (1), the Commissioner shall record the circumstances which necessitate the exercise of those powers by that officer.

127. Where any statement is made, or document is produced, in relation to any matter arising under this Act by any person who is chargeable with tax under this Act or by his authorised representative, to the Commissioner, or a Deputy Commissioner, or an Assistant Commissioner or Assessor, then notwithstanding anything in any other law such statement or document shall be admissible in evidence in any proceedings against such person in respect of any offence referred to in section 118 or section 119 or section 120 of this Act.

Admissibility of statements and documents in evidence.

128. Any Schedule to this Act may be amended, or any rate of tax specified in any section of this Act may be varied, by a resolution of the House of Representatives.

Amendment of Schedule to the Act and variation of rates of tax.

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

Interpretation.

“acquired” or “acquisition” with reference to property, means acquired or acquisition by purchase, gift, inheritance, or exchange, or in any other manner whatsoever;

“active partner”, in relation to a partnership, means a partner who takes an active part in the control, management, or conduct of the trade or business of such partnership;

“agent”, in relation to a non-resident person or to a partnership in which any partner is a non-resident person, includes—

(a) the agent, attorney, factor, receiver, or manager in Ceylon of such person or partnership, and

(b) any person in Ceylon through whom such person or partnership is in receipt of any profits or income arising in or derived from Ceylon;

“agricultural undertaking” means an undertaking for the purpose of the production of any agricultural, horticultural or animal produce;

“ assessable income ” means the residue of the total statutory income of any person after deducting the amount of the deductions provided for in section 15 ;

“ Assessor ” means an Assessor of Inland Revenue appointed under this Act and includes a Senior Assessor of Inland Revenue ;

“ Assistant Commissioner ” means an Assistant Commissioner of Inland Revenue appointed under this Act ;

“ authorised representative ” means any individual authorised in writing by a person to act on his behalf for the purposes of this Act, who is—

(a) in any case—

(i) an accountant approved by the Commissioner,

(ii) an advocate or a proctor,

(iii) an employee regularly employed by the person concerned, or

(iv) any other person approved by the Commissioner ;

(b) in the case of an individual, a relative ;

(c) in the case of a company, a director or the secretary ;

(d) in the case of a partnership, a partner ;

(e) in the case of a body of persons, a member of such body ;

“ banker ” means any company or body of persons carrying on the business of banking ;

“ body of persons ” includes any local or public authority, any body corporate or collegiate, any fraternity, fellowship, association, or society of persons, whether corporate or unincorporate, and any Hindu undivided family, but does not include a company or a partnership ;

“ business ” includes an agricultural undertaking ;

“ charitable institution ” means the trustee or trustees of a trust, or a corporation or an unincorporate body of persons, established for a charitable purpose only or engaged solely in carrying out a charitable purpose ;

“ charitable purpose ” means a purpose for the benefit of the public or any section of the public in or outside Ceylon of any of the following categories :—

(a) the relief of poverty ;

(b) the advancement of education or knowledge ;

(c) the advancement of religion or the maintenance of religious rites and practices or the administration of a place of public worship ;

(d) any other purpose beneficial or of interest to mankind not falling within any of the preceding categories ;

“ child ” in relation to an individual to whom this Act applies means a child under twenty-five years of age other than—

(a) a married child, and

(b) a child living apart from and not maintained by the parents, and includes—

(i) a step child of that individual,

(ii) a child authorised by any adoption order made under the Adoption of Children Ordinance to be adopted by that individual, and

(iii) where that individual is not a citizen of Ceylon and he satisfies the Commissioner that he has a child whom he has adopted in accordance with the law of the country of which he is a subject or citizen, such child,

but does not include any other adopted child or illegitimate child ;

“ Commissioner ” means the Commissioner of Inland Revenue appointed under this Act, and includes a Deputy Commissioner, and an Assistant Commissioner specially authorised by the Commissioner either generally or for some specific purpose to act on behalf of the Commissioner ;

“ company ” means any company incorporated or registered under any law in force in Ceylon or elsewhere ;

“ dependent relative ” in relation to an individual to whom this Act applies means—

(a) a parent of that individual, and if such individual has a wife, a parent of his wife,

(b) a child over the age of twenty-five years (other than an adopted child who is not an adopted child referred to in sub-paragraph (ii) or sub-paragraph (iii) of paragraph (b) in the definition of “ child ”, or an illegitimate child),

(c) a step child over the age of twenty-five years of that individual or his wife,

who throughout the year preceding the year of assessment either lived with him and was maintained by him, or was maintained by him in any sanatorium, asylum or educational establishment and whose assessable income for that year of assessment did not exceed five hundred rupees ;

“ Deputy Commissioner ” means a Deputy Commissioner of Inland Revenue appointed under this Act ;

“ dividend ” includes any distribution of profit by a company to its shareholders in the form of money or of an order to pay money, or in the form of shares or

debentures in the company or in any other company, but does not include—

- (a) a distribution made wholly out of profits from the sale of fixed capital assets where such profits are not chargeable with tax under the provisions of this Act,
- (b) the paid-up value of any shares distributed by a company to its shareholders to the extent to which such paid-up value represents the capitalization of the whole or any part of the profits of the company ;

“ donee ” means any person who acquired any property under a gift, and where a gift is made to a trustee for the benefit of another person, includes both the trustee and the beneficiary ;

“ donor ” means any person who makes a gift ;

“ executive officer ” means a director of a company or corporation, or an employee in any trade, business, profession or vocation whose monthly emoluments (including all allowances) are not less than one thousand rupees ;

“ executor ” means an executor or administrator of a deceased person and includes—

- (a) any person who takes possession of or intermeddles with the property of a deceased person ;
- (b) any person who has applied or is entitled to apply to a District Court for the grant or resealing of probate or letters of administration in respect of the estate of a deceased person, or
- (c) a trustee acting under a trust created by the last will of the author of the trust ;

“ family ” means a family within the meaning of section 19 ;

“gift” means a transfer by one person to another of any existing movable or immovable property made voluntarily and without consideration in money or money's worth, and includes the transfer of any property deemed to be a gift under this Act ;

“Government institution” means the Department of the Public Trustee, the Ceylon Government Railway, the Government Electrical Undertakings, the Colombo Port Commission and other Port and Harbour Authorities, the Post Office, and any other Department or undertaking of the Government of Ceylon ;

“head” with reference to a family means the head of that family within the meaning of section 19 ;

“incapacitated person” means any minor, lunatic, idiot, or person of unsound mind ;

“industrial undertaking” for the purposes of section 10 means—

(a) an undertaking for the manufacture or production by mechanical means, of any articles, goods or materials, or for the subjecting, by mechanical means, of any articles, goods or materials to any process, or for mining, or for printing, or for repairing machinery or vehicles or vessels, other than an undertaking in the case of which the Commissioner is of opinion that mechanical means are not used for the purposes of a substantial part of the work done in the undertaking, and

(b) an undertaking for transporting persons or goods ;

“local authority” means any Municipal Council, Urban Council, Town Council or Village Council and any other body constituted under any law of Ceylon for any purpose relating to local Government ;

“market value”, with reference to any property and any date, means the price

which, in the opinion of an Assessor, that property would have fetched on that date in an open market ;

“ member of the subordinate staff ” means any person employed in a subordinate capacity who wholly or mainly performs manual or clerical work, or the work of a conductor or tea-maker or any other work which in the opinion of the Commissioner is of a description substantially similar to the work herebefore mentioned ;

“ Minister ” for the purposes of section 73, means a member of the Cabinet of Ministers ;

“ net wealth ” means the amount by which the aggregate value, computed in accordance with the provisions of this Act, of the wealth of a person liable to pay the wealth tax on the valuation date is in excess of the aggregate value of all the debts owed by him on that date other than—

- (a) any debt incurred without consideration, or without full consideration in money or money's worth,
- (b) any debt incurred which is not wholly for his own benefit,
- (c) any debt in respect of which there is a right to reimbursement from any other person unless such reimbursement cannot be obtained,
- (d) any debt charged or secured on, or incurred in relation to, any property of his which is excluded from his wealth under this Act, and
- (e) any debt incurred by him outside Ceylon other than any such debt which is contracted to be paid in Ceylon or which is charged or secured on property in Ceylon,

and account being taken not more than once of the same debt charged upon different portions of property ;

- “non-resident” means not resident in Ceylon within the meaning of section 54 ;
- “owner”, in relation to land and improvements thereon, includes a person who holds such land and improvements subject to a ground rent or other annual charge ;
- “person” includes a company or body of persons ;
- “precedent partner” means the partner who, of the active partners resident in Ceylon—
- (a) is first named in the agreement of partnership ; or
  - (b) if there is no 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 first named in the statement made under section 4 of the Business Names Ordinance ;
- “prescribed” means prescribed by rule made under this Act ;
- “profits” or “income” means the net profits or income from any source for any period calculated in accordance with the provisions of this Act ;
- “property” includes any interest in any movable or immovable property ;
- “rates” means any taxation imposed by a local authority ;
- “receiver” includes any liquidator, and any assignee, trustee, or other person having the possession or control of the property of any person by reason of insolvency or bankruptcy ;
- “resident” or “resident in Ceylon” means resident in Ceylon within the meaning of section 54 ;
- “shareholder” includes any member of a company having a share or interest in the capital or profits or income thereof whether the capital of such company is divided into shares or not ; and “share” includes any interest in the capital or profits or income of a company ;



“staff welfare building” means any building at which facilities or amenities for or in connection with health, recreation or education are provided for the benefit of the subordinate staff ;

“statutory income” means income from any source computed in accordance with Chapter III ;

“taxable income” means the residue of assessable income after deducting the amount of the allowances provided for in Chapter V ;

“trade” includes every trade and manufacture, and every adventure and concern in the nature of trade ;

“transfer of property” means any disposition, conveyance, assignment, settlement, delivery, payment or other alienation of property and without limiting the generality of the foregoing, includes—

(a) the creation of a trust in property, and

(b) the grant or creation of any interest in any property ;

“trustee” includes any trustee, guardian, curator, manager, or other person having the direction, control, or management of any property on behalf of any person, but does not include an executor ;

“United Kingdom” means the United Kingdom of Great Britain and Northern Ireland ;

“valuation date” in relation to any year of assessment means the last date of the year preceding that year of assessment ;

“wealth” means movable or immovable property of any kind whatsoever, and includes property required by this Act to be included in wealth and does not include property required by this Act to be excluded from wealth ;

“wife” does not include a wife who is living apart from her husband under the decree of a competent court, or a duly executed deed of separation, or is in fact separated from her husband in such circumstances that the separation is likely to be permanent ;

“written-down value” with reference to any plant, machinery or fixtures purchased before April 1, 1957, or, where statutory income is directed by the Commissioner under section 12 (2) to be computed up to any such day other than the thirty-first day of March as is specified in the direction, before such specified day in the year preceding the year of assessment commencing on April 1, 1957, means the residue of the cost thereof to the owner thereof after deducting a sum representing the total depreciation which has occurred in such plant, machinery or fixtures since the date of purchase by him, such cost, where any deduction in respect of such plant, machinery or fixtures is allowed under section 10 (1), being deemed to be the amount of the difference between the actual amount of such cost and the amount of that deduction;

“year of assessment” means the period of twelve months commencing on the first day of April, nineteen hundred and sixty-three, or any subsequent period of twelve months commencing on the first day of April;

“year preceding a year of assessment” means the period of twelve months ending on the thirty-first day of March immediately prior to such year of assessment.

Amendments to the Income Tax Ordinance, the Personal Tax Act, the Land Tax Act and the Companies Tax Act, and repeal of the Double Taxation (Relief) Act.

**130.** (1) The Income Tax Ordinance, the Personal Tax Act, No. 14 of 1959, and the Land Tax Act, No. 27 of 1961, shall not apply to any year of assessment commencing on or after April 1, 1963.

(2) The Companies Tax Act, No. 35 of 1961, shall not apply to any financial year commencing on or after April 1, 1963.

(3) The Double Taxation (Relief) Act is hereby repealed with effect from April 1, 1963.

(4) The Income Tax Ordinance is hereby amended as follows :—

(a) section 53B of that Ordinance, as amended by Act No. 13 of 1959, is hereby amended by the substitution, for sub-section (2) of that section, of the following sub-section :—

“(2) Where a dividend is paid by any resident company to another resident company and either—

(a) a deduction has been made under section 53D (1) in respect of that dividend by the first-mentioned company, or

(b) that dividend consists of any part of the amount of a dividend received by the first-mentioned company from another resident company,

that dividend shall, notwithstanding anything to the contrary in any other provision of this Ordinance, be deemed not to form part of the assessable income of the second-mentioned company.”;

(b) section 53C of that Ordinance, as amended by Act No. 13 of 1959, is hereby amended as follows :—

(i) in sub-section (2) of that section, by the substitution, for paragraph (a) of that sub-section, of the following paragraph :—

“(a) sums remitted abroad out of the profits of that company, such sums not including any dividends paid by a resident company to such non-resident company if such resident company has made a

deduction under sub-section (1) of section 53D in respect of that dividend,"; and

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

“(3) Where a dividend is paid by any resident company to any non-resident company and a deduction has been made under sub-section (1) of section 53D in respect of that dividend by the resident company, that dividend shall, notwithstanding anything to the contrary in any other provision of this Ordinance, be deemed not to form part of the assessable income of the non-resident company.”;

(c) section 53D of that Ordinance, as amended by Act No. 13 of 1959, is hereby amended as follows :—

(i) in sub-section (1) of that section, by the substitution, for the words “of such amount.”, of the following :—

“of such amount :

Provided that where the amount of such dividend consists of any part of the amount of a dividend received by that company from another resident company, such part shall not be included in such amount.”;

(ii) by the substitution, for sub-section (5) of that section, of the following sub-section :—

“(5) Every person who issues a warrant, cheque or other order drawn or made in payment of any dividend in respect of which a deduction

has been made under sub-section (1) and which becomes payable by a resident company during any year of assessment shall annex thereto a statement in writing showing—

- (a) the gross amount which after deduction of tax thereon corresponds to the net amount actually paid ;
- (b) the sum deducted as tax ;
- (c) the net amount actually paid ; and
- (d) where any such dividend includes any part of the amount of a dividend received by that company from any other resident company, the part of the amount of the dividend so received.” ;

(iii) by the insertion, immediately after sub-section (5) of that section, of the following sub-section :—

“(5A) Where a statement referred to in sub-section (5) discloses that a shareholder of a resident company received a dividend which included part of the amount of a dividend (other than a dividend referred to in section 8 (3) or section 9 (3A)) received from any other resident company, then that part of such amount shall, for the purpose of determining the statutory income of such holder, be increased by fifty per centum and he shall be entitled to a set-off against the tax payable by him of an amount equivalent to the said fifty per centum.” ; and

(iv) in sub-section (6) of that section, by the substitution, for the words "of a person", of the words "of a person other than a company".

(5) The amendments made to the Income Tax Ordinance by paragraphs (a) and (b) of sub-section (4) shall be deemed to have come into operation on April 1, 1958, and the amendments made to that Ordinance by sub-paragraph (iv) of paragraph (c) of sub-section (4) shall be deemed to have come into operation on April 1, 1959 :

Provided that the preceding provisions of this sub-section shall not be deemed to affect the validity of any assessment or refund made before the date of commencement of this Act.

FIRST SCHEDULE

Description of Income

Rate of Tax

*Non-resident Individuals—*

On the first Rs. 20,000 of the taxable income ..	..	25 per centum
On the next Rs. 4,000 of the taxable income ..	..	30 per centum
On the next Rs. 4,000 of the taxable income ..	..	35 per centum
On the next Rs. 4,000 of the taxable income ..	..	40 per centum
On the next Rs. 4,000 of the taxable income ..	..	45 per centum
On the next Rs. 10,000 of the taxable income ..	..	50 per centum
On the next Rs. 10,000 of the taxable income ..	..	60 per centum
On the next Rs. 10,000 of the taxable income ..	..	70 per centum
On the balance of the taxable income ..	..	80 per centum

*Hindu-undivided Families—*

On the first Rs. 20,000 of the taxable income ..	..	31 per centum
On the next Rs. 10,000 of the taxable income ..	..	36 per centum
On the next Rs. 10,000 of the taxable income ..	..	46 per centum
On the next Rs. 10,000 of the taxable income ..	..	51 per centum
On the next Rs. 10,000 of the taxable income ..	..	56 per centum
On the next Rs. 20,000 of the taxable income ..	..	66 per centum
On the next Rs. 20,000 of the taxable income ..	..	76 per centum
On the balance of the taxable income ..	..	86 per centum

*Charitable Institutions—*

Taxable income of charitable institutions ..	..	23 per centum
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*Executors (other than trustees under last wills) and Receivers (other than liquidators)—*

Taxable income of executors (other than trustees under last wills) and receivers (other than liquidators) ..	..	30 per centum
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*Trustees (including trustees under last wills)—*

Taxable income of trustees including trustees under last wills ..	..	50 per centum
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*Partnerships—*

Taxable income of a partnership ..	..	30 per centum
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*Co-operative Societies registered under the Co-operative Societies Ordinance—*

Taxable income of Co-operative Societies registered under the Co-operative Societies Ordinance ..	..	45 per centum
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*Mutual Life Assurance Companies—*

Taxable income of mutual life assurance companies whether resident or non-resident ..	..	28½ per centum
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*Liquidators of companies—*

Taxable income of liquidators of—		
(a) companies whose shares are not movable property situate in Ceylon for the purposes of the Estate Duty Ordinance,	}	The rate of tax chargeable in respect of the company concerned.
(b) mutual life assurance companies,		
(c) companies other than those referred to in items (a) and (b)		

Governments (other than the Government of Ceylon and the Government of the United Kingdom)—

Taxable income of Governments other than the Government of Ceylon and the Government of the United Kingdom .. 63 per centum

Persons (other than those referred to above and individuals to whom Chapter V applies)—

Taxable income of persons other than those referred to in the preceding items and heads of families and individuals not included in families .. .. . 23 per centum

## SECOND SCHEDULE

### Resident Individuals to whom Chapter V applies

#### PART I

The rates of income tax shall be as follows :—

On the first Rs. 2,500 of taxable income .. .. .	15 per centum
On the next Rs. 2,500 of taxable income .. .. .	20 per centum
On the next Rs. 1,250 of taxable income .. .. .	25 per centum
On the next Rs. 1,250 of taxable income .. .. .	30 per centum
On the next Rs. 1,250 of taxable income .. .. .	35 per centum
On the next Rs. 1,250 of taxable income .. .. .	40 per centum
On the next Rs. 2,500 of taxable income .. .. .	45 per centum
On the next Rs. 2,500 of taxable income .. .. .	50 per centum
On the next Rs. 2,500 of taxable income .. .. .	55 per centum
On the next Rs. 10,000 of taxable income .. .. .	60 per centum
On the next Rs. 10,000 of taxable income .. .. .	70 per centum
On the balance of taxable income .. .. .	80 per centum

#### PART II

- Where the assessable income of an individual to whom Chapter V applies exceeds Rs. 3,600 and does not exceed Rs. 4,800 .. 3 per centum
- Where the assessable income of an individual to whom Chapter V applies exceeds Rs. 4,800 .. .. . 4 per centum
- Where in the case of an individual liable to pay income tax at the rate of 3 per centum under this Part, the assessable income of such individual will be reduced to less than Rs. 3,600 after deduction of the tax that would be payable, then such individual shall be liable to pay as income tax the difference between Rs. 3,600 and such assessable income.
- In the case of an individual liable to pay income tax at the rate of 4 per centum, the income tax payable by such individual shall not exceed the aggregate—
  - of the amount by which his assessable income exceeds Rs. 4,800, and
  - of the amount equal to 3 per centum of Rs. 4,800.



THIRD SCHEDULE

*Rates of Wealth Tax*

1. For a person other than a charitable institution—

On the first Rs. 800,000 of taxable wealth	..	..	$\frac{1}{2}$ per centum
On the next Rs. 1,000,000 of taxable wealth	..	..	1 per centum
On the balance of all taxable wealth	..	..	2 per centum

2. For a charitable institution—

On all taxable wealth	..	..	$\frac{1}{2}$ per centum
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FOURTH SCHEDULE

*Rates of Gifts Tax*

On the first Rs. 50,000 of the value of all taxable gifts	..	5 per centum
On the next Rs. 25,000 of the value of all taxable gifts	..	8 per centum
On the next Rs. 25,000 of the value of all taxable gifts	..	10 per centum
On the next Rs. 40,000 of the value of all taxable gifts	..	12 per centum
On the next Rs. 40,000 of the value of all taxable gifts	..	13 per centum
On the next Rs. 80,000 of the value of all taxable gifts	..	18 per centum
On the next Rs. 80,000 of the value of all taxable gifts	..	20 per centum
On the next Rs. 80,000 of the value of all taxable gifts	..	25 per centum
On the next Rs. 80,000 of the value of all taxable gifts	..	30 per centum
On the next Rs. 80,000 of the value of all taxable gifts	..	35 per centum
On the next Rs. 80,000 of the value of all taxable gifts	..	45 per centum
On the next Rs. 80,000 of the value of all taxable gifts	..	50 per centum
On the next Rs. 250,000 of the value of all taxable gifts	..	60 per centum
On the next Rs. 450,000 of the value of all taxable gifts	..	80 per centum
On the balance of the value of all taxable gifts	..	100 per centum

Income Tax  
Table of Wealth Tax

1. For a person other than a Hindu undivided family—

1 per centum	On the first Rs. 50,000 of taxable wealth
1 per centum	On the next Rs. 1,00,000 of taxable wealth
2 per centum	On the balance of all taxable wealth

2. For a Hindu undivided family—  
On all taxable wealth

Income Tax  
Table of Gift Tax

5 per centum	On the first Rs. 50,000 of the value of all taxable gifts
5 per centum	On the next Rs. 50,000 of the value of all taxable gifts
10 per centum	On the next Rs. 25,000 of the value of all taxable gifts
15 per centum	On the next Rs. 40,000 of the value of all taxable gifts
20 per centum	On the next Rs. 40,000 of the value of all taxable gifts
25 per centum	On the next Rs. 50,000 of the value of all taxable gifts
25 per centum	On the next Rs. 50,000 of the value of all taxable gifts
30 per centum	On the next Rs. 50,000 of the value of all taxable gifts
35 per centum	On the next Rs. 50,000 of the value of all taxable gifts
45 per centum	On the next Rs. 50,000 of the value of all taxable gifts
50 per centum	On the next Rs. 50,000 of the value of all taxable gifts
50 per centum	On the next Rs. 50,000 of the value of all taxable gifts
80 per centum	On the next Rs. 50,000 of the value of all taxable gifts
100 per centum	On the balance of the value of all taxable gifts

# PARLIAMENT OF CEYLON

4th Session 1963-64



## Ceylon Petroleum Corporation (Amendment) Act, No. 5 of 1963

*Date of Assent : 22nd August, 1963*

*Printed on the Orders of Government*

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PARLIAMENT OF CEYLON

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Ceylon Petroleum Corporation  
(Amendment) Act No 5 of 1963

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Price: Rs. 1.00

*Ceylon Petroleum Corporation (Amendment)  
Act, No. 5 of 1963*

L. D.—O. 21/63.

AN ACT TO AMEND THE CEYLON PETROLEUM  
CORPORATION ACT, NO. 28 OF 1961.

[Date of Assent: 22nd August, 1963]

BE it enacted by the Queen's Most Excellent Majesty, by and with the advice and consent of the Senate and the House of Representatives of Ceylon in this present Parliament assembled, and by the authority of the same, as follows:—

1. This Act may be cited as the Ceylon Petroleum Corporation (Amendment) Act, No. 5 of 1963.

Short title.

2. The long title of the Ceylon Petroleum Corporation Act, No. 28 of 1961, hereinafter referred to as the "principal Act", is hereby amended, by the substitution, for the expression "to carry on business as an importer, exporter, seller, supplier or distributor of petroleum," of the expression "to carry on business as an importer, exporter, seller, supplier or distributor of petroleum, as well as the business of exploring for, or exploiting or producing or refining petroleum,".

Amendment of the long title of Act No. 28 of 1961.

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

Amendment of section 5 of the principal Act.

(a) in paragraph (a) of that section, by the substitution, for the expression "of petroleum; and", of the expression "of petroleum;";

(b) by the relettering of paragraph (b) of that section as paragraph (c) of that section;

(c) by the insertion, immediately after paragraph (a) of that section, of the following new paragraph:—

"(b) to carry on the business of exploring for, and exploiting, producing, and refining of, petroleum; and"; and

(d) in relettered paragraph (c) of that section, by the substitution, for the expression "in paragraph (a).", of the expression "in paragraphs (a) and (b)."

2 *Ceylon Petroleum Corporation (Amendment)*  
*Act, No. 5 of 1963*

Insertion of  
new sections  
5A to 5J in  
the principal  
Act.

4. The following new sections are hereby inserted immediately after section 5, and shall have effect as section 5A, section 5B, section 5C, section 5D, section 5E, section 5F, section 5G, section 5H, section 5I and section 5J, of the principal Act:—

Meaning of  
the expression  
“appointed  
date”.

5A. (1) For the purposes of sections 5B, 5D and 5F, the expression “appointed date” means such date as may be appointed by the Minister, with the approval of the Government, by Order published in the *Gazette* (being a date prior to January 1, 1964) or the following date, namely, January 1, 1964, whichever of such dates is the earlier date.

(2) An Order made under sub-section (1) shall, upon its publication in the *Gazette*, be deemed to be as valid and effectual as if it were herein enacted.

Exclusive right  
to import, sell,  
export, sell,  
supply or distri-  
bute petroleum  
of certain  
classes or  
descriptions  
vested in the  
Corporation.

5B. (1) On and after the appointed date, the right to import, export, sell, supply or distribute—

- (a) petrol;
- (b) kerosene;
- (c) diesel oil; and
- (d) furnace oil,

shall, save as otherwise expressly provided by or under this Act, vest exclusively in the Corporation.

(2) On and after the appointed date, no person, other than the Corporation, shall, save as otherwise expressly provided by or under this Act, import, export, sell, supply or distribute—

- (a) petrol; or
- (b) kerosene; or
- (c) diesel oil; or
- (d) furnace oil.

(3) The sale, supply or distribution by any person of any petrol, kerosene, diesel oil or furnace oil shall be deemed not to be—

- (a) an interference with, or a violation of, the exclusive right vested in the Corporation by sub-section (1); or

(b) a contravention of the provisions of sub-section (2),

if, but only if, it is done under the written authority of the Minister or any authorised officer under sub-section (4), or of the Board of Directors under section 5E, and in accordance with the terms and conditions subject to which such authority is granted.

(4) The Minister or any authorised officer may grant a written authority to any person to import, export, sell, supply, or distribute petroleum of any class or description specified in sub-section (1) for the sole purpose only of enabling such person to provide petroleum of that class or description as fuel for marine ships or aircraft.

Power of Minister by Order to vest the exclusive right in the Corporation to import, export, sell, supply or distribute petroleum of certain classes or descriptions.

5c. (1) The Minister may, from time to time, by Order declare that the right to import, export, sell, supply or distribute petroleum of any such class or description as shall be specified in the Order, not being petroleum of any class or description specified in sub-section (1) of section 5B, shall, save as otherwise expressly provided by or under this Act, vest exclusively in the Corporation. Any such Order may be amended, varied or revoked by the Minister by a like Order.

(2) The provisions of sub-sections (3) to (5), both inclusive, of section 66 shall *mutatis mutandis* apply to every Order made under sub-section (1) of this section in like manner and to the same extent as such provisions apply to an Order made under the said section 66.

(3) So long as an Order made by the Minister under sub-section (1) is in force in respect of petroleum of any class or description, no person, other than the Corporation, shall save as otherwise expressly provided by or under this Act, import, export, sell, supply or distribute petroleum of that class or description.

4 *Ceylon Petroleum Corporation (Amendment)*  
*Act, No. 5 of 1963*

(4) The sale, supply or distribution by any person of petroleum of any class or description in respect of which there is for the time being in force an Order made by the Minister under sub-section (1) shall be deemed not to be—

(a) an interference with, or a violation of, the exclusive right vested in the Corporation by that Order; or

(b) a contravention of the provisions of sub-section (3),

if, but only if, it is done with the written authority of the Board of Directors under section 5E, and in accordance with the terms and conditions subject to which such authority is granted.

Exclusive right to explore for, etc., petroleum vested in the Corporation.

5D. On and after the appointed date, the right to explore for, and exploit, produce and refine, petroleum shall vest exclusively in the Corporation; and accordingly, on and after that date, no person, other than the Corporation, shall explore for, or exploit or produce or refine, petroleum.

Power of Board of Directors to authorise persons to sell, etc., petroleum of certain classes or descriptions.

5E. Notwithstanding that the exclusive right to sell, supply or distribute petroleum of any class or description is vested in the Corporation by any provision of this Act or any Order made thereunder, the Board of Directors may, from time to time, as respects petroleum of that class or description only grant written authority to any person to sell, supply or distribute petroleum of that class or description subject to such terms and conditions as may be determined by such Board.

Control of the establishment and maintenance of equipment and facilities for the exploration, etc., of petroleum.

5F. On and after the appointed date, no person, other than the Corporation or any person authorised by the Board of Directors under section 5E, shall establish or maintain any equipment or facilities



for the exploration, exploitation, production, refinement, storage, sale, supply or distribution of petroleum except with the written authority of the Minister or any authorised officer, or otherwise than in accordance with the terms or conditions subject to which such authority is granted.

Control of the disposal of equipment and facilities intended for the exploration, etc., of petroleum.

5G. No person, other than the Corporation, shall export, sell, lease, transfer, hypothecate, alienate or dispose of in any manner whatsoever any equipment or facilities which had been, or is or are being, or is or are, or was or were, intended to be used for the exploration, exploitation, production, refinement, storage, sale, supply or distribution of petroleum except with the written authority of the Minister or any authorised officer, or otherwise than in accordance with the terms or conditions subject to which such authority is granted.

Special provisions applicable to the power of granting written authorities conferred on the Minister, authorised officers and the Board of Directors.

5H. The following provisions shall be applicable in the case of the exercise of the power to grant a written authority conferred on the Minister, any authorised officer or the Board of Directors by any of the sections 5B, 5E, 5F and 5G:—

- (1) Such authority may be granted either of his or its own motion or on application in that behalf made by any person.
- (2) The Minister, such officer or such Board may, in his or its absolute discretion, decide whether to grant or refuse to grant such authority.
- (3) The Minister, such officer or such Board may, in his or its absolute discretion, decide the terms and conditions subject to which such authority should be granted.

- (4) The Minister, such officer or such Board may, in his or its absolute discretion, decide at any time to cancel such authority.
- (5) The terms or conditions of such authority may be amended, varied or cancelled either of his or its own motion or on application in that behalf made by the person to whom such authority is granted.
- (6) The Minister, such officer or such Board may, in his or its absolute discretion, decide whether or not to amend, vary or cancel any term or condition of such authority.
- (7) Any decision made by the Minister, such officer or such Board under the preceding provisions of this section shall be final and conclusive, and shall not be called in question in any court whether by way of writ or otherwise.

Meaning of  
the expression  
" authorised  
officer ".

5I. The expression " authorised officer " wherever it occurs in any of the sections 5B to 5H (both inclusive) means any public officer or an officer of the Corporation authorised in that behalf by the Minister.

Special provisions relating to employees of persons who were carrying on business as importer and seller, etc., of petroleum.

5J. (1) No person other than the Corporation who on the 5th day of June, 1963, was carrying on business as an importer and seller, supplier or distributor of petroleum of any class or description specified in sub-section (1) of section 5B shall terminate the employment of any person (hereafter in this section referred to as an " employee ") employed by him except with the written approval of the Commissioner, or otherwise than in accordance with the terms or conditions subject to which such approval is granted.

*Ceylon Petroleum Corporation (Amendment) 7*  
*Act, No. 5 of 1963*

A person who was carrying on the business referred to in the preceding provisions of this sub-section is hereafter in this section referred to as an "employer".

(2) The following provisions shall apply in the case of the exercise of the powers conferred on the Commissioner to grant his approval to an employer terminating the employment of any employees:—

- (a) Such approval may be granted or refused on application in that behalf made by such employer.
- (b) The Commissioner may, in his absolute discretion, decide to grant or refuse such approval.
- (c) The Commissioner may, in his absolute discretion, decide the terms and conditions subject to which his approval should be granted, including in particular terms and conditions relating to the payment by such employer to such employee of a gratuity or compensation for the termination of employment.
- (d) Any decision made by the Commissioner under the preceding provisions of this sub-section shall be final and conclusive, and shall not be called in question in any court, whether by way of writ or otherwise.

(3) Where, on or after June 5, 1963, any employer has granted or grants to any employee, in addition to any benefit such employee was or would be entitled to receive in the ordinary course of his employment, any *ex gratia* gratuity or compensation or other benefit (hereafter in this sub-section referred to as "*ex gratia* benefits"), then, every person who was an employee of that employer on June 5, 1963, shall be entitled, with the

approval of the Commissioner given upon application in that behalf made by such person, to receive the same *ex gratia* benefits so however that the amount thereof shall be as determined by the Commissioner. The preceding provisions of this sub-section shall apply to any person notwithstanding that he ceased or ceases to be an employee of that employer after June 5, 1963, for any reason whatsoever other than misconduct. Any approval or determination of the Commissioner under the preceding provisions of this sub-section shall be final and conclusive, and shall not be called in question in any court, whether by way of writ or otherwise.

(4) Where an *ex gratia* gratuity or compensation or other benefit is granted by any employer to an employee, such employer shall furnish to the Commissioner, within thirty days of the grant thereof, full details of the gratuity, compensation or other benefit so granted. Such details shall be furnished in such form and manner as may be determined by the Commissioner.

(5) In this section, "Commissioner" means the Commissioner of Labour, and includes a Deputy Commissioner of Labour.

5. Section 42 of the principal Act is hereby amended as follows:—

(a) in sub-section (1) of that section—

(i) by the substitution, in paragraph (b) of that sub-section, for the expression "in paragraph (a); and", of the expression "in paragraph (a);";

(ii) by the substitution, in paragraph (c) of that sub-section, for the expression "or paragraph (b).", of the expression "or paragraph (b); and"; and

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

“(d) request any person to furnish information with regard to any matter within his knowledge relating to the business of importation, exportation, storage, sale, supply or distribution of petroleum, whether carried on by himself or any other person, and the persons employed for the purposes of such business including details of their salaries, gratuities, compensation, or other benefits accruing to them.”; and

(b) in sub-section (2) of that section, by the substitution, for the expression “of sub-section (1) (c)”, of the expression “of sub-section (1) (c) or sub-section (1) (d)”.

6. Section 52 of the principal Act is hereby amended as follows:—

Amendment of  
section 52 of  
the principal  
Act.

(a) by the insertion, immediately after paragraph (a) of that section, of the following new paragraph:—

“(aa) where any sum has been certified under the hand of the Commissioner of Labour to the Corporation to be due from such person as a gratuity or other monetary benefit to any other person whose employment has been terminated under the provisions of section 5J, then, from the amount of such compensation, the Corporation shall pay the sum so specified to the Commissioner of Labour for the payment of such gratuity or other benefit, or ”; and

(b) by the substitution, in paragraph (b) of that section, for the expression “preceding paragraph (a), ”, of the expression “preceding paragraphs (a) and (aa), ”.

7. Section 56 of the principal Act is hereby amended in sub-section (2) of that section, by the substitution, for the expression “of Commerce, Trade, Food and Shipping”, of the expression “in charge of the Minister”.

Amendment of  
section 56 of  
the principal  
Act.

10 *Ceylon Petroleum Corporation (Amendment)  
Act, No. 5 of 1963*

Special provisions regarding loss of business, etc.

8. Save as otherwise expressly provided by this Act no person shall be entitled to compensation from the Government or any Minister or the Corporation or any Director, officer, servant or agent of the Corporation for any loss, damage or injury incurred by him whether directly or indirectly or by way of business or otherwise by reason of the operation of any of the provisions of this Act.

Amendment of section 69 of the principal Act.

9. Section 69 of the principal Act is hereby amended in sub-section (1) of that section by the insertion, immediately after paragraph (b) of that sub-section, of the following new paragraph:—

“(bb) contravenes or fails to comply with the provisions of any Order made by the Minister under section 5C shall be guilty of an offence under this Act;”.

Special provisions regarding new sections 5A to 5J.

10. The provisions of the new sections 5A to 5J (both inclusive) inserted in the principal Act by section 4 of this Act shall have effect notwithstanding anything to the contrary in any other provisions of the principal Act, or in any undertaking, express or implied, given by or on behalf of the Government or the Corporation relating to the business of importing, exporting, selling, supplying or distributing petroleum.

Retroactive effect of new section 5J.

11. The new section 5J inserted in the principal Act by section 4 of this Act shall be deemed for all purposes to have come into force on June 5, 1963.

# PARLIAMENT OF CEYLON

4th Session 1962-63



## Manufacture of Matches (Regulation) Act, No. 6 of 1963

*Date of Assent : September 4, 1963*

*Printed on the Orders of Government*

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Manufacture of Matches  
(Regulation) Act  
No. 6 of 1963

Date of Assent: September 4, 1963

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*Manufacture of Matches (Regulation)  
Act, No. 6 of 1963*

L. D.—O. 3/50.

AN ACT TO MAKE PROVISION FOR THE REGULATION AND CONTROL OF THE MANUFACTURE AND SALE OF MATCHES.

[Date of Assent: September 4, 1963]

BE it enacted by the Queen's Most Excellent Majesty, by and with the advice and consent of the Senate and the House of Representatives of Ceylon in this present Parliament assembled, and by the authority of the same, as follows:—

1. This Act may be cited as the Manufacture of Matches (Regulation) Act, No. 6 of 1963, and shall come into operation on such date as may be appointed by the Minister by Order published in the *Gazette*.

Short title and date of operation.

2. No person shall sell or offer for sale any matches manufactured in Ceylon unless such matches are contained in boxes and unless there is securely affixed to every box of matches so sold or offered for sale a banderol issued by and purchased from the Director.

Compulsory use of banderols.

3. (1) Every manufacturer of matches shall cause a banderol issued by and purchased from the Director to be affixed to each box containing matches manufactured by him in such a manner as to prevent the box being opened in the ordinary way without first breaking the banderol.

Manufacturers' duties regarding banderols, etc.

(2) Regulations may be made in respect of the issue and sale, by the Director, of banderols.

(3) The Minister may from time to time by notification published in the *Gazette* determine the price to be paid for the banderols issued by the Director.

4. (1) The Minister may from time to time, by notification published in the *Gazette*, determine the standards to which every manufacturer of matches shall conform in respect of matches, splints, veneers and boxes.

Standards of matches to be determined.

(2) No manufacturer of matches shall sell or offer for sale matches, splints, veneers or boxes which do not conform to the standards determined under subsection (1).

2 *Manufacture of Matches (Regulation)*  
*Act, No. 6 of 1963*

Maximum  
prices.

5. (1) The Minister may from time to time by notification published in the *Gazette* determine the maximum price in respect of matches manufactured in Ceylon.

(2) No person shall sell or offer for sale any matches at a price in excess of the price so determined by the Minister.

Obligation  
to furnish  
information.

6. (1) The Director may by notice in writing call upon any person engaged or suspected to be engaged in the manufacture, import or supply of matches, splints, veneers or boxes to furnish before a specified date such information as may be required for the purposes of this Act.

(2) Without prejudice to the generality of the powers conferred by sub-section (1), information may be called for in respect of all or any of the following matters :—

- (a) the actual or potential output of any manufactory in Ceylon at which matches, splints, veneers or boxes are manufactured;
- (b) the quantities of such articles kept in stock or stored in any manufactory or other place or premises;
- (c) the cost of manufacture in Ceylon of any such articles and the prices at which and the quantities in which such articles are sold, imported or supplied.

Inspection of  
manufactories,  
etc.

7. The Director or any person authorized by him in writing may, at any reasonable time during the day, enter any manufactory, store, godown, shed, land or premises for the purpose of—

- (a) inspecting, examining or taking an account or stock of any matches, splints, veneers or boxes;
- (b) verifying any information furnished under this Act.

Regulations as  
to the manu-  
facture of  
matches.

8. Regulations may be made in respect of the maximum or minimum annual output of matches which any one manufacturer is permitted to produce.

9. (1) The Minister may make regulations for the purpose of carrying out or giving effect to the principles and provisions of this Act, and in respect of any matter for which regulations are authorized by this Act to be made. Such regulations may provide for the safety, health, wages and conditions of labour of persons employed in the manufacture of matches.

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 regulation.

(3) Every regulation made by the Minister shall, as soon as is convenient after its publication in the *Gazette*, be brought before the Senate and the House of Representatives for approval. Any 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.

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

10. (1) Any person who—

Offences.

(a) contravenes any provision of this Act or of any regulation made thereunder; or

(b) omits or refuses to supply any information required by the Director under this Act; or

(c) supplies to the Director any information which he knows to be false; or

(d) resists or obstructs any person in the performance of the duties imposed or in the exercise of the powers conferred upon him by this Act,

shall be guilty of an offence, and shall, on conviction after summary trial before a Magistrate, be liable to a fine not exceeding one thousand rupees or to imprisonment of either description for a term not exceeding six months or to both such fine and imprisonment.

(2) In any proceedings in which it is in question whether or not there has been conformity with the standards determined under section 4 in respect of

any matches, splints, veneers or boxes, a certificate on behalf of any institute or from a person, approved in writing by the Minister, to the effect that there has been no such conformity shall be received in all courts of law as conclusive evidence of the lack of such conformity in respect of such matches, splints, veneers or boxes.

(3) The person who issues a certificate under sub-section (2) shall not be examined or cross-examined in any court of law with respect to such certificate.

Forgery, etc.,  
of banderols.

11. (1) Any person who forges or counterfeits or uses, sells, offers for sale, disposes of, or has in his possession, knowing or having reason to believe the same to be forged or counterfeited, any banderol purporting to be issued by the Director shall be guilty of an offence, and shall on conviction be liable to a fine not exceeding one thousand rupees or to imprisonment of either description for a term not exceeding two years or to both such fine and imprisonment.

(2) In any proceedings in which the genuineness of any banderol is in question, a certificate under the hand of the Government Printer to the effect that such banderol is spurious shall be received in all courts of law as conclusive evidence of the spuriousness of such banderol.

(3) The Government Printer who issues a certificate under sub-section (2) shall not be examined or cross-examined with respect to any such certificate.

Attempt and  
conspiracy.

12. Any person who attempts or conspires to commit an offence under this Act shall be deemed to be guilty of that offence and shall be liable to a like penalty as if he had committed that offence.

Offences by  
bodies of  
persons.

13. Where an offence under this Act is committed by a body of persons—

(a) if that body of persons is a body corporate, every director and officer of that body corporate, and

(b) if that body of persons is a firm, every partner of that firm,

shall be deemed to be guilty of that offence unless he proves that the offence was committed without his knowledge and that he had exercised all due diligence to prevent the commission of the offence.

14. (1) Where any person, hereinafter referred to as an "employee", who is employed by any other person, hereinafter referred to as the "proprietor", engaged in the manufacture, import, export, supply or sale of matches, splints, veneers or boxes is, by reason of any act or omission arising out of and in the course of such employment, guilty of an offence under this Act or any regulation made thereunder, then the proprietor, or where the proprietor is out of the Island the person for the time being having control of the business, shall in addition to the employee be deemed to be guilty of that offence unless he proves that the offence was committed without his knowledge and that he had exercised all due diligence to prevent the commission of the offence.

Liability of proprietor.

(2) Such proprietor, manager or person having control of the business shall be liable to be proceeded against for the offence together with such employee or before or after the conviction of such employee and shall be subject to the like punishment as if he were such employee.

15. (1) In this Act, unless the context otherwise requires—

Interpretation.

"box" means the container in which matches are put up for sale and includes a paper envelope or any other container;

"Director" means the Director of Development of the Development Division of the Ministry and includes any Deputy or Assistant Director of Development;

"manufactory" means the premises in which matches, splints, veneers or boxes are manufactured and includes any warehouse used for the storage of such articles;

"regulation" means a regulation made by the Minister under this Act;

"splints" means undipped splints such as are commonly used for making matches;

"veneers" means veneers such as are ordinarily used for making boxes.

16. The Manufacture of Matches (Regulation) Ordinance is hereby repealed.

Repeal of Chapter 170.

6 *Manufacture of Matches (Regulation)*  
*Act, No. 6 of 1963*

Savings.

17. Notwithstanding the repeal of the *Manufacture of Matches (Regulation) Ordinance*—

- (a) the banderols issued and sold under the provisions of that Ordinance and the regulations made thereunder shall be deemed to be banderols issued and sold under this Act,
- (b) the price to be paid for banderols as determined under the provisions of that Ordinance and the regulations made thereunder shall be deemed to be the price to be paid for banderols determined by the Minister by notification under the provisions of this Act, and
- (c) the maximum price above which matches shall not be sold as determined and notified under the provisions of that Ordinance and the regulations made thereunder shall be deemed to be the maximum price determined by the Minister by notification under the provisions of this Act in respect of matches manufactured in Ceylon.

# PARLIAMENT OF CEYLON

3rd Session 1963-64



## Appropriation Act, No. 7 of 1963

*Date of Assent: September 28, 1963*

*Printed on the Orders of Government*

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PARLIAMENT OF CEYLON

3rd Session 1963-64



Appropriation Act  
No. 7 of 1963

Date of Assent: September 28, 1963

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*Appropriation Act, No. 7 of 1963*

L. D.—O. 153/34

AN ACT TO PROVIDE FOR THE SERVICE OF THE FINANCIAL YEAR, 1963-64, TO AUTHORISE THE RAISING OF LOANS IN OR OUTSIDE CEYLON 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 OF CEYLON 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 THAT CONSOLIDATED FUND, AND TO MAKE PROVISION FOR MATTERS CONNECTED WITH OR INCIDENTAL TO THE AFORESAID MATTERS.

[Date of Assent : 28th September, 1963]

BE it enacted by the Queen's Most Excellent Majesty, by and with the advice and consent of the Senate and the House of Representatives of Ceylon in this present Parliament assembled, and by the authority of the same, as follows :—

1. This Act may be cited as the Appropriation Act, No. 7 of 1963.

Short title.

2. (1) Without prejudice to any other law authorising any expenditure, the expenditure of the Government, which it is estimated will be rupees two thousand and seventy-nine million four hundred and eighty-six thousand eight hundred and thirty-five for the service of the financial year beginning on October 1, 1963, and ending on September 30, 1964, shall be met—

Appropriation for financial year, 1963-64.

(a) from payments which are hereby authorised to be made out of the Consolidated Fund of Ceylon, or any other fund or moneys of, or at the disposal of, the Government, and

(b) from the proceeds of loans which are hereby authorised to be raised, whether in or outside Ceylon, for and on behalf of the Government, so however, that the aggregate of such proceeds does not exceed rupees six hundred million.

The sum of rupees two thousand and seventy-nine million four hundred and eighty-six thousand eight hundred and thirty-five hereinbefore referred to may be expended as specified in the First Schedule to this Act.

(2) The provisions of sub-section (1) of this section shall have effect without prejudice to the provisions of any other written law authorising the raising of loans for and on behalf of the Government.

3. (1) The receipts of the Government, during the financial year referred to in section 2, from each activity specified in column I of the Second Schedule to this Act shall be credited to the account of such activity, but the aggregate of the receipts so credited shall not exceed the maximum limit specified in the corresponding entry in column III of that Schedule. Any receipts from such activity in excess of such maximum limit shall be credited to the Consolidated Fund of Ceylon.

(2) The expenditure incurred by the Government, during the financial year referred to in section 2, on each activity specified in column I of the Second 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.

(3) The debit balance, outstanding at the end of the financial year referred to in section 2, of any activity specified in column I of the Second Schedule to this Act shall not exceed the maximum limit

Financial provision in respect of certain activities of the Government for the financial year, 1963-64.

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.

4. Whenever, at any time during the financial year referred to in section 2, the receipts of the Government from any activity specified in column I of the Second Schedule to this Act are insufficient to meet the expenditure incurred by the Government on such activity, the Minister of Finance 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 of Ceylon, or any other fund or moneys of, or at the disposal of, the Government, so however, that the aggregate of the sums so advanced does not exceed the maximum limit of expenditure specified in the corresponding entry in column II of that Schedule. Any sums so advanced in respect of such activity shall be refunded to that Consolidated Fund in such manner as the Minister of Finance may by Order direct.

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, 1963-64.

5. Any moneys which, by virtue of the provisions of the First Schedule to this Act, have been allocated to any vote other than Votes Nos. 3, 5 and 7, appearing under any head specified in that Schedule but have not been expended and are not likely to be expended, may be transferred to any other vote under that head by order of the Secretary to the Treasury or other officer authorised by him.

Power to transfer unexpended moneys from one Vote to another Vote under the same head of expenditure.

6. The Minister of Finance, with the approval of the Government, may by Order vary or alter any of the maximum limits specified in column II, column III, column IV or column V, of the Second Schedule to this Act. Any such Order shall, if so expressed therein, be deemed to have had effect from such date prior to the date of the making of such Order as may be specified therein.

Power of Minister of Finance to vary the maximum limits specified in the Second Schedule to this Act.

Power of House of Representatives to amend the Second Schedule to this Act.

7. The House of Representatives may, by resolution, amend the Second Schedule to this Act, by adding to the appropriate columns of that Schedule, any activity and all or any of the maximum limits relating to such activity.

### FIRST SCHEDULE

#### *Sums payable for general services*

Rs.

Head	1, His Excellency the Governor-General	
	Vote No. 1, Personal Emoluments and other allowances of staff	259,242
	Vote No. 2, Administration Charges—Recurrent Expenditure	162,750
Head	2, Prime Minister	
	Vote No. 1, Personal Emoluments and other allowances of staff	230,401
	Vote No. 2, Administration Charges—Recurrent Expenditure	158,486
Head	3, Judges of the Supreme Court	
	Vote No. 1, Personal Emoluments and other allowances of staff	670,095
	Vote No. 2, Administration Charges—Recurrent Expenditure	69,450
Head	4, Cabinet Office	
	Vote No. 1, Personal Emoluments and other allowances of staff	118,818
	Vote No. 2, Administration Charges—Recurrent Expenditure	10,310
Head	5, Senate	
	Vote No. 1, Personal Emoluments and other allowances of staff	373,456
	Vote No. 2, Administration Charges—Recurrent Expenditure	332,100
Head	6, House of Representatives	
	Vote No. 1, Personal Emoluments and other allowances of staff	795,973
	Vote No. 2, Administration Charges—Recurrent Expenditure	1,539,655

	<i>Rs.</i>
Head 7, Judicial Service Commission	
Vote No. 1, Personal Emoluments and other allowances of staff .. .. .	88,918
Vote No. 2, Administration Charges—Recurrent Expenditure .. .. .	6,587
Head 8, Public Service Commission	
Vote No. 1, Personal Emoluments and other allowances of staff .. .. .	212,236
Vote No. 2, Administration Charges—Recurrent Expenditure .. .. .	10,490
Head 9, Audit Office	
Vote No. 1, Personal Emoluments and other allowances of staff .. .. .	3,169,114
Vote No. 2, Administration Charges—Recurrent Expenditure .. .. .	351,650
Head 10, Office of the Leader of the House of Representatives	
Vote No. 1, Personal Emoluments and other allowances of staff .. .. .	59,026
Vote No. 2, Administration Charges—Recurrent Expenditure .. .. .	4,050
Head 11, Office of the Leader of the Opposition in the House of Representatives	
Vote No. 1, Personal Emoluments and other allowances of staff .. .. .	47,084
Vote No. 2, Administration Charges—Recurrent Expenditure .. .. .	1,570
Head 12, Department of Elections (Parliamentary and Local Bodies)	
Vote No. 1, Personal Emoluments and other allowances of staff .. .. .	837,331
Vote No. 2, Administration Charges—Recurrent Expenditure .. .. .	2,175,000
Head 17, Minister of Defence and External Affairs	
Vote No. 1, Personal Emoluments and other allowances of staff .. .. .	982,414
Vote No. 2, Administration Charges—Recurrent Expenditure .. .. .	2,107,202
Vote No. 4, Services provided by the Department—Recurrent Expenditure .. .. .	359,000
Vote No. 5, Services provided by the Department—Capital Expenditure .. .. .	1,960,000

			Rs.
Head 18, Army			
	Vote No. 1, Personal Emoluments and other allowances of staff	.. .. .	23,722,722
	Vote No. 2, Administration Charges—Recurrent Expenditure	.. .. .	10,858,379
	Vote No. 3, Administration Charges—Capital Expenditure	.. .. .	1,292,000
Head 19, Royal Ceylon Navy			
	Vote No. 1, Personal Emoluments and other allowances of staff	.. .. .	9,988,954
	Vote No. 2, Administration Charges—Recurrent Expenditure	.. .. .	5,472,570
	Vote No. 3, Administration Charges—Capital Expenditure	.. .. .	1,211,250
Head 20, Royal Ceylon Air Force			
	Vote No. 1, Personal Emoluments and other allowances of staff	.. .. .	8,858,442
	Vote No. 2, Administration Charges—Recurrent Expenditure	.. .. .	4,689,915
	Vote No. 3, Administration Charges—Capital Expenditure	.. .. .	281,000
Head 21, Police			
	Vote No. 1, Personal Emoluments and other allowances of staff	.. .. .	33,647,341
	Vote No. 2, Administration Charges—Recurrent Expenditure	.. .. .	8,558,898
	Vote No. 3, Administration Charges—Capital Expenditure	.. .. .	247,713
Head 22, Department of External Affairs Abroad			
	Vote No. 1, Personal Emoluments and other allowances of staff	.. .. .	5,337,868
	Vote No. 2, Administration Charges—Recurrent Expenditure	.. .. .	2,905,079
	Vote No. 3, Administration Charges—Capital Expenditure	.. .. .	275,000
	Vote No. 4, Services provided by the Department—Recurrent Expenditure	.. .. .	77,667
Head 23, Department of Immigration, Emigration and Registration of Indian and Pakistani Residents			
	Vote No. 1, Personal Emoluments and other allowances of staff	.. .. .	1,967,963
	Vote No. 2, Administration Charges—Recurrent Expenditure	.. .. .	659,350
	Vote No. 3, Administration Charges—Capital Expenditure	.. .. .	67,500

Rs.

Head 24, Department of Broadcasting and Information		
Vote No. 1, Personal Emoluments and other allowances of staff	.. .. .	3,482,777
Vote No. 2, Administration Charges—Recurrent Expenditure	.. .. .	3,222,882
Vote No. 3, Administration Charges—Capital Expenditure	.. .. .	269,800
Vote No. 5, Services provided by the Department—Capital Expenditure	.. .. .	515,850
Head 25, Department of National Planning		
Vote No. 1, Personal Emoluments and other allowances of staff	.. .. .	391,418
Vote No. 2, Administration Charges—Recurrent Expenditure	.. .. .	39,000
Head 26, Government Tourist Bureau		
Vote No. 1, Personal Emoluments and other allowances of staff	.. .. .	222,444
Vote No. 2, Administration Charges—Recurrent Expenditure	.. .. .	753,580
Head 27, Zoological Gardens		
Vote No. 1, Personal Emoluments and other allowances of staff	.. .. .	320,115
Vote No. 2, Administration Charges—Recurrent Expenditure	.. .. .	317,850
Vote No. 3, Administration Charges—Capital Expenditure	.. .. .	14,000
Head 31, Minister of Finance		
Vote No. 1, Personal Emoluments and other allowances of staff	.. .. .	203,822
Vote No. 2, Administration Charges—Recurrent Expenditure	.. .. .	17,175
Head 32, Treasury		
Vote No. 1, Personal Emoluments and other allowances of staff	.. .. .	2,528,518
Vote No. 2, Administration Charges—Recurrent Expenditure	.. .. .	300,295
Head 33, Pensions		
Vote No. 2, Administration Charges—Recurrent Expenditure	.. .. .	52,827,650
Head 34, Public Debt		
Vote No. 2, Administration Charges—Recurrent Expenditure	.. .. .	140,210

	Rs.
Head 35, Loan Board	
Vote No. 1, Personal Emoluments and other allowances of staff .. .. .	41,015
Vote No. 2, Administration Charges—Recurrent Expenditure .. .. .	700
Head 36, Government Stores	
Vote No. 1, Personal Emoluments and other allowances of staff .. .. .	1,649,815
Vote No. 2, Administration Charges—Recurrent Expenditure .. .. .	210,185
Head 37, Department of Inland Revenue	
Vote No. 1, Personal Emoluments and other allowances of staff .. .. .	5,340,423
Vote No. 2, Administration Charges—Recurrent Expenditure .. .. .	451,723
Head 38, Customs	
Vote No. 1, Personal Emoluments and other allowances of staff .. .. .	4,373,685
Vote No. 2, Administration Charges—Recurrent Expenditure .. .. .	655,281
Vote No. 3, Administration Charges—Capital Expenditure .. .. .	41,800
Head 39, Department of Census and Statistics	
Vote No. 1, Personal Emoluments and other allowances of staff .. .. .	2,335,872
Vote No. 2, Administration Charges—Recurrent Expenditure .. .. .	1,714,128
Vote No. 3, Administration Charges—Capital Expenditure .. .. .	102,173
Head 40, National Savings Movement	
Vote No. 1, Personal Emoluments and other allowances of staff .. .. .	224,270
Vote No. 2, Administration Charges—Recurrent Expenditure .. .. .	94,330
Head 41, Government Press	
Vote No. 1, Personal Emoluments and other allowances of staff .. .. .	5,647,266
Vote No. 2, Administration Charges—Recurrent Expenditure .. .. .	4,827,734
Vote No. 3, Administration Charges—Capital Expenditure .. .. .	1,487,500
Head 42, Widows' and Orphans' Pension Office	
Vote No. 1, Personal Emoluments and other allowances of staff .. .. .	338,750
Vote No. 2, Administration Charges—Recurrent Expenditure .. .. .	11,250



	Rs.
Head 43, Combined Services	
Vote No. 1, Personal Emoluments and other allowances of staff .. .. .	478,561
Vote No. 2, Administration Charges—Recurrent Expenditure .. .. .	121,400
Head 44, Miscellaneous Services	
Vote No. 2, Administration Charges—Recurrent Expenditure .. .. .	15,389,585
Vote No. 4, Services provided by the Department—Recurrent Expenditure .. .. .	2,640,000
Vote No. 5, Services provided by the Department—Capital Expenditure .. .. .	15,000,010
Vote No. 6, Economic Development—Recurrent Expenditure .. .. .	5,000
Vote No. 7, Economic Development—Capital Expenditure .. .. .	12,263,322
Head 53, Minister of Justice	
Vote No. 1, Personal Emoluments and other allowances of staff .. .. .	475,039
Vote No. 2, Administration Charges—Recurrent Expenditure .. .. .	28,200
Vote No. 4, Services provided by the Department—Recurrent Expenditure .. .. .	50,000
Head 54, Revision of Legislative Enactments and Subsidiary Legislation	
Vote No. 1, Personal Emoluments and other allowances of staff .. .. .	14,999
Vote No. 2, Administration Charges—Recurrent Expenditure .. .. .	200
Head 55, District Courts	
Vote No. 1, Personal Emoluments and other allowances of staff .. .. .	2,621,825
Vote No. 2, Administration Charges—Recurrent Expenditure .. .. .	241,621
Head 56, Courts of Requests and Magistrates' Courts	
Vote No. 1, Personal Emoluments and other allowances of staff .. .. .	2,220,061
Vote No. 2, Administration Charges—Recurrent Expenditure .. .. .	305,295
Head 57, Fiscal's Department	
Vote No. 1, Personal Emoluments and other allowances of staff .. .. .	1,572,485
Vote No. 2, Administration Charges—Recurrent Expenditure .. .. .	1,158,920

	<i>Rs.</i>
Head 58, Conciliation Boards	
Vote No. 1, Personal Emoluments and other allowances of staff .. .. .	77,377
Vote No. 2, Administration Charges—Recurrent Expenditure .. .. .	5,900
Head 59, Attorney-General	
Vote No. 1, Personal Emoluments and other allowances of staff .. .. .	998,607
Vote No. 2, Administration Charges—Recurrent Expenditure .. .. .	360,050
Head 60, Legal Draftsman	
Vote No. 1, Personal Emoluments and other allowances of staff .. .. .	396,487
Vote No. 2, Administration Charges—Recurrent Expenditure .. .. .	5,625
Head 61, Rural Courts	
Vote No. 1, Personal Emoluments and other allowances of staff .. .. .	1,264,140
Vote No. 2, Administration Charges—Recurrent Expenditure .. .. .	196,349
Head 62, Debt Conciliation Board	
Vote No. 1, Personal Emoluments and other allowances of staff .. .. .	81,027
Vote No. 2, Administration Charges—Recurrent Expenditure .. .. .	11,900
Head 63, Department of the Bribery Commissioner	
Vote No. 1, Personal Emoluments and other allowances of staff .. .. .	266,375
Vote No. 2, Administration Charges—Recurrent Expenditure .. .. .	70,000
Head 64, Official Language Department	
Vote No. 1, Personal Emoluments and other allowances of staff .. .. .	1,350,137
Vote No. 2, Administration Charges—Recurrent Expenditure .. .. .	94,250
Head 65, Registrar of the Supreme Court	
Vote No. 1, Personal Emoluments and other allowances of staff .. .. .	902,795
Vote No. 2, Administration Charges—Recurrent Expenditure .. .. .	427,500
Head 66, Department of Prisons	
Vote No. 1, Personal Emoluments and other allowances of staff .. .. .	5,932,220
Vote No. 2, Administration Charges—Recurrent Expenditure .. .. .	3,553,530
Vote No. 3, Administration Charges—Capital Expenditure .. .. .	80,750
Vote No. 4, Services provided by the Department—Recurrent Expenditure .. .. .	67,250

Rs.

Head 67, Government Analyst

Vote No. 1, Personal Emoluments and other allowances of staff .. .. .	492,793
Vote No. 2, Administration Charges—Recurrent Expenditure .. .. .	79,300

Head 72, Minister of Land, Irrigation and Power

Vote No. 1, Personal Emoluments and other allowances of staff .. .. .	538,420
Vote No. 2, Administration Charges—Recurrent Expenditure .. .. .	25,550
Vote No. 6, Economic Development—Recurrent Expenditure .. .. .	3,000
Vote No. 7, Economic Development—Capital Expenditure .. .. .	45,505,000

Head 73, Land Commissioner

Vote No. 1, Personal Emoluments and other allowances of staff .. .. .	4,771,636
Vote No. 2, Administration Charges—Recurrent Expenditure .. .. .	739,000
Vote No. 6, Economic Development—Recurrent Expenditure .. .. .	7,473
Vote No. 7, Economic Development—Capital Expenditure .. .. .	17,100,000

Head 74, Land Settlement Department

Vote No. 1, Personal Emoluments and other allowances of staff .. .. .	440,855
Vote No. 2, Administration Charges—Recurrent Expenditure .. .. .	84,870

Head 75, Survey Department

Vote No. 1, Personal Emoluments and other allowances of staff .. .. .	9,083,139
Vote No. 2, Administration Charges—Recurrent Expenditure .. .. .	12,040,791
Vote No. 3, Administration Charges—Capital Expenditure .. .. .	353,400
Vote No. 6, Economic Development—Recurrent Expenditure .. .. .	141,070

Head 76, Forest Department

Vote No. 1, Personal Emoluments and other allowances of staff .. .. .	2,235,017
Vote No. 2, Administration Charges—Recurrent Expenditure .. .. .	436,613
Vote No. 6, Economic Development—Recurrent Expenditure .. .. .	118,370
Vote No. 7, Economic Development—Capital Expenditure .. .. .	3,182,500

		Rs.
Head	77, Irrigation Department	
	Vote No. 1, Personal Emoluments and other allowances of staff .. .. .	2,403,521
	Vote No. 2, Administration Charges—Recurrent Expenditure .. .. .	834,140
	Vote No. 6, Economic Development—Recurrent Expenditure .. .. .	14,412,339
	Vote No. 7, Economic Development—Capital Expenditure .. .. .	32,300,000
Head	78, Valuation Department	
	Vote No. 1, Personal Emoluments and other allowances of staff .. .. .	1,102,298
	Vote No. 2, Administration Charges—Recurrent Expenditure .. .. .	245,415
Head	79, Land Development Department	
	Vote No. 1, Personal Emoluments and other allowances of staff .. .. .	962,847
	Vote No. 2, Administration Charges—Recurrent Expenditure .. .. .	212,570
	Vote No. 3, Administration Charges—Capital Expenditure .. .. .	200,000
	Vote No. 6, Economic Development—Recurrent Expenditure .. .. .	4,045,833
	Vote No. 7, Economic Development—Capital Expenditure .. .. .	15,010,000
Head	80, Department of Wild Life	
	Vote No. 1, Personal Emoluments and other allowances of staff .. .. .	507,673
	Vote No. 2, Administration Charges—Recurrent Expenditure .. .. .	141,595
Head	81, Electrical Department (Commercialised Activities)	
	Vote No. 1, Personal Emoluments and other allowances of staff .. .. .	5,475,949
	Vote No. 2, Administration Charges—Recurrent Expenditure .. .. .	36,031,000
	Vote No. 3, Administration Charges—Capital Expenditure .. .. .	460,760
	Vote No. 6, Economic Development—Recurrent Expenditure .. .. .	550,000
	Vote No. 7, Economic Development—Capital Expenditure .. .. .	64,874,574
Head	82, Electrical Department (Non-Commercialised Activities)	
	Vote No. 1, Personal Emoluments and other allowances of staff .. .. .	73,780
	Vote No. 2, Administration Charges—Recurrent Expenditure .. .. .	4,156,800
	Vote No. 3, Administration Charges—Capital Expenditure .. .. .	1,309,455

	<i>Rs.</i>
Head 83, Department of Fisheries	
Vote No. 1, Personal Emoluments and other allowances of staff .. .. .	1,163,490
Vote No. 2, Administration Charges—Recurrent Expenditure .. .. .	653,737
Vote No. 3, Administration Charges—Capital Expenditure .. .. .	40,000
Vote No. 4, Services provided by the Department—Recurrent Expenditure .. .. .	102,000
Vote No. 5, Services provided by the Department—Capital Expenditure .. .. .	700,000
Vote No. 6, Economic Development—Recurrent Expenditure .. .. .	1,067,268
Vote No. 7, Economic Development—Capital Expenditure .. .. .	6,977,752
Head 88, Minister of Commerce and Industries	
Vote No. 1, Personal Emoluments and other allowances of staff .. .. .	258,678
Vote No. 2, Administration Charges—Recurrent Expenditure .. .. .	367,500
Vote No. 6, Economic Development—Recurrent Expenditure .. .. .	864,436
Vote No. 7, Economic Development—Capital Expenditure .. .. .	89,002,632
Head 89, Department of Commerce	
Vote No. 1, Personal Emoluments and other allowances of staff .. .. .	694,484
Vote No. 2, Administration Charges—Recurrent Expenditure .. .. .	305,516
Head 90, Department of Registrar of Companies	
Vote No. 1, Personal Emoluments and other allowances of staff .. .. .	416,861
Vote No. 2, Administration Charges—Recurrent Expenditure .. .. .	68,390
Head 91, Department of Controller of Imports and Exports	
Vote No. 1, Personal Emoluments and other allowances of staff .. .. .	1,574,008
Vote No. 2, Administration Charges—Recurrent Expenditure .. .. .	420,992
Head 92, Department of Merchant Shipping	
Vote No. 1, Personal Emoluments and other allowances of staff .. .. .	98,127
Vote No. 2, Administration Charges—Recurrent Expenditure .. .. .	5,343
Head 93, Geological Survey Department	
Vote No. 6, Economic Development—Recurrent Expenditure .. .. .	1,147,641
Vote No. 7, Economic Development—Capital Expenditure .. .. .	294,500

	Rs.
<b>Head 94, Salt Department</b>	
Vote No. 1, Personal Emoluments and other allowances of staff .. .. .	611,379
Vote No. 2, Administration Charges—Recurrent Expenditure .. .. .	7,270
Vote No. 6, Economic Development—Recurrent Expenditure .. .. .	7,000
Vote No. 7, Economic Development—Capital Expenditure .. .. .	687,250
<b>Head 100, Minister of Local Government and Home Affairs</b>	
Vote No. 1, Personal Emoluments and other allowances of staff .. .. .	504,106
Vote No. 2, Administration Charges—Recurrent Expenditure .. .. .	131,750
<b>Head 101, Commissioner of Local Government</b>	
Vote No. 1, Personal Emoluments and other allowances of staff .. .. .	1,674,323
Vote No. 2, Administration Charges—Recurrent Expenditure .. .. .	38,272,907
Vote No. 3, Administration Charges—Capital Expenditure .. .. .	13,000
Vote No. 4, Services provided by the Department—Recurrent Expenditure .. .. .	1,224,368
Vote No. 5, Services provided by the Department—Capital Expenditure .. .. .	9,718,500
Vote No. 7, Economic Development—Capital Expenditure .. .. .	300,000
<b>Head 102, Local Government Service Commission</b>	
Vote No. 1, Personal Emoluments and other allowances of staff .. .. .	354,948
Vote No. 2, Administration Charges—Recurrent Expenditure .. .. .	195,040
<b>Head 103, Department of Town and Country Planning</b>	
Vote No. 1, Personal Emoluments and other allowances of staff .. .. .	385,369
Vote No. 2, Administration Charges—Recurrent Expenditure .. .. .	32,535
Vote No. 5, Services provided by the Department—Capital Expenditure .. .. .	950,000
Vote No. 6, Economic Development—Recurrent Expenditure .. .. .	46,096

Rs.

Head 104, Department of Water Supply and Drainage		
Vote No. 1, Personal Emoluments and other allowances of staff	.. .. .	686,446
Vote No. 2, Administration Charges—Recurrent Expenditure	.. .. .	98,930
Vote No. 3, Administration Charges—Capital Expenditure	.. .. .	326,325
Vote No. 4, Services provided by the Department—Recurrent Expenditure	.. .. .	1,210,000
Vote No. 5, Services provided by the Department—Capital Expenditure	.. .. .	9,600,225
Vote No. 6, Economic Development—Recurrent Expenditure	.. .. .	207,000
Head 105, Provincial Administration		
Vote No.1, Personal Emoluments and other allowances of staff	.. .. .	22,854,793
Vote No. 2, Administration Charges—Recurrent Expenditure	.. .. .	2,343,000
Vote No. 3, Administration Charges—Capital Expenditure	.. .. .	223,250
Vote No. 4, Services provided by the Department—Recurrent Expenditure	.. .. .	235,000
Head 106, Registrar-General		
Vote No. 1, Personal Emoluments and other allowances of staff	.. .. .	3,587,922
Vote No. 2, Administration Charges—Recurrent Expenditure	.. .. .	246,314
Head 107, Department of Rural Development and Small Industries		
Vote No. 1, Personal Emoluments and other allowances of staff	.. .. .	6,989,840
Vote No. 2, Administration Charges—Recurrent Expenditure	.. .. .	854,986
Vote No. 3, Administration Charges—Capital Expenditure	.. .. .	20,000
Vote No. 4, Services provided by the Department—Recurrent Expenditure	.. .. .	909,732
Vote No. 5, Services provided by the Department—Capital Expenditure	.. .. .	1,600,000
Vote No. 6, Economic Development—Recurrent Expenditure	.. .. .	930,000
Vote No. 7, Economic Development—Capital Expenditure	.. .. .	5,149,167
Head 108, Department of Mosques and Muslim Charitable Trusts		
Vote No. 1, Personal Emoluments and other allowances of staff	.. .. .	44,953
Vote No. 2, Administration Charges—Recurrent Expenditure	.. .. .	21,191

	<i>Rs.</i>
Head 109, Excise Department	
Vote No. 1, Personal Emoluments and other allowances of staff .. .. .	2,566,405
Vote No. 2, Administration Charges—Recurrent Expenditure .. .. .	514,706
Vote No. 3, Administration Charges—Capital Expenditure .. .. .	95,000
Vote No. 6, Economic Development—Recurrent Expenditure .. .. .	27,111
Vote No. 7, Economic Development—Capital Expenditure .. .. .	769,487
Head 110, Kandyan Peasantry Rehabilitation Scheme	
Vote No. 5, Services provided by the Department—Capital Expenditure .. .. .	617,500
Vote No. 7, Economic Development—Capital Expenditure .. .. .	3,467,500
Head 115, Minister of Education and Cultural Affairs	
Vote No. 1, Personal Emoluments and other allowances of staff .. .. .	443,200
Vote No. 2, Administration Charges—Recurrent Expenditure .. .. .	22,050
Vote No. 4, Services provided by the Department—Recurrent Expenditure .. .. .	99,355
Vote No. 5, Services provided by the Department—Capital Expenditure .. .. .	5,026,926
Head 116, Education Department	
Vote No. 1, Personal Emoluments and other allowances of staff .. .. .	7,856,735
Vote No. 2, Administration Charges—Recurrent Expenditure .. .. .	1,045,600
Vote No. 3, Administration Charges—Capital Expenditure .. .. .	350,000
Vote No. 4, Services provided by the Department—Recurrent Expenditure .. .. .	287,976,409
Vote No. 5, Services provided by the Department—Capital Expenditure .. .. .	13,917,500
Head 117, Grants to Universities	
Vote No. 4, Services provided by the Department—Recurrent Expenditure .. .. .	15,132,010
Head 118, Ceylon Technical College Department	
Vote No. 1, Personal Emoluments and other allowances of staff .. .. .	180,761
Vote No. 2, Administration Charges—Recurrent Expenditure .. .. .	82,000
Vote No. 6, Economic Development—Recurrent Expenditure .. .. .	1,522,537
Vote No. 7, Economic Development—Capital Expenditure .. .. .	910,045



	Rs.
Head 119, Department of Examinations	
Vote No. 1, Personal Emoluments and other allowances of staff .. .. .	1,075,353
Vote No. 2, Administration Charges—Recurrent Expenditure .. .. .	2,794,710
Vote No. 3, Administration Charges—Capital Expenditure .. .. .	107,775
Head 120, Department of Meteorology	
Vote No. 1, Personal Emoluments and other allowances of staff .. .. .	1,084,714
Vote No. 2, Administration Charges—Recurrent Expenditure .. .. .	126,221
Head 121, Government College of Fine Arts	
Vote No. 4, Services provided by the Department—Recurrent Expenditure .. .. .	519,156
Head 122, Basic Technical Training Institute	
Vote No. 2, Administration Charges—Recurrent Expenditure .. .. .	8,200
Vote No. 6, Economic Development—Recurrent Expenditure .. .. .	310,240
Head 123, Department of Cultural Affairs	
Vote No.1, Personal Emoluments and other allowances of staff .. .. .	159,917
Vote No.2, Administration Charges—Recurrent Expenditure .. .. .	21,750
Vote No. 4, Services provided by the Department—Recurrent Expenditure .. .. .	1,728,000
Head 124, Department of the Government Archivist	
Vote No. 1, Personal Emoluments and other allowances of staff .. .. .	237,500
Vote No.2, Administration Charges—Recurrent Expenditure .. .. .	53,500
Head 125, Department of National Museums	
Vote No. 4, Services provided by the Department—Recurrent Expenditure .. .. .	494,905
Head 126, Archaeological Department	
Vote No. 4, Services provided by the Department—Recurrent Expenditure .. .. .	1,569,856
Vote No. 5, Services provided by the Department—Capital Expenditure .. .. .	650,000
Head 127, Public Trustee	
Vote No.1, Personal Emoluments and other allowances of staff .. .. .	245,968
Vote No. 2, Administration Charges—Recurrent Expenditure .. .. .	29,600

	Rs.
Head 133, Minister of Food, Agriculture and Co-operatives	
Vote No. 1, Personal Emoluments and other allowances of staff .. .. .	325,859
Vote No. 2, Administration Charges—Recurrent Expenditure .. .. .	38,550
Vote No. 7, Economic Development—Capital Expenditure .. .. .	2,297,100
Head 134, Department of Agriculture	
Vote No. 1, Personal Emoluments and other allowances of staff .. .. .	2,075,714
Vote No. 2, Administration Charges—Recurrent Expenditure .. .. .	620,165
Vote No. 3, Administration Charges—Capital Expenditure .. .. .	254,668
Vote No. 6, Economic Development—Recurrent Expenditure .. .. .	26,219,006
Vote No. 7, Economic Development—Capital Expenditure .. .. .	9,063,000
Head 135, Department of Agrarian Services	
Vote No. 1, Personal Emoluments and other allowances of staff .. .. .	1,475,361
Vote No. 2, Administration Charges—Recurrent Expenditure .. .. .	408,550
Vote No. 3, Administration Charges—Capital Expenditure .. .. .	3,421,900
Vote No. 6, Economic Development—Recurrent Expenditure .. .. .	4,838,503
Vote No. 7, Economic Development—Capital Expenditure .. .. .	13,422,157
Head 136, Coconut Rehabilitation Scheme	
Vote No. 7, Economic Development—Capital Expenditure .. .. .	7,125,000
Head 137, Food Commissioner	
Vote No. 1, Personal Emoluments and other allowances of staff .. .. .	8,291,497
Vote No. 2, Administration Charges—Recurrent Expenditure .. .. .	724,460
Vote No. 3, Administration Charges—Capital Expenditure .. .. .	100,000
Vote No. 4, Services provided by the Department—Recurrent Expenditure .. .. .	272,907,600
Vote No. 5, Services provided by the Department—Capital Expenditure .. .. .	400,000

Rs.

Head 138, Department of Co-operative Development

Vote No. 1, Personal Emoluments and other allowances of staff .. .. .	7,832,564
Vote No. 2, Administration Charges—Recurrent Expenditure .. .. .	1,625,250
Vote No. 4, Services provided by the Department—Recurrent Expenditure .. .. .	16,000
Vote No. 7, Economic Development—Capital Expenditure .. .. .	40,000

Head 139, Marketing Department

Vote No. 1, Personal Emoluments and other allowances of staff .. .. .	1,051,426
Vote No. 2, Administration Charges—Recurrent Expenditure .. .. .	201,979
Vote No. 4, Services provided by the Department—Recurrent Expenditure .. .. .	1,500,000
Vote No. 6, Economic Development—Recurrent Expenditure .. .. .	97,417
Vote No. 7, Economic Development—Capital Expenditure .. .. .	1,167,191

Head 144, Minister of Communications

Vote No. 1, Personal Emoluments and other allowances of staff .. .. .	260,789
Vote No. 2, Administration Charges—Recurrent Expenditure .. .. .	43,885

Head 145, Railway

Vote No. 1, Personal Emoluments and other allowances of staff .. .. .	36,304,995
Vote No. 2, Administration Charges—Recurrent Expenditure .. .. .	38,753,310
Vote No. 3, Administration Charges—Capital Expenditure .. .. .	218,000
Vote No. 4, Services provided by the Department—Recurrent Expenditure .. .. .	101,500
Vote No. 5, Services provided by the Department—Capital Expenditure .. .. .	118,750
Vote No. 6, Economic Development—Recurrent Expenditure .. .. .	38,840,195
Vote No. 7, Economic Development—Capital Expenditure .. .. .	21,595,153

Head 146, Civil Aviation

Vote No. 1, Personal Emoluments and other allowances of staff .. .. .	1,682,200
Vote No. 2, Administration Charges—Recurrent Expenditure .. .. .	427,400
Vote No. 3, Administration Charges—Capital Expenditure .. .. .	526,900
Vote No. 7, Economic Development—Capital Expenditure .. .. .	5,227,737

	Rs.
Head 147, Commissioner of Motor Traffic	
Vote No. 1, Personal Emoluments and other allowances of staff .. .. .	1,164,860
Vote No. 2, Administration Charges—Recurrent Expenditure .. .. .	115,250
Head 148, Colombo Port Commission	
Vote No. 1, Personal Emoluments and other allowances of staff .. .. .	10,868,220
Vote No. 2, Administration Charges—Recurrent Expenditure .. .. .	7,950,685
Vote No. 3, Administration Charges—Capital Expenditure .. .. .	1,004,131
Vote No. 4, Services provided by the Department—Recurrent Expenditure .. .. .	1,422,000
Vote No. 5, Services provided by the Department—Capital Expenditure .. .. .	167,210
Vote No. 6, Economic Development—Recurrent Expenditure .. .. .	3,883,084
Vote No. 7, Economic Development—Capital Expenditure .. .. .	16,578,531
Head 149, Coast Lights	
Vote No. 1, Personal Emoluments and other allowances of staff .. .. .	101,360
Vote No. 2, Administration Charges—Recurrent Expenditure .. .. .	30,700
Vote No. 3, Administration Charges—Capital Expenditure .. .. .	70,000
Head 154, Minister of Health and Housing	
Vote No. 1, Personal Emoluments and other allowances of staff .. .. .	285,394
Vote No. 2, Administration Charges—Recurrent Expenditure .. .. .	12,055
Head 155, Department of Health	
Vote No. 1, Personal Emoluments and other allowances of staff .. .. .	1,877,000
Vote No. 2, Administration Charges—Recurrent Expenditure .. .. .	217,859
Vote No. 4, Services provided by the Department—Recurrent Expenditure .. .. .	147,849,377
Vote No. 5, Services provided by the Department—Capital Expenditure .. .. .	773,136
Head 156, Department of Ayurveda	
Vote No. 1, Personal Emoluments and other allowances of staff .. .. .	79,872
Vote No. 4, Services provided by the Department—Recurrent Expenditure .. .. .	2,605,850

	Rs.
Head 157, Department of National Housing	
Vote No. 1, Personal Emoluments and other allowances of staff .. .. .	1,105,091
Vote No. 2, Administration Charges—Recurrent Expenditure .. .. .	139,925
Vote No. 4, Services provided by the Department—Recurrent Expenditure .. .. .	10,000
Head 160, Minister of Public Works and Posts	
Vote No. 1, Personal Emoluments and other allowances of staff .. .. .	315,282
Vote No. 2, Administration Charges—Recurrent Expenditure .. .. .	31,915
Head 161, Public Works Department	
Vote No. 1, Personal Emoluments and other allowances of staff .. .. .	7,834,644
Vote No. 2, Administration Charges—Recurrent Expenditure .. .. .	4,539,159
Vote No. 3, Administration Charges—Capital Expenditure .. .. .	13,259,901
Vote No. 4, Services provided by the Department—Recurrent Expenditure .. .. .	43,500
Vote No. 5, Services provided by the Department—Capital Expenditure .. .. .	13,773,841
Vote No. 6, Economic Development—Recurrent Expenditure .. .. .	20,890,099
Vote No. 7, Economic Development—Capital Expenditure .. .. .	22,841,258
Head 162, Postal and Telecommunication Services	
Vote No. 1, Personal Emoluments and other allowances of staff .. .. .	56,653,579
Vote No. 2, Administration Charges—Recurrent Expenditure .. .. .	10,527,251
Vote No. 3, Administration Charges—Capital Expenditure .. .. .	476,900
Vote No. 7, Economic Development—Capital Expenditure .. .. .	14,298,653
Head 165, Minister of Labour and Social Services	
Vote No. 1, Personal Emoluments and other allowances of staff .. .. .	184,373
Vote No. 2, Administration Charges—Recurrent Expenditure .. .. .	36,500
Head 166, Department of Labour	
Vote No. 1, Personal Emoluments and other allowances of staff .. .. .	3,148,388
Vote No. 2, Administration Charges—Recurrent Expenditure .. .. .	722,000
Vote No. 4, Services provided by the Department—Recurrent Expenditure .. .. .	5,541,636
Vote No. 5, Services provided by the Department—Capital Expenditure .. .. .	1,283,214

Head 167, Department of Social Services	Rs.
Vote No. 1, Personal Emoluments and other allowances of staff .. .. .	1,090,531
Vote No. 2, Administration Charges—Recurrent Expenditure .. .. .	6,000
Vote No. 4, Services provided by the Department—Recurrent Expenditure .. .. .	28,585,079
Head 168, Department of Probation and Child Care Services	
Vote No. 1, Personal Emoluments and other allowances of staff .. .. .	221,026
Vote No. 4, Services provided by the Department—Recurrent Expenditure .. .. .	4,153,370
Vote No. 5, Services provided by the Department—Capital Expenditure .. .. .	11,500
	2,079,486,835

SECOND SCHEDULE

I		II	III	IV	V
Department	Item No.	Activities of the Government	Maximum limits of Receipts to be credited to the accounts of the activities of Government	Maximum limits of Debit Balances of the activities of Government	Maximum limits of Liabilities of the activities of Government
			Rs.	Rs.	Rs.
Audit	1 ..	Advances to Public Officers	175,000 ..	237,000 ..	—
Minister of Defence and External Affairs	2 ..	Advances to Public Officers	400,000 ..	515,000 ..	—
Army	3 ..	Purchase of stores required for Works Services by the Ceylon Army Engineers, 3 Works Services	950,000 ..	500,000 ..	50,000
Navy	4 ..	Advances to Public Officers	900,000 ..	800,000 ..	—
Air Force	5 ..	Advances to Public Officers	400,000 ..	350,000 ..	—
	6 ..	Prepayments to Air Ministry, U.K. on account of training of R.Cy.A.F. personnel	500,000 ..	250,000 ..	—
Police	7 ..	Advances to Public Officers	300,000 ..	255,000 ..	—
External Affairs Abroad	8 ..	Advances to Public Officers	1,400,000 ..	1,200,000 ..	—
	9 ..	Purchase of new official cars	30,150 ..	—	—
	10 ..	Running expenses of Ceylon Students' Welfare Centre in London	167,000 ..	1,500 ..	—
Department of Broadcasting and Information	11 ..	Stores Advance Account	250,000 ..	250,000 ..	75,000
	12 ..	Advances to Public Officers	140,000 ..	166,000 ..	—

SECOND SCHEDULE					
I		II	III	IV	V
Department	Item No.	Maximum limits of Expenditure on the activities of Government	Maximum Receipts to be credited to the accounts of the activities of Government	Maximum limits of Debit Balances of the activities of Government	Maximum limits of Liabilities of the activities of Government
		Rs.	Rs.	Rs.	Rs.
Government Tourist Bureau	13 ..	Running expenses of resthouses and restaurants at Travel Centres	350,000 ..	—	—
	14 ..	Printing and sale of publications	30,000 ..	—	—
	15 ..	Running of a Hotel School	120,000 ..	17,500 ..	—
Zoological Gardens	.. 16 ..	Advance Account for the purchase and exchange of exhibits for the Zoological Gardens	90,000 ..	15,000 ..	—
Treasury	.. 17 ..	Advances to the Imperial Light House Service	350,000 ..	100,000 ..	—
	18 ..	Advances for the maintenance of graves of Boer Prisoners of War	3,000 ..	1,000 ..	—
	19 ..	Advances for payments on behalf of other governments	800,000 ..	400,000 ..	—
	20 ..	Advances to Public Officers	2,000,000 ..	2,000,000 ..	—
	21 ..	Miscellaneous Advances	1,900,000 ..	1,250,000 ..	—
	22 ..	Advances to Government Sponsored Corporations	19,150,000 ..	3,599,000 ..	42,775,000 ..
Government Stores	.. 23 ..	Advances to Public Officers	120,000 ..	110,000 ..	100,000 ..



24 ..	Advance account for the purchase, transport and maintenance of equipment, stores, &c.	100,000,000 ..	100,000,000 ..	15,000,000 ..	25,000,000 ..
Department of Inland Revenue	Advances to Public Officers ..	350,000 ..	250,000 ..	425,000 ..	—
..	Under-valued goods ..	150,000 ..	150,000 ..	100,000 ..	—
27 ..	Expenses in connection with seized and forfeited goods	15,000 ..	20,000 ..	20,000 ..	—
28 ..	Advances to Public Officers ..	250,000 ..	220,000 ..	291,000 ..	—
29 ..	Advances to Public Officers ..	150,000 ..	150,000 ..	170,000 ..	—
Department of Census and Statistics	Advances to Public Officers ..	300,000 ..	290,000 ..	310,000 ..	—
..	Charges for official advertisements by government departments in newspapers	250,000 ..	250,000 ..	15,000 ..	—
32 ..	Government Insurance Fund ..	150,000 ..	800,000 ..	—	—
33 ..	Advance to the Rubber Replanting Subsidy Fund	100,000 ..	15,000,000 ..	95,000,000 ..	—
34 ..	Advances to Public Officers ..	600,000 ..	600,000 ..	800,000 ..	—
35 ..	Printing, publicity and sale of books (including purchase of copyright, publications, translation rights and translation fees)	800,000 ..	800,000 ..	1,900,000 ..	—
..	Advances to Public Officers ..	275,000 ..	275,000 ..	180,000 ..	—
36 ..	Prisons Industrial and Agricultural Undertakings	1,800,000 ..	1,800,000 ..	850,000 ..	—
38 ..	Loans to owners of holdings under the L.D.O.	500,000 ..	350,000 ..	3,200,000 ..	—
39 ..	Administration of estates acquired for village expansion	100,000 ..	100,000 ..	35,000 ..	—
40 ..	Loans to Co-operative Colonization Schemes and purchase of agricultural and other equipment for use by the Co-operative Societies in colonization schemes	50,000 ..	1,692,777 ..	50,000 ..	—
Land Commissioner					

## SECOND SCHEDULE

Department	Item No.	I Activities of the Government	II Maximum limits of Expenditure on the activities of Government		III Maximum limits of Receipts to be credited to the accounts of the activities of Government		IV Maximum limits of Debit Balances of the activities of Government		V Maximum limits of Liabilities of the activities of Government	
			Rs.	Rs.	Rs.	Rs.	Rs.	Rs.		
Survey Department	41	Advances to Public Officers	125,000	125,000	125,000	—	125,000	—	—	—
	42	Purchase and re-sale of Empire Survey Review	1,500	1,500	1,500	—	—	—	—	—
	43	Advances to Public Officers (Transport)	150,000	132,000	132,000	265,000	265,000	—	—	—
	44	Advances to Public Officers (Festivals)	700,000	700,000	700,000	335,000	335,000	—	—	—
	45	Advances to Public Officers (Housing)	75,000	40,000	40,000	236,000	236,000	—	—	—
Forest Department	46	Extraction and supply of timber, firewood and other forest produce to government departments and the public including sale of seized timber	21,000,000	19,500,000	19,500,000	5,500,000	5,500,000	—	—	—
	47	Operation of the government run saw mills for the conversion of timber	500,000	600,000	600,000	—	—	—	—	—
Irrigation Department	48	Advances to Public Officers	250,000	250,000	250,000	225,000	225,000	—	—	—
	49	Purchase of Stores, Mechanical Branch, Ratmalana	4,000,000	4,000,000	4,000,000	5,000,000	5,000,000	—	—	2,000,000
	50	Work Done Advance Account, Mechanical Branch, Ratmalana	8,000,000	8,000,000	8,000,000	800,000	800,000	—	—	—
	51	Advances to Public Officers	1,250,000	1,450,000	1,450,000	1,300,000	1,300,000	—	—	—

Valuation Department	52 ..	Advances to Public Officers	..	55,000 ..	50,000 ..	76,000 ..	—
Land Development	53 ..	Land Development Stores Account	Advance	5,500,000 ..	5,500,000 ..	1,500,000 ..	—
	54 ..	Land Development Advance Account	Work Done	3,000,000 ..	2,500,000 ..	500,000 ..	—
	55 ..	Operation of saw mills and logging units		2,750,000 ..	2,000,000 ..	750,000 ..	—
Electrical Department	56 ..	Advances to Public Officers		1,000,000 ..	1,000,000 ..	775,000 ..	—
	57 ..	Electrical Stores Advance Account		6,000,000 ..	6,000,000 ..	7,000,000 ..	1,500,000
	58 ..	Work Done Advance Account		10,000 ..	7,500 ..	5,000 ..	—
	59 ..	Travelling Advance Account		40,000 ..	40,000 ..	6,000 ..	—
	60 ..	Advances to Public Officers		125,000 ..	135,000 ..	150,000 ..	—
	61 ..	Festival Advances to Public Officers		425,000 ..	400,000 ..	185,364 ..	—
	62 ..	Housing Advances to Public Officers		60,000 ..	41,000 ..	150,000 ..	—
	63 ..	Work done by local authorities, etc., to accommodate expenditure incurred in carrying out works for the Department by the local authorities		30,000 ..	30,000 ..	10,000 ..	—
Fisheries	64 ..	Advances to Public Officers		150,000 ..	135,000 ..	180,000 ..	—
	65 ..	Purchase of stock for and working of fisherman's equipment depots		425,000 ..	431,000 ..	36,000 ..	—
	66 ..	Loans to fishing industry through Co-operative Societies and individuals and advances to fishery officers who are appointed as liquidators of such societies to meet their preliminary expenses		200,000 ..	200,000 ..	1,300,000 ..	—
	67 ..	Operation of trawlers		2,500,000 ..	2,500,000 ..	225,000 ..	—
	68 ..	Upkeep and working of ice and refrigeration plants and purchase and sale of ice		275,000 ..	250,000 ..	25,000 ..	—
	69 ..	Stores Advance Account		1,500,000 ..	1,300,000 ..	1,300,000 ..	300,000

## SECOND SCHEDULE

I

Department	Item No.	Activities of the Government	II	III	IV	V
			Maximum limits of Expenditure on the activities of Government Rs.	Maximum limits of Receipts to be credited to the accounts of the activities of Government Rs.	Maximum limits of Debit Balances of the activities of Government Rs.	Maximum limits of Liabilities of the activities of Government Rs.
	70 ..	Running expenses of fishery by-products factory, machine shop and cold storage plant	1,700,000 ..	1,750,000 ..	100,000 ..	—
	71 ..	Loans for the mechanisation of the fishing industry including purchase of mechanized boats, engines and ancillary fishing gear	4,950,000 ..	1,600,000 ..	30,692,000 ..	—
	72 ..	Loans for the mechanisation of the fishing industry including purchase of mechanized boats, engines and ancillary fishing gear financed from aid	600,000 ..	100,000 ..	1,500,000 ..	—
Minister of Commerce and Industries	73 ..	Advances to Public Officers	175,000 ..	60,000 ..	115,000 ..	—
Commerce	74 ..	Advances to Public Officers	100,000 ..	100,000 ..	50,000 ..	—
Imports and Exports	75 ..	Advances to Public Officers	270,000 ..	96,000 ..	339,000 ..	—
Industries	76 ..	Industrial Exhibition, 1964	7,701,798 ..	5,300,000 ..	—	—
Geological Survey Department	77 ..	Working of the monazite separating plant	140,000 ..	60,000 ..	600,000 ..	—
Salt	78 ..	Advances to Public Officers	100,000 ..	80,000 ..	75,000 ..	—

79 ..	Purchase, manufacture, collection, transport, storage and distribution of salt and by-products and expenses incidental thereto	9,000,000 ..	6,000,000	3,000,000 ..
80 ..	Purchase and sale of rubber, formic and acetic acids, tea and administrative expenses	135,000,000 ..	125,000,000 ..	20,000,000 ..
81 ..	Advances to Public Officers	207,500 ..	200,000 ..	150,000 ..
82 ..	Advances to Public Officers	2,575,000 ..	2,200,000 ..	2,985,000 ..
83 ..	Advances to Public Officers	100,000 ..	110,000 ..	120,000 ..
84 ..	Advances to Public Officers	20,000 ..	20,000 ..	31,000 ..
85 ..	Advances to Public Officers	200,000 ..	100,000 ..	300,000 ..
86 ..	Purchase of stores to be used on works undertaken by the department	1,000,000 ..	1,000,000 ..	1,000,000 ..
87 ..	Advances to Public Officers	200,000 ..	160,000 ..	317,000 ..
88 ..	Purchase and sale of cottage industrial products	49,000,000 ..	46,050,000 ..	8,000,000 ..
89 ..	Establishment and management of industrial workshops including supply of raw material	12,100,000 ..	11,020,000 ..	5,080,000 ..
90 ..	Financing of the production and marketing of industrial products and granting of loans to individual cottage workers, industrial co-operative societies and incorporated bodies for the development of industries, including the supply of plant, machinery, equipment, etc., on hire purchase	10,000,000 ..	3,000,000 ..	13,500,000 ..

## SECOND SCHEDULE

Department	Item No.	I Activities of the Government	II				III				IV				V			
			Maximum limits of Expenditure on the activities of Government	Maximum limits of Receipts to be credited to the accounts of the activities of Government	Maximum limits of Debit Balances of the activities of Government	Maximum limits of Liabilities of the activities of Government	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	
Excise	91 ..	Advances to Public Officers	200,000 ..	175,000 ..	175,000 ..	175,000 ..	175,000 ..	175,000 ..	175,000 ..	175,000 ..	175,000 ..	175,000 ..	175,000 ..	175,000 ..	175,000 ..	175,000 ..		
	92 ..	Running expenses of Industrial Schools	1,200,000 ..	1,200,000 ..	1,200,000 ..	1,200,000 ..	1,200,000 ..	1,200,000 ..	1,200,000 ..	1,200,000 ..	1,200,000 ..	1,200,000 ..	1,200,000 ..	1,200,000 ..	1,200,000 ..	1,200,000 ..		
	93 ..	Advances to Public Officers	300,000 ..	300,000 ..	300,000 ..	300,000 ..	300,000 ..	300,000 ..	300,000 ..	300,000 ..	300,000 ..	300,000 ..	300,000 ..	300,000 ..	300,000 ..	300,000 ..		
	94 ..	Working of Arrack Stock Account including purchase of bottles	125,000,000 ..	113,000,000 ..	113,000,000 ..	113,000,000 ..	113,000,000 ..	113,000,000 ..	113,000,000 ..	113,000,000 ..	113,000,000 ..	113,000,000 ..	113,000,000 ..	113,000,000 ..	113,000,000 ..	113,000,000 ..		
Minister of Education and Cultural Affairs	95 ..	Working of a State-owned Distillery	3,000,000 ..	3,000,000 ..	3,000,000 ..	3,000,000 ..	3,000,000 ..	3,000,000 ..	3,000,000 ..	3,000,000 ..	3,000,000 ..	3,000,000 ..	3,000,000 ..	3,000,000 ..	3,000,000 ..	3,000,000 ..		
	96 ..	Advances to Public Officers	167,000 ..	134,000 ..	134,000 ..	134,000 ..	134,000 ..	134,000 ..	134,000 ..	134,000 ..	134,000 ..	134,000 ..	134,000 ..	134,000 ..	134,000 ..	134,000 ..		
Education	97 ..	Ceylon Journal of Education	19,000 ..	4,000 ..	4,000 ..	4,000 ..	4,000 ..	4,000 ..	4,000 ..	4,000 ..	4,000 ..	4,000 ..	4,000 ..	4,000 ..	4,000 ..	4,000 ..		
	98 ..	Advances to Public Officers	8,750,000 ..	8,000,000 ..	8,000,000 ..	8,000,000 ..	8,000,000 ..	8,000,000 ..	8,000,000 ..	8,000,000 ..	8,000,000 ..	8,000,000 ..	8,000,000 ..	8,000,000 ..	8,000,000 ..	8,000,000 ..		
Public Trustee	99 ..	Advances for meeting cost of minor repairs to school buildings	230,000 ..	225,000 ..	225,000 ..	225,000 ..	225,000 ..	225,000 ..	225,000 ..	225,000 ..	225,000 ..	225,000 ..	225,000 ..	225,000 ..	225,000 ..	225,000 ..		
	100 ..	Loans to assisted schools for buildings and equipment for practical education	— ..	— ..	— ..	— ..	— ..	— ..	— ..	— ..	— ..	— ..	— ..	— ..	— ..	— ..		
Examinations	101 ..	Advances to Public Officers	60,000 ..	55,000 ..	55,000 ..	55,000 ..	55,000 ..	55,000 ..	55,000 ..	55,000 ..	55,000 ..	55,000 ..	55,000 ..	55,000 ..	55,000 ..	55,000 ..		
Public Trustee	102 ..	Advances for the administration of estates and trusts	5,000 ..	5,000 ..	5,000 ..	5,000 ..	5,000 ..	5,000 ..	5,000 ..	5,000 ..	5,000 ..	5,000 ..	5,000 ..	5,000 ..	5,000 ..	5,000 ..		

Agriculture	.. 103 ..	Medium-term loans for the construction of tobacco flue curing barns	75,000 ..	100,000 ..	1,195,000 ..	—
	104 ..	Short-term loans to Tobacco Societies	400,000 ..	400,000 ..	300,000 ..	—
	105 ..	Working of Kangaroo Tractor Station and Sub-units	2,886,000 ..	2,886,000 ..	5,016,439 ..	—
	106 ..	Central workshop to turn out implementations	428,000 ..	400,000 ..	995,300 ..	—
	107 ..	Advances to Public Officers	1,300,000 ..	1,100,000 ..	1,100,000 ..	—
Agrarian Services	.. 108 ..	Granting of loans to Co-operative Societies for the production, storage and marketing of agricultural crops and livestock	40,000,000 ..	40,000,000 ..	55,000,000 ..	—
	109 ..	Issue on loan or sale of seed paddy, seed onions, planting materials, implements and other agricultural requisites in deficit areas	500,000 ..	500,000 ..	2,800,000 ..	—
	110 ..	Working of the Guaranteed Price Scheme and rice milling and repairs and maintenance of buildings	450,000,000 ..	450,000,000 ..	55,000,000 ..	—
	111 ..	Scheme for the supply of fertilizers and other agricultural requisites and repairs and maintenance of buildings	26,000,000 ..	26,000,000 ..	1,500,000 ..	500,000
	112 ..	Advances to Public Officers	400,000 ..	400,000 ..	425,000 ..	—
	113 ..	Advance Account for granting of loans to Cultivation Committees	840,000 ..	840,000 ..	1,500,000 ..	—
	114 ..	Acquisition of paddy lands under the Paddy Lands Act	10,000 ..	—	10,000 ..	—

## SECOND SCHEDULE

Department	Item No.	I Activities of the Government	II Maximum limits of Expenditure on the activities of Government		III Maximum limits of Receipts to be credited to the accounts of the activities of Government		IV Maximum limits of Debit Balances of the activities of Government		V Maximum limits of Liabilities of the activities of Government	
			Rs.	Rs.	Rs.	Rs.	Rs.	Rs.		
Food Commissioner	115 ..	Advances to Public Officers	..	425,000 ..	340,000 ..	850,000 ..	..	..	..	..
	116 ..	Food Purchases and Distribution Account	..	999,000,000 ..	757,500,000 ..	127,000,000 ..	..	..	..	..
Co-operative Development	117 ..	Advances for co-operative conferences, propaganda and training	..	5,000 ..	5,000 ..	1,000 ..	..	..	..	..
	118 ..	Advances to Public Officers	..	500,000 ..	500,000 ..	700,000 ..	..	..	..	..
	119 ..	Advances for the establishment of collecting depots, the purchase of the necessary vans, weighing machines, spraying equipment, leaf bags, repayment of debts to factory owners	..	200,000 ..	200,000 ..	250,000 ..	..	..	..	..
Marketing	120 ..	Advances to Public Officers	..	525,000 ..	350,000 ..	577,526 ..	..	..	..	..
	121 ..	Purchase, collection and sale of local and other products, processing and canning of and provision of cold storage facilities for local and other products	..	16,000,000 ..	16,000,000 ..	3,500,000 ..	..	..	..	..



122 ..	Working of the Agricultural Products (Regulation) Ordinance	15,000 ..	1,000 ..	14,000 ..	—
123 ..	Working of the Hospital Supply Branch	9,200,000 ..	9,200,000 ..	750,000 ..	—
124 ..	Working of the Marketing Department transport service and vehicles repair station for repairs and servicing of government vehicles	1,200,000 ..	1,200,000 ..	200,000 ..	—
125 ..	Working of the Bakery, Kitchens and Catering	2,500,000 ..	2,500,000 ..	500,000 ..	—
126 ..	Working of the cold rooms at Lotus Road	300,000 ..	350,000 ..	—	—
127 ..	Railway Stores Advance Account	65,000,000 ..	65,000,000 ..	45,000,000 ..	20,000,000
128 ..	Work Done Advance Account	500,000 ..	500,000 ..	125,000 ..	—
129 ..	Stores Manufacturing Advance Account	3,500,000 ..	3,500,000 ..	1,000,000 ..	—
130 ..	Foundry Shop Advance Account	1,250,000 ..	1,250,000 ..	75,000 ..	—
131 ..	Timber Conversion Advance Account	1,200,000 ..	1,200,000 ..	50,000 ..	—
132 ..	Galgamuwa and Ambepussa Quarries Advance Account	800,000 ..	800,000 ..	80,000 ..	—
133 ..	Sundry Advances Account	500,000 ..	500,000 ..	250,000 ..	—
134 ..	Advances to Public Officers	3,500,000 ..	3,500,000 ..	3,000,000 ..	—
135 ..	Advances to Public Officers	125,000 ..	110,000 ..	199,000 ..	—
136 ..	Advances to Public Officers	80,000 ..	85,000 ..	75,000 ..	—
137 ..	Work Done Account	200,000 ..	250,000 ..	190,000 ..	—
138 ..	Work Done Account, Mahara	200,000 ..	200,000 ..	50,000 ..	—
139 ..	Harbour Works Stores Account	7,000,000 ..	7,000,000 ..	6,000,000 ..	2,000,000
140 ..	Advances to Public Officers	1,400,000 ..	1,400,000 ..	1,200,000 ..	—
141 ..	Purchase of medical, surgical and laboratory requisites	18,000,000 ..	17,000,000 ..	1,000,000 ..	3,000,000
142 ..	Occupational Therapy, Mental Hospital, Angoda	90,000 ..	60,000 ..	—	—

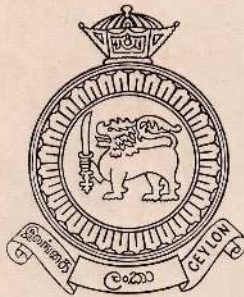
SECOND SCHEDULE						
I		II	III	IV	V	
Department	Item No.	Activities of the Government	Maximum limits of Receipts to be credited to the accounts of the activities of Government	Maximum limits of Debit Balances of the activities of Government	Maximum limits of Liabilities of the activities of Government	
			Rs.	Rs.	Rs.	
	143 ..	Dairy Farm	75,000 ..	—	—	
	144 ..	Advances to Public Officers	6,000,000 ..	6,500,000 ..	—	
Department of Housing	145 ..	Advances to Public Officers	90,000 ..	135,000 ..	—	
Department of Public Works	146 ..	Advances to Public Officers	1,400,000 ..	1,380,000 ..	—	
	147 ..	P. W. D. Factory Stores Account	2,500,000 ..	3,000,000 ..	2,000,000	
	148 ..	P. W. D. Factory Work Done Account	3,500,000 ..	6,000 ..	—	
	149 ..	P. W. D. Factory Foundry Materials Advance Account	150,000 ..	5,000 ..	—	
	150 ..	P. W. D. Stores Advance Account	6,000,000 ..	1,500,000 ..	1,000,000	
	151 ..	Government Factory Log Sawing Advance Account	700,000 ..	100,000 ..	—	
Postal and Telecommunication Services	152 ..	Advance for the purchase of telecommunication stores	8,000,000 ..	7,000,000 ..	6,000,000	
	153 ..	Advance for the manufacture of articles in the Telecommunication Workshop	50,000 ..	25,000 ..	—	
	154 ..	Advance on rent for improvements, repairs, payment of annual rental and maintenance of rented offices and quarters	75,000 ..	60,000 ..	50,000 ..	

155 ..	Advance for the purchase of postal stores	1,000,000 ..	900,000 ..	525,000 ..	400,000
156 ..	Advance for the maintenance and running expenses of the Overseas Telecommunication Services including expenses of the O. T. S. conferences abroad	6,000,000 ..	9,000,000 ..	—	—
157 ..	Advances to Public Officers	3,500,000 ..	3,500,000 ..	2,230,000 ..	—
158 ..	Labour Gazette	60,000 ..	60,000 ..	—	—
159 ..	Advances to Public Officers	600,000 ..	675,000 ..	550,000 ..	—
160 ..	Provision of funds for Co-operative Labour Societies	400,000 ..	500,000 ..	300,000 ..	—
Department of Social Services	Advances to Public Officers	150,000 ..	150,000 ..	200,000 ..	—
Department of Probation and Child Care Services	Advances to Public Officers	150,000 ..	150,000 ..	220,000 ..	—
TOTAL ..		2,266,950,948	1,978,814,277	645,674,829	63,825,000

Sl. No.	Description of the offence	Amount	Value of property	Value of loss	Value of damage	Value of compensation
127	Aggravation of offence of murder	100000	100000	100000	100000	100000
128	Aggravation of offence of kidnapping	100000	100000	100000	100000	100000
129	Aggravation of offence of abduction	100000	100000	100000	100000	100000
130	Aggravation of offence of extortion	100000	100000	100000	100000	100000
131	Aggravation of offence of blackmail	100000	100000	100000	100000	100000
132	Aggravation of offence of cheating	100000	100000	100000	100000	100000
133	Aggravation of offence of breach of trust	100000	100000	100000	100000	100000
134	Aggravation of offence of criminal breach of trust	100000	100000	100000	100000	100000
135	Aggravation of offence of criminal conspiracy	100000	100000	100000	100000	100000
136	Aggravation of offence of criminal conspiracy to defraud	100000	100000	100000	100000	100000
137	Aggravation of offence of criminal conspiracy to commit offence	100000	100000	100000	100000	100000
138	Aggravation of offence of criminal conspiracy to defraud or to commit offence	100000	100000	100000	100000	100000
139	Aggravation of offence of criminal conspiracy to defraud or to commit offence or to defraud or to commit offence	100000	100000	100000	100000	100000
140	Aggravation of offence of criminal conspiracy to defraud or to commit offence or to defraud or to commit offence or to defraud or to commit offence	100000	100000	100000	100000	100000

# PARLIAMENT OF CEYLON

4th Session 1963-64



## Overseas Telecommunication (Amendment) Act, No. 8 of 1963

*Date of Assent : November 13, 1963*

*Printed on the Orders of Government*

Printed at the GOVERNMENT PRESS, CEYLON. To be purchased at the GOVERNMENT PUBLICATIONS BUREAU, COLOMBO

Annual Subscription (including Bills) Rs. 30 (Local), Rs. 40 (Foreign), payable to the SUPERINTENDENT, GOVERNMENT PUBLICATIONS BUREAU, P. O. Box 500, Colombo 1, before 20th December each year in respect of the year following. Late subscriptions will be accepted on the condition that Bills issued before the date of payment will not be supplied.

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Overseas Telecommunication  
(Amendment) Act  
No. 8 of 1963

Date of Assent: November 13, 1963

Printed on the Orders of Government

Printed at the Government Press, Ceylon. To be  
obtained at the Government Printers, Colombo.  
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Price: 50 cents.  
Postage: 10 cents.

*Overseas Telecommunication (Amendment)  
Act, No. 8 of 1963*

L. D.—O. 6/62.

**AN ACT TO AMEND THE OVERSEAS TELECOMMUNICATION  
ACT, NO. 61 OF 1957.**

[Date of Assent: 13th November, 1963.]

BE it enacted by the Queen's Most Excellent Majesty, by and with the advice and consent of the Senate and the House of Representatives of Ceylon in this present Parliament assembled, and by the authority of the same, as follows:—

1. (1) This Act may be cited as the Overseas Telecommunication (Amendment) Act, No. 8 of 1963.

Short title and date of operation.

(2) This Act shall be deemed to have come into operation on April 1, 1961.

2. Section 3 of the Overseas Telecommunication Act, No. 61 of 1957, hereinafter referred to as the principal Act, is hereby repealed and the following new section is substituted therefor:—

Substitution of new section for section 3 of Act No. 61 of 1957.

“ Transfer of company's liabilities under pension funds of the company to the Government.

3. Where the company transfers to the Government of Ceylon the liabilities of the company in respect of any pension or superannuation fund maintained by the company in relation to any member,—

(a) the company shall pay to the Deputy Secretary to the Treasury to be credited to the Consolidated Fund of Ceylon all sums lying to the credit of such member in such fund, together with any other sum that the company may agree to pay to the Government in connection with such transfer; and

(b) the Government may establish and maintain a Government Pension Scheme for the purpose of paying a pension or gratuity to such member or his heirs or other dependants

2 *Overseas Telecommunication (Amendment)*  
*Act, No. 8 of 1963*

such pension or gratuity being not less favourable than the pension or gratuity that such member or his heirs or other dependants would have been entitled to under the pension scheme of the company."

3. The following new sections are hereby inserted immediately after section 5 of the principal Act, and shall have effect as sections 6 and 7 of that Act:—

Regulations.

6. (1) The Minister of Finance may make regulations in regard to—

(a) the establishment and maintenance of the Government Pension Scheme referred to in section 3 (including regulations requiring members to make contributions to such Scheme); and

(b) any other matter directly or indirectly connected with such establishment or maintenance or the transfer of the liabilities of the company referred to in section 3 to the Government.

(2) Every regulation made under sub-section (1) shall be approved by the Senate and the House of Representatives and notification of such approval shall be published in the *Gazette*.

(3) Every regulation referred to in sub-section (2) shall come into force on the date of publication of the notification referred to in that sub-section, or on such earlier or later date as may be specified in that regulation.

Interpretation.

7. In this Act, "member" means a person employed on the staff of the Overseas Telecommunication Service of the Posts and Telecommunication

Insertion of  
new sections  
6 and 7 in  
the principal  
Act.



Department, who was a permanent employee of the company on May 31, 1951, and who has agreed—

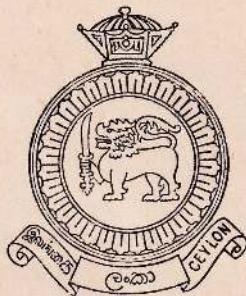
- (a) to the transfer to the Government of Ceylon of the liabilities of the company in respect of any pension or superannuation fund maintained by the company in relation to him, and
- (b) to be subject to the Government Pension Scheme. '.

Department, who was a permanent employee of the company on May 31, 1951, and who has agreed—

- (a) to the transfer to the Government of Ceylon of the liabilities of the company in respect of any pension or superannuation fund maintained by the company in relation to him, and
- (b) to be subject to the Government Pension Scheme.

# PARLIAMENT OF CEYLON

4th Session 1963-64



## Local Authorities Elections (Amendment) Act, No. 9 of 1963

*Date of Assent : December 3, 1963*

*Printed on the Orders of Government*

Printed at the GOVERNMENT PRESS, CEYLON. To be purchased at the GOVERNMENT PUBLICATIONS BUREAU, COLOMBO

Annual Subscription (including Bills) Rs. 30 (Local), Rs. 40 (Foreign), payable to the SUPERINTENDENT, GOVERNMENT PUBLICATIONS BUREAU, P. O. BOX 500, COLOMBO 1, before 20th December each year in respect of the year following. Late subscriptions will be accepted on the condition that Bills issued before the date of payment will not be supplied.

**Price : 75 cents.**

**Postage : 20 cents.**



Local Authorities Elections  
(Amendment) Act  
No. 9 of 1963

Date of Assent: December 7, 1963

Printed on the Order of Government

Printed at the Government Press, Colombo. To be purchased at the Government Printing House, Colombo.  
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Price: 75 cents  
Postage: 20 cents

*Local Authorities Elections (Amendment)*  
*Act, No. 9 of 1963*

L. D.—O. 9/60.

AN ACT TO AMEND THE LOCAL AUTHORITIES ELECTIONS  
ORDINANCE

Chapter 262,  
Volume IX,  
page 583.

[Date of Assent: 3rd December, 1963]

BE it enacted by the Queen's Most Excellent Majesty, by and with the advice and consent of the Senate and the House of Representatives of Ceylon in this present Parliament assembled, and by the authority of the same, as follows:—

1. (1) This Act may be cited as the Local Authorities Elections (Amendment) Act, No. 9 of 1963.

Short title and date of operation.

(2) The provisions of this Act, other than the provisions of section 5, section 9, and section 18, shall come into operation on the date of the enactment of this Act.

(3) The provisions of section 5, section 9, and section 18, shall come into operation on such date as the Minister may appoint by Order published in the *Gazette*. Different dates may be appointed under this sub-section for the coming into operation of the different provisions specified in this sub-section.

2. Section 4 of the Local Authorities Elections Ordinance, hereafter in this Act referred to as the "principal enactment", is hereby amended by the repeal of sub-section (1) of that section, and the substitution therefor of the following new sub-section:—

Amendment of section 4 of Chapter 262.

"(1) (a) The Commissioner of Parliamentary Elections shall be the Commissioner of Elections (Local Bodies) for the purposes of this Ordinance.

(b) There may, for the purposes of this Ordinance, be appointed, whether by name or by office, a fit and proper person or each of two or more such persons to be or to act as an Assistant Commissioner of Elections (Local Bodies).

(c) There may, for the purposes of this Ordinance, be appointed, whether by name or by office, for each district in Ceylon a fit and proper person to

2 *Local Authorities Elections (Amendment)  
Act, No. 9 of 1963*

be or to act as the elections officer and any other such person or each of two or more such persons to be or to act as an assistant elections officer.”.

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

(1) in sub-section (1) of that section, by the substitution, for the expression “this Ordinance—” to the end of that sub-section, of the following:—

“this Ordinance each elections officer shall be subject to the general supervision and control of the Commissioner.”; and

(2) in sub-section (2) of that section, by the substitution, for all the words from “Subject to any” to “subject to the”, of the words “Subject to the”.

4. Section 9 of the principal enactment is hereby amended in sub-section (1) of that section—

(a) by the substitution, in paragraph (b), for the words “twenty-one years”, of the words “eighteen years”; and

(b) by the insertion, immediately after paragraph (d), of the following new paragraph:—

“(dd) is a member of any other local authority; or”.

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

(1) in sub-section (1) of that section, by the substitution, for the words “prepare, in English, and according to the requirements of the area, in Sinhalese or in Tamil or both in Sinhalese and in Tamil”, of the words “prepare in the language of the majority and, where the language of the majority is not the official language of

Amendment of section 5 of the principal enactment.

Amendment of section 9 of the principal enactment.

Amendment of section 12 of the principal enactment.

Ceylon, in such official language and, where there is a language of the minority, in such language of the minority, ”; and

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

‘ (4) In this section—

“ language of the majority ”, with reference to any ward of an electoral area, means the language (other than the English language) spoken by the majority of the voters of that ward, and

“ language of the minority ”, with reference to any ward of an electoral area, means the language (other than the language of the majority and the English language) spoken by not less than twenty *per centum* of the voters of that ward. ’

6. The following new sections are hereby inserted immediately after section 27, and shall have effect as section 27A, section 27B, section 27C, section 27D and section 27E, of the principal enactment:—

Insertion of new sections 27A to 27E in the principal enactment.

\* Recognized political parties for the purpose of local elections.

27A. (1) A political party shall, under and in accordance with the provisions of this Ordinance, be entitled to be treated as a recognized political party for the purpose of local elections.

(2) Every political party which, at the parliamentary general election held in the month of July, 1960, was treated as a recognized political party under the Parliamentary Elections Order in Council for purpose of the provisions of section 29 of that Order relating to the deposit to be made by candidates shall, subject to the other provisions of this Ordinance, be entitled to be treated as a

recognized political party for the purpose of local elections if, but only if, at least two candidates nominated by that party at such general election were elected as Members of Parliament at such general election.

(3) Where a political party is entitled, by virtue of the operation of the provisions of sub-section (2), to be treated as a recognized political party for the purpose of local elections, the approved symbol allotted to the candidates of such party under the Parliamentary Elections Order in Council, at the parliamentary general election held in the month of July, 1960, shall be deemed to be the approved symbol allotted to that party for such purpose until the date on which such party ceases to be so entitled under sub-section (8).

(4) The secretary of any political party, other than a party which is already entitled to be treated as a recognised political party for the purpose of local elections, may, within such period in each year as the Commissioner may specify by notice published in the *Gazette*, make on behalf of that party a written application to the Commissioner that such party be treated as a recognised political party for the purpose of local elections. The application shall also specify which one of the approved symbols such party desires to be allotted to such party.

(5) Upon the receipt of an application duly made under sub-section (4) on behalf of any political party, the Commissioner shall,—

(a) if he is satisfied that such party has been engaged in political activity for a continuous period



of at least five years prior to the date of the making of such application, or that at least two candidates nominated by such party at the last parliamentary general election immediately preceding that date were elected as Members of Parliament, make order—

(i) that such party shall be entitled to be treated as a recognized political party for the purpose of local elections subject, however, to the provisions of this Ordinance, and

(ii) allotting an approved symbol to such party, being the approved symbol specified in the application, or any other approved symbol determined by him in his absolute discretion, but not being the approved symbol of any other political party which is entitled to be so treated; or

(b) if he is not so satisfied, make order disallowing the application.

(6) The approved symbol allotted under sub-section (5) to a political party which is entitled to be treated as a recognised political party for the purpose of local elections shall be deemed to be the approved symbol allotted to that party for such purpose until the date on which that party ceases to be so entitled under sub-section (8).

(7) The order of the Commissioner on any application made under sub-section (4) shall be final and conclusive, and shall not be called in question in any court, whether by way of writ or otherwise.

(8) A political party which is entitled to be treated as a recognized political party for the purpose of local elections shall cease to be so entitled if at any parliamentary general election—

(a) not even one official candidate of such party is nominated for election; or

(b) the candidate of such party so nominated or, if more candidates than one of such party are so nominated, all the candidates so nominated, forfeits his deposit, or forfeit their deposits, as the case may be, by virtue of the operation of the provisions of sub-section (3) of section 29 of the Parliamentary Elections Order in Council.

**Mode of**  
reference in  
the succeeding  
provisions of  
this Ordinance  
to political  
parties which  
are entitled  
to be treated  
as recognized  
political  
parties for  
the purpose  
of local  
elections.

27B. In the succeeding provisions of this Ordinance, a political party which is entitled to be treated as a recognized political party for the purpose of local elections is referred to as a "recognized party for the purpose of local elections".

**Right of**  
recognized  
parties for  
purpose of local  
elections to  
have official  
candidates.

27c. (1) Subject to the provisions of this Ordinance, each recognized party for the purpose of local elections may, in the case of any election for any ward of an electoral area, have only one official candidate of that party at such election.

(2) Nothing in the provisions of sub-section (1) shall be deemed or construed to preclude or prohibit a recognized party for the purpose of local elections from having candidates, other than official candidates of that party, at any election which is due to be held in any ward of an electoral area.

(3) In this Ordinance, the expression "official candidate of a recognized party for the purpose of local elections", in relation to any election which is due to

be held in any ward of an electoral area, means a candidate of that party at such election in respect of whom there is, for the time being in force, a valid certificate of official candidature in respect of such election.

Certificate of official candidature.

27D. (1) Where an election is due to be held in any ward of an electoral area, the secretary of any recognized party for the purpose of local elections may validly issue, under his hand, to the returning officer for that ward a certificate in respect of only one candidate of that party at such election to the effect that such candidate is the official candidate of that party at such election. A certificate so validly issued is in this Ordinance referred to as a "valid certificate of official candidature".

(2) The secretary of a recognized party for the purpose of local elections may at any time cancel a valid certificate of official candidature issued in respect of any candidate of that party at any election which is due to be held in any ward of an electoral area, and issue another such certificate in its place to any other candidate of that party.

(3) A certificate of official candidature which is not validly issued under subsection (1) shall be invalid and of no effect.

Power of Commissioner in case of rival sections of a recognized party for the purpose of local elections.

27E. (1) Where the Commissioner has reasonable cause to believe that difficulties may arise at any election which is due to be held in any ward of an electoral area by reason of the fact that there are rival sections of a recognized party for the purpose of local elections all of whom claim to be that party, the Commissioner may, in order to remove such difficulties, issue in his absolute discretion a direction to the returning officer for that ward that, in the case of such election, such recognized party is either any one such section or none of such sections. It shall be the duty of

such returning officer or any other officer, at such election, to act in accordance with that direction.

(2) No suit or other proceeding shall lie against—

(a) the Commissioner by reason of his having issued a direction under sub-section (1); or

(b) a returning officer or any other officer for any act or thing done or omitted to be done in accordance with that direction.

(3) A direction issued by a returning officer under sub-section (1) shall be final and conclusive, and shall not be called in question in any court, whether by way of writ or otherwise.

(4) The preceding provisions of this section, and any direction issued thereunder, shall have effect notwithstanding anything to the contrary in any other provision of this Ordinance. ’

7. Section 37 of the principal enactment is hereby amended as follows:—

(1) in sub-section (1) of that section, by the substitution, for all the words from “ allot to ” to the end of that sub-section, of the following:—

‘ allot—

(a) to the official candidate, if any, of each recognized party for the purpose of local elections, the approved symbol of that party; and

(b) to any other candidate who has not been allotted the approved symbol of any such party, any approved symbol determined,—

(i) in the first instance, by agreement among the candidates; or

(ii) in the absence of such agreement, by lot cast or drawn in such manner as the returning officer may, in his absolute discretion, determine.

Amendment of section 37 of the principal enactment.

The approved symbol allotted to each candidate shall be printed on the ballot paper opposite such candidate's name.

In this Ordinance "approved symbol" means a symbol approved by the Commissioner for the purposes of this Ordinance by notification published in the *Gazette*.';

(2) by the insertion, immediately after sub-section (1) of that section, of the following new sub-sections:—

"(1A) The approved symbol of any recognized party for the purpose of local elections shall not, whether or not any candidate of that party is contesting any election, be allotted under paragraph (b) of sub-section (1) of this section to any other candidate.

(1B) Where a candidate is nominated by means of two nomination papers, he shall, forthwith after the approved symbol is allotted to him under sub-section (1), select one of those nomination papers and notify the returning officer in writing that the name of the proposer and the name of the seconder appearing in the selected nomination paper should be specified as the name of his proposer and the name of his seconder in the notice relating to the election to be published under section 38, and, if such candidate does not so select and so notify, the returning officer shall select one of such nomination papers for the purpose of determining the name of the proposer and the name of the seconder of such candidate to be specified in such notice.

(1c) Where a candidate is nominated, he may, forthwith after the approved symbol is allotted to him under sub-section (1), in writing under his hand indicate which of his names mentioned in the nomination paper he desires should be omitted and which should be specified by initial only; and for the purposes of the election, the names which the candidate desires to omit may be omitted and an initial may be used in place of those names which he desires should be specified by initial."; and

(3) in sub-section (2) of that section, by the substitution in paragraph (c) of that sub-section, for all the words from "nominated and a statement" to the end of that paragraph, of the following:—

"nominated, a statement of the symbols allotted to each candidate, and a statement of the nomination paper selected under sub-section (1B) by or in respect of each candidate nominated by means of two nomination papers."

8. Section 38 of the principal enactment is hereby amended as follows:—

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

"(b) the names of the candidates in the order in which they will be printed on the ballot papers, the approved symbol allotted to each candidate, and the name of the proposer and the name of the seconder appearing in the nomination paper of each candidate who is nominated by means of one nomination paper only, and the name of the proposer and the name of the seconder appearing in the nomination paper selected under sub-section (1B) of section 37 by or in respect of each candidate who is nominated by means of two nomination papers;" and

(2) by the substitution in paragraph (c) of that section, for the expression "distinctive symbols", of the word "symbols".

9. The following new section is hereby inserted immediately after section 39, and shall have effect as section 39A, of the principal enactment:—

"Notice to voter regarding his number, polling station, time of the poll, etc.

39A. (1) The returning officer for any ward in which an election is contested shall, if that ward is a ward to which this sub-section applies, send by post to each voter whose name appears in the electoral list for that ward an official poll card specifying—

(a) the number and name (if any) of the ward,

Amendment of section 38 of the principal enactment.

Insertion of new section 39A in the principal enactment.

- (b) the name, address and number of the voter as stated in the electoral list,
- (c) the polling station allotted to the voter, and
- (d) the date and hours of the poll.

(2) An official poll card under sub-section (1) shall be so sent to a voter as to reach him at least five days before the date of poll. Where a post office fails to deliver such an official poll card to the person to whom it is addressed, it shall be retained in such post office until the date of the poll and shall be delivered to the addressee if he calls for it.

(3) Every person who—

- (a) without authority supplies any official poll card to any other person, or
- (b) sells or offers to sell any official poll card to any other person or purchases or offers to purchase any official poll card from any other person,

shall be guilty of an offence and shall, on conviction after summary trial before a Magistrate, be liable to a fine not exceeding five hundred rupees or to imprisonment of either description for a term not exceeding six months or to both such fine and imprisonment.

(4) The Minister may, from time to time, by Order published in the *Gazette*, declare that, with effect from such date as shall be specified in the Order, the provisions of sub-section (1) shall apply to every ward of any such electoral area or areas as shall be so specified.”.

10. Section 45 of the principal enactment is hereby amended in sub-section (1) of that section, by the substitution in paragraph (b) of that sub-section, for the expression “distinctive symbols”, of the word “symbols”.

Amendment of section 45 of the principal enactment.

Amendment of  
section 47 of  
the principal  
enactment.

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

(1) by the renumbering of that section as sub-section (1) of section 47;

(2) in renumbered sub-section (1) of that section, by the substitution—

(a) in paragraph (a) of that sub-section, for the expression “ section 71, ”, of the expression “ sub-section (1c) of section 37, ”; and

(b) in paragraph (b) of that sub-section, for the expression “ distinctive symbol ”, of the word “ symbol ”; and

(3) by the insertion, immediately after renumbered sub-section (1) of that section, of the following new sub-section:—

‘ (2) On and after such date as may be fixed by the Minister, for the purposes of this section, by Order published in the *Gazette*, sub-section (1) shall have effect subject to the following modification, namely, as though for the expression “ in English in the order ”, there were substituted the expression “ in Sinhala in the order ”.’.

Amendment of  
section 49 of  
the principal  
enactment.

12. Section 49 of the principal enactment is hereby amended as follows:—

(1) in sub-section (1) of that section, by the substitution, for all the words from “ returning officer ” to the end of that sub-section, of the following:—

“ presiding officer at that station before the opening of, or during, the poll.”; and

(2) in sub-section (3) of that section—

(a) by the renumbering of paragraph (a) of that sub-section as sub-section (3) of that section; and

(b) by the omission of paragraph (b) of that sub-section.



13. Section 60 of the principal enactment is hereby amended in sub-section (1) of that section, by the substitution,—

Amendment of section 60 of the principal enactment.

- (1) for all the words from “ one agent ” to “ to attend ”, of the expression ‘ not more than two agents (hereinafter referred to as “ counting agents ”) to attend ’; and
- (2) for all the words from “ to the returning officer ”, to “ such election. ”, of the expression “ to the returning officer. ”.

14. The following new section is hereby inserted immediately after section 63, and shall have effect as section 63A, of the principal enactment:

Insertion of new section 63A in the principal enactment.

“ Special provisions relating to powers, duties or functions under section 62 or section 63.

63A. Any power, duty or function of a returning officer under section 62 or section 63 may be exercised, performed or discharged for and on his behalf by any of his assistants or clerks acting under the supervision and direction of such officer.”.

15. Section 71 of the principal enactment is hereby repealed.

Repeal of section 71 of the principal enactment.

16. Section 81 of the principal enactment is hereby repealed and the following section is substituted therefor:—

Replacement of section 81 of the principal enactment.

“ Undue Influence.

81. Every person—

- (1) who directly or indirectly, by himself or by any other person on his behalf, makes use of or threatens to make use of any force, violence, or restraint, or inflicts or threatens to inflict, by himself or by any other person, any temporal or spiritual injury, damage, harm, or loss upon or against any person in order to induce or compel such person to vote or refrain from voting at any election under this Ordinance or on account of such person having voted or refrained from voting at such election, or

(2) who by abduction, duress, or any fraudulent device or contrivance impedes or prevents the free exercise of the franchise of any voter, or thereby compels, induces, or prevails upon any voter either to give or to refrain from giving his vote at such election, or

(3) who, at any time during the period commencing on the day of nomination at any election and ending on the day following the date of the poll at such election,—

(a) utters at any religious assembly any words for the purpose of influencing the result of such election or inducing any voter to vote or refrain from voting for any candidate at such election, or

(b) for such purpose distributes or displays at any religious assembly any handbill, placard, poster, notice, sign, flag or banner, or

(c) holds or causes to be held a public meeting at a place of worship for the purpose of promoting the election of any candidate at such election,

shall be guilty of the offence of undue influence and shall, on conviction after summary trial before a Magistrate, be liable to a fine not exceeding five hundred rupees, or to imprisonment of either description for a term not exceeding six months or to both such fine and imprisonment.”.

17. The following new sections are hereby inserted immediately after section 81, and shall have effect as sections 81A, 81B and 81c, of the principal enactment:—

Insertion of  
new sections  
81A, 81B and  
81c in the  
principal  
enactment.

" Prohibition  
of certain  
acts on the  
date of poll.

81A. (1) No person shall, on any date on which a poll is taken at a polling station, do any of the following acts within a distance of fifty yards of the entrance of that polling station:—

- (a) canvassing for votes;
- (b) soliciting the vote of any voter;
- (c) persuading any voter not to vote for any particular candidate;
- (d) persuading any voter not to vote at the election;
- (e) distributing or exhibiting any handbill, placard, poster or notice relating to the election (other than any official handbill, placard, poster or notice) or any symbol allotted under section 38 to any candidate.

(2) No person shall, on any date on which a poll is taken at any polling station—

- (a) use or operate, within or at the entrance of a polling station or in any public or private place in the neighbourhood thereof, any megaphone or loudspeaker or other apparatus for magnifying or reproducing the human voice; or

- (b) shout or otherwise act in a disorderly manner within or at the entrance of a polling station or in any public or private place in the neighbourhood thereof,

so as to cause annoyance to any person visiting the polling station for the poll or so as to interfere with the work of the officers and other persons on duty at the polling station.

(3) Every person who contravenes any of the provisions of sub-section (1) or sub-section (2) shall be guilty of an offence and shall, on conviction after summary trial before a Magistrate, be liable to a fine not exceeding one hundred rupees or to imprisonment of either description for a term not exceeding one month or to both such fine and imprisonment.

(4) Any police officer may take such steps, and use such force, as may be reasonably necessary for preventing any contravention of the provisions of sub-section (2) and may seize any apparatus used for such contravention.

(5) Every person who attempts to commit an offence specified in this section shall be liable to the punishment prescribed for that offence.

(6) Every offence under this section shall be a cognizable offence within the meaning of the Criminal Procedure Code.

(7) A prosecution for an offence under this section shall not be instituted without the sanction of the Attorney-General.

Provisions relating to display of handbills, posters, etc.

81B. (1) No person shall, for the purpose of promoting the election of any candidate at any election, display any handbill, placard, poster, notice, sign, flag or banner—

- (a) on or across any public road; or
- (b) in or on any vehicle used for public transport; or
- (c) in or on any vehicle, other than that used for the conveyance of a candidate at such election, on the day on which a poll is taken at such election; or

(d) in or on any premises belonging to or in the possession of the Crown or any local authority, except at a meeting held in such premises for such purpose.

(2) Every person who contravenes any of the provisions of sub-section (1) shall be guilty of an offence and shall, on conviction after summary trial before a Magistrate, be liable to a fine not exceeding one hundred rupees or to imprisonment of either description for a term not exceeding one month or to both such fine and imprisonment.

(3) Every person who attempts to commit an offence specified in this section shall be liable to the punishment prescribed for that offence.

(4) Every offence under this section shall be a cognizable offence within the meaning of the Criminal Procedure Code.

(5) Any police officer may take such steps, and use such force, as may be reasonably necessary for preventing any contravention of the provisions of sub-section (1) and may seize and remove any handbill, placard, poster, notice, sign, flag or banner used in such contravention.

81c. (1) No person shall let, lend, employ, hire, borrow or use any vehicle, vessel or animal for the purpose of conveying any voter to or from the poll:

Provided that the preceding provisions of this sub-section shall not apply—

(a) to the owner of any vehicle, vessel, or animal who uses it for the purpose of conveying himself or any member of his household to or from the poll; or

(b) to the conveyance of any person to or from the poll in any such vehicle or vessel as is ordinarily used for public transport.

Provisions relating to the letting, lending, employing, hiring, borrowing or using of any vehicles, vessels or animals for the purpose of conveying voters to or from the poll.

18 *Local Authorities Elections (Amendment)*  
*Act, No. 9 of 1963*

(2) Every person who contravenes any of the provisions of sub-section (1) shall be guilty of an offence and shall, on conviction after summary trial before a Magistrate, be liable to a fine not exceeding one hundred rupees or to imprisonment of either description for a term not exceeding one month or to both such fine and imprisonment."

Replacement of section 85 of the principal enactment.

18. Section 85 of the principal enactment is hereby repealed and the following new section is substituted therefor:—

" Publication of notices.

85. Save as otherwise expressly provided, every notice required to be published by this Ordinance shall—

(a) be in the Sinhala language together with translations thereof in the Tamil and English languages; and

(b) be exhibited at the office of the local authority of such area, and otherwise published in such manner as the officer responsible for the publication thereof may consider best calculated to give publicity thereto."

Amendment of section 89 of the principal enactment.

19. Section 89 of the principal enactment is hereby amended as follows:—

(1) in the definition of " Commissioner ", by the substitution, for the expression " (Local Bodies) appointed under this Ordinance; ", of the expression " (Local Bodies); ";

(2) by the insertion, immediately after the definition of " Commissioner ", of the following new definition:—

" "Commissioner of Parliamentary Elections" has the same meaning as the term " Commissioner " in the Parliamentary Elections Order in Council; "

(3) by the insertion, immediately after the definition of "local authority", of the following new definition:—

“local elections” means elections of members of a local authority;’;

(4) by the insertion, immediately after the definition of "Municipality", of the following new definitions:—

“parliamentary general election” means a general election of Members of the House of Representatives;

“Parliamentary Elections Order in Council” means the Ceylon (Parliamentary Elections) Order in Council, 1946;’.

20. The Third Schedule to the principal enactment is hereby amended, by the substitution, for the expression “distinctive symbol”, of the word “symbol”.

Amendment of  
the Third  
Schedule to  
the principal  
enactment.

(3) by the insertion, immediately after the defini-  
tion of "local authority", of the following  
new definition:—

"local elections" means elections of mem-  
bers of a local authority;

(4) by the insertion, immediately after the defini-  
tion of "Municipality", of the following  
new definitions:—

"parliamentary general election" means a  
general election of Members of the  
House of Representatives;

"Parliamentary Elections Order in Council"  
means the Order (Parliamentary  
Elections) Order in Council, 1948;

20. The Third Schedule to the principal enactment  
is hereby amended by the substitution for the  
expression "distinctive symbol" of the word  
"symbol"

Amendment of  
the Third  
Schedule to  
the principal  
enactment.



# PARLIAMENT OF CEYLON

4th Session 1963-64



## Criminal Procedure Code (Amendment) Act, No. 10 of 1963

*Date of Assent : December 4, 1963*

*Printed on the Orders of Government*

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PARLIAMENT OF CEYLON

1963-64 Session



Criminal Procedure Code  
(Amendment) Act  
No. 10 of 1963

Date of Enactment: December 4, 1963

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*Criminal Procedure Code (Amendment)*  
*Act, No. 10 of 1963*

L. D.—O. 7/62.

AN ACT TO AMEND THE CRIMINAL PROCEDURE CODE

[Date of Assent : 4th December, 1963]

BE it enacted by the Queen's Most Excellent Majesty, by and with the advice and consent of the Senate and the House of Representatives of Ceylon in this present Parliament assembled, and by the authority of the same, as follows :—

1. This Act may be cited as the Criminal Procedure Code (Amendment) Act, No. 10 of 1963.

Short title.

2. For so long and so long only as this section remains in force, section 440A of the Criminal Procedure Code shall have effect as though for sub-section (8) of that section, there were substituted the following new sub-section :—

Amendment of section 440A of Chapter 20.

“(8) (i) The trial of any person before the Supreme Court under this section may commence or continue in the absence of such person if the Court is satisfied—

(a) that such person is evading arrest or absconding ; or

(b) that such person is unable to attend or remain in Court by reason of illness and has consented to the commencement or continuance of the trial in his absence ; or

(c) that such person is unable to attend or remain in Court by reason of illness and no prejudice will be caused to such person by the commencement or continuance of the trial in his absence.

(ii) The commencement or continuance of the trial of any person before the Supreme Court under this section in the absence of such person shall not be deemed or construed to affect or prejudice the right of such person to be defended by a pleader at such trial.”

3. Section 2 of this Act shall remain in force until the date of the conclusion of the trial of any person before the Supreme Court under section 440A of the Criminal Procedure Code which commenced before, and is pending on, the date of the coming into operation of this Act ; and accordingly shall cease to be in force on the conclusion of such trial.

Time limit to operation of section 2 of this Act.



# PARLIAMENT OF CEYLON

4th Session 1963-64



## Finance Act, No. 11 of 1963

*Date of Assent : December 21, 1963*

*Printed on the Orders of Government*

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L. D.—O. 25/63.

AN ACT TO ENACT THE PROVISIONS OF LAW NECESSARY TO GIVE LEGAL FORCE TO CERTAIN PROPOSALS, FINANCIAL AND OTHERWISE, FOR THE FINANCIAL YEAR COMMENCING ON OCTOBER 1, 1963.

[Date of Assent: December 21, 1963]

BE it enacted by the Queen's Most Excellent Majesty, by and with the advice and consent of the Senate and the House of Representatives of Ceylon in this present Parliament assembled, and by the authority of the same, as follows :—

1. This Act may be cited as the Finance Act, No. 11 of 1963. Short title.

PART I

National Lotteries Board and National Lotteries

2. This Part of this Act shall come into operation on the appointed date. Date of operation of this Part of this Act.

3. (1) A Board to be called the National Lotteries Board, hereinafter in this Part of this Act referred to as "the Board", shall be established for the purposes of this Part of this Act. National Lotteries Board to be established.

(2) The Board shall be a body corporate with perpetual succession and a common seal and may by its name sue and be sued.

4. (1) The Board shall consist of not more than five members appointed by the Minister. Constitution of the Board.

(2) The Minister shall appoint one of the members of the Board to be the Chairman of the Board.

(3) The Minister may, if he thinks it expedient to do so, remove, by Order published in the *Gazette*, any member of the Board from office without reason stated.

(4) A member of the Board in respect of whom an Order under sub-section (3) of this section is made by the Minister shall vacate his office on the date of the publication of such Order in the *Gazette*.

(5) A member of the Board may at any time resign his office by letter addressed to the Minister.

(6) If the Chairman or any other member of the Board is temporarily unable to discharge the duties of his office on account of ill-health or absence from Ceylon or any other cause, the Minister may appoint some other person to act in his place as the Chairman, or as a member, of the Board, as the case may be.

(7) Every member of the Board shall, unless he earlier vacates office by resignation or removal, hold office for a period of five years. Any member of the Board who vacates office by effluxion of time shall be eligible for reappointment.

(8) No act or proceeding of the Board shall be invalid by reason only of the existence of any vacancy among its members or any defect in the appointment of any of its members.

Remuneration  
of members of  
the Board.

5. The members of the Board may be remunerated in such manner and at such rates as may be determined by the Minister. The remuneration, if any, shall be paid out of the Fund of the Board.

Appointment  
of officers  
and servants.

6. (1) The staff necessary for the discharge of the Board's duties under this Part of this Act shall be determined by the Board, and every appointment to such staff shall be made by the Board.

(2) The officers and servants of the Board shall be remunerated in such manner and at such rates, and shall be subject to such conditions of service



as may be determined by rules made under this Part of this Act. Such remuneration shall be paid out of the Fund of the Board.

(3) The Board may, in accordance with rules made under this Part of this Act, establish and maintain a provident fund for the benefit of its officers and servants, make contributions out of its Fund to such provident fund, regulate the management and investment thereof, and fix the contributions to be made thereto by, and the payments to be made therefrom to, or in respect of, such officers and servants.

7. (1) The Board may acquire, hold and dispose of any movable or immovable property, and enter into contracts and otherwise do all such acts as may be necessary for the purpose of carrying out the provisions of this Part of this Act.

Property,  
contracts and  
expenditure  
of the Board.

(2) All sums payable by the Board under any contract entered into by the Board or in respect of any movable or immovable property acquired or held by the Board shall be paid out of the Fund of the Board. All sums received by the Board under any such contract or in respect of any such property shall be paid to the Fund of the Board.

(3) All sums payable by the Board for the purpose of defraying any expenditure incurred in the management of the affairs or the transaction of the business of the Board, or the exercise of the powers or the performance of the duties of the Board under this Part of this Act, shall be paid out of the Fund of the Board.

8. In the exercise of its powers and the discharge of its duties under this Part of this Act, the Board shall be subject to the general or special directions of the Minister.

Board to be  
subject to  
directions  
of Minister.

9. (1) The Board shall have its own Fund.

Fund of  
the Board.

(2) There shall be paid to the Fund of the Board all sums required by this Part of this Act to be so paid.

(3) There shall be paid out of the Fund of the Board all sums required by this Part of this Act to be so paid.

(4) All cheques for the payment of moneys out of the Fund of the Board shall be signed by a member of the Board and by any such officer employed by the Board as may be authorized in that behalf by the Board.

Power of  
Minister to  
grant a loan  
to the Board.

**10.** (1) The Minister may grant out of the Consolidated Fund to the Board, free of interest, a loan not exceeding rupees one million for the purpose of enabling the Board to meet the initial expenses incurred by the Board in the discharge of its duties under this Part of this Act.

(2) Any sum granted to the Board by way of loan under sub-section (1) of this section—

(a) shall be paid to the Fund of the Board ;  
and

(b) shall be repaid by the Board to the Consolidated Fund out of the Fund of the Board in such manner as the Minister may from time to time direct.

Accounts of  
the Fund of  
the Board.

**11.** The accounts of the Fund of the Board shall—

(a) be kept in the prescribed manner ;

(b) be audited annually by, or under the direction of, the Auditor-General ;  
and

(c) in respect of each financial year, be laid, together with the report of the Auditor-General thereon, before the Senate and

the House of Representatives within eight months of the conclusion of each financial year.

Notwithstanding anything in this section, the accounts of the Fund may be ratified by a resolution of the Senate and the House of Representatives.

**12.** Rules may be made under this Part of this Act in respect of all or any of the following matters relating to the Board :—

Power to make rules.

- (a) the custody and use of its seal ;
- (b) the appointment, promotion, dismissal and disciplinary control of its officers and servants ;
- (c) the meetings of the Board and the quorum for, and the procedure to be followed at, such meetings ; and
- (d) the establishment and maintenance of a provident fund for its officers and servants, and the payment of contributions to that fund by the Board and such officers and servants.

**13.** (1) No suit or prosecution shall lie—

- (a) against the Board for any act which in good faith is done or purported to be done by the Board under this Part of this Act ; or
- (b) against any member, officer, servant or agent of the Board for any act which in good faith is done or purported to be done by him under this Part of this Act or on the direction of the Board.

Protection for action taken under this Part of this Act or on the direction of the Board.

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

(3) Any expense incurred by any such person as is referred to in paragraph (b) of sub-section (1) in any suit or prosecution brought against him before any court in respect of any act done or purported to be done by him under this Part of this Act or on the direction of the Board shall, if the court holds that such act was so done or purported to be done in good faith, be paid out of the Fund of the Board, unless that expense is recovered by him in such suit or prosecution.

The Board to conduct national lotteries.

14. (1) The Board shall conduct lotteries for the purposes of this Part of this Act. Every such lottery is in this Part of this Act referred to as a "national lottery".

(2) There shall be such number of national lotteries in each year as may be prescribed. Every national lottery shall be conducted by the Board in such manner as may be prescribed, subject however to the provisions of this Part of this Act.

National lotteries not to be in connection with horse-races.

15. No national lottery shall be conducted in connection with any horse-race or any other form of racing.

Prizes in national lotteries.

16. (1) The number of the prizes to be awarded in each national lottery and the value of each of such prizes shall be as prescribed.

(2) Every prize awarded in a national lottery shall consist of a sum of money and every such prize shall be exempt from the operation of section 3 (1)(i) of the Inland Revenue Act, No. 4 of 1963, and shall not be included in the assessment of profits as income for the payment of tax by such prize winner under the provisions of that Act.

(3) The prize winners in every national lottery shall be determined by the drawing of lots in public in the prescribed manner.

(4) After the expiration of a period of six months reckoned from the date of the drawing of lots for the prizes in any national lottery, any prize in such lottery which has not been granted to the person entitled thereto by reason of the fact that such person is not to be found shall be forfeited and paid to the Fund of the Board :

Provided, however, that where any action or proceeding arising out of any claim made in respect of such prize is pending before any court at the expiration of the period aforesaid, such forfeiture shall not be made, and if in the final determination of that action or proceeding any person is declared to be entitled to such prize, the Board shall grant such prize to that person, and if no person is so declared, such prize shall be forfeited and paid to the Fund of the Board.

17. (1) The proceeds of every national lottery shall be paid in the first instance to the Fund of the Board.

Proceeds  
of national  
lotteries.

(2) The Board shall pay to the Consolidated Fund through the Deputy Secretary to the Treasury the balance of the proceeds of every national lottery after the deduction from such proceeds of an amount approved by the Permanent Secretary as the amount necessary for the purpose of—

- (a) defraying, or reimbursing the Fund of the Board for the payment of, the expenses of conducting such lottery including the value of the prizes awarded in such lottery ;
- (b) paying the whole or a part of the remuneration, if any, of the members of the Board and the remuneration of the staff of the Board ;
- (c) paying the whole or a part of any contributions payable by the Board to any such provident fund as is referred to in sub-section (3) of section 6 ;
- (d) repaying the whole or a part of any loan granted to the Board under section 10 ; and
- (e) meeting other liabilities of the Board.

18. The Board shall be exempt from the payment of any tax on the income or profits from any national lottery.

Exemption  
from tax on  
income or  
profits from  
national  
lotteries.

19. The Lotteries Ordinance shall not apply to or in relation to any national lottery.

Lotteries  
Ordinance  
not to apply  
to national  
lotteries.

## Rules.

**20.** (1) The Board may make rules in respect of all matters stated or authorized by this Part of this Act to be prescribed, or in respect of which rules are authorized to be so made by this Part of this Act.

(2) Without prejudice to the provisions of subsection (1) of this section, rules made under this section may make provision in respect of all or any of the following matters :—

- (a) the price at which tickets in every national lottery are to be sold ;
- (b) the particulars to be stated on every such ticket ;
- (c) the manner in which tickets in every such lottery are to be sold or offered for sale ;
- (d) the employment of agents for the sale of such tickets and the remuneration payable to such agents ;
- (e) the publication of the number of each winning ticket in every such lottery and of the name and address of the person entitled to such ticket ; and
- (f) all other matters relating to national lotteries.

(3) No rule made by the Board under this section shall have effect until it has been approved by the Minister. Every rule so made and approved, other than any rule relating to any of the matters referred to in section 12, shall be published in the *Gazette* as soon as it may be convenient.

## Offences.

**21.** (1) Every person who—

- (a) sells or offers for sale any ticket for the purposes of any national lottery at a price exceeding the price specified for such ticket by rule made under this Part of this Act ; or
- (b) forges any ticket for the purposes of any such lottery ; or
- (c) sells or offers for sale any ticket for the purposes of any such lottery knowing it to be forged,

shall be guilty of an offence and shall, on conviction after summary trial before a Magistrate, be liable to a fine not exceeding five hundred rupees or to imprisonment of either description for a term not exceeding six months or to both such fine and imprisonment.

(2) All sums paid or recovered as fines imposed for offences under this section shall be paid to the Fund of the Board.

22. All offences under this Part of this Act shall be cognizable offences within the meaning and for the purposes of the Criminal Procedure Code.

Offences to be cognizable offences.

23. In this Part of this Act, unless the context otherwise requires, —

Interpretation

“ financial year ” means the period commencing on October 1 in any year and ending on September 30 in the next succeeding year ;

“ General Treasury ” means the Department of Government known as the General Treasury ;

“ Hospitals Lotteries Board ” means the Hospitals Lotteries Board established under the repealed Hospitals Lotteries Act ;

“ Minister ” means the Minister to whom the subject or function of finance is assigned by the Prime Minister under section 46 of the Ceylon (Constitution) Order in Council, 1946 ;

“ prescribed ” means prescribed by rule made under this Part of this Act.

24. The Hospitals Lotteries Act is hereby repealed.

Repeal of Chapter 427.

25. On the appointed date —

Transitory provisions

(a) all the movable and immovable properties of the Hospitals Lotteries Board on the day immediately prior to the appointed date (including moneys in the Fund of that Board) shall be deemed to vest in, and to be the properties of, the National Lotteries Board ;

(b) all the contracts of the Hospitals Lotteries Board subsisting on that day shall be deemed to be the contracts of the National Lotteries Board, and all subsisting rights and obligations of the Hospitals Lotteries Board under such

contracts shall be deemed to be the rights and obligations of the National Lotteries Board ;

(c) the liabilities of the Hospitals Lotteries Board on that day shall be deemed to be the liabilities of the National Lotteries Board ;

(d) the Hospitals Fund maintained at the General Treasury under the repealed Hospitals Lotteries Act shall cease to be so maintained, and all sums of money lying to the credit of such Hospitals Fund shall be transferred to the Consolidated Fund by the Deputy Secretary to the Treasury ; and

(e) the provident fund established and maintained by the Hospitals Lotteries Board for its officers and servants under the repealed Hospitals Lotteries Act shall be deemed to be a provident fund established and maintained by the National Lotteries Board for its officers and servants under this Part of this Act.

26. On the appointed date, all officers and servants of the Hospitals Lotteries Board on the day immediately prior to that date shall be deemed to be transferred to the service, and to be officers and servants, of the National Lotteries Board.

## PART II

### Imposition, Levy and Recovery of the Exchange Tax

27. This Part of this Act shall come into operation on the appointed date.

28. On or after the appointed date, every sale of foreign currency in Ceylon by a competent authority to any person for any taxable purpose shall be liable to the imposition, levy and payment of the exchange tax.

29. (1) The Minister may, from time to time, by Order impose and levy a tax (in this Part of this Act referred to as the "exchange tax") on every sale of foreign currency in Ceylon by a competent authority to any person for any such

Transfer of officers and servants.

Date of operation of this Part of this Act.

Certain sales of foreign currency to be liable to exchange tax.

Imposition and levy of the exchange tax.



taxable purpose as shall be specified in the Order. The Minister may, from time to time, by a like Order increase or reduce the rate of such tax on any such sale.

(2) The rate of the exchange tax on any sale referred to in section 28 may be determined by reference to the taxable purpose of such sale, and accordingly such tax may be imposed and levied at different rates in respect of such sales for different taxable purposes.

(3) Any Order made by the Minister under the preceding provisions of this section is in this Part of this Act referred to as an "exchange tax Order".

(4) An exchange tax Order shall come into force on such date as may be specified in the Order or, if no date is so specified, on the date on which it is made by the Minister.

(5) A sale referred to in section 28 in respect of which there is an exchange tax Order for the time being in force is in this Part of this Act referred to as a "foreign currency sale subject to tax".

(6) An exchange tax Order in respect of any foreign currency sale subject to tax shall remain in force until it is revoked by an Order of revocation, or is deemed to be revoked by virtue of the operation of the provisions of sub-section (9), and applicable to such sale. Such exchange tax Order shall so remain in force subject to the provisions of any subsequent exchange tax Order in respect of such sale made by the Minister increasing or reducing the rate of the exchange tax specified in such first-mentioned exchange tax Order.

(7) Every exchange tax Order shall be published in the *Gazette*.

(8) Every exchange tax Order shall be brought before the House of Representatives, within a period of two months from the date of the publication of such Order in the *Gazette*, by a motion that such Order shall be approved. There shall be set out in a schedule to such motion the text of such Order.

(9) Any exchange tax Order which the House of Representatives refuses to approve shall, with effect from the date of such refusal, be deemed to

be revoked, but without prejudice to the validity of anything previously done thereunder. Notification of the date on which such Order is deemed to be revoked shall be published in the *Gazette*.

(10) The effect of the revocation of an exchange tax Order by virtue of the operation of the provisions of sub-section (9) shall,—

(a) in so far as such Order purported to impose and levy exchange tax on any sale of foreign currency which was not a foreign currency sale subject to tax on the day immediately prior to the date on which such Order came into force, be to abolish, with effect from the date of such revocation, such tax on such sale ; or

(b) in so far as such Order purported to increase or reduce the rate of exchange tax on any foreign currency sale subject to tax on the day referred to in paragraph (a) of this sub-section, be to revive, with effect from the date of such revocation, the exchange tax at that rate on such sale, and accordingly for the purpose of such revival the exchange tax Order which was the subject matter of the exchange tax Order so revoked shall be deemed, with effect from that date, to continue in force, subject however to the other provisions of this Part of this Act.

(11) For the purpose of the computation of the period of two months referred to in sub-section (8), no account shall be taken of days on which the House of Representatives is not in session.

**30.** (1) The Minister may, from time to time, by Order revoke an exchange tax Order for the time being in force (in this Part of this Act referred to as an “Order of revocation”) in respect of any foreign currency sale subject to tax. Such Order of revocation shall come into force on such date as may be specified in such Order or, if no date is so specified, on the date on which it is made by the Minister. Every such Order of revocation shall be published in the *Gazette*. The effect of such Order of revocation shall be, subject to the other provisions of this section, to abolish the exchange tax on such sale imposed by that exchange tax Order.

Revocation of  
exchange tax  
orders.

(2) Every Order of revocation shall be brought before the House of Representatives, within a period of one month from the date of the publication of such Order in the *Gazette*, by a motion that such Order shall be approved. There shall be set out in a schedule to such motion the text of such Order.

(3) Any Order of revocation which the House of Representatives refuses to approve shall, with effect from the date of such refusal, be deemed to be revoked, but without prejudice to anything previously done thereunder. Notification of such date shall be published in the *Gazette*.

(4) Where any Order of revocation in respect of any exchange tax Order is itself revoked by virtue of the operation of the provisions of sub-section (3), that exchange tax Order shall, with effect from the date of such revocation under the said sub-section (3), be deemed to continue in force subject to the other provisions of this Part of this Act, and accordingly the exchange tax imposed and levied under that exchange tax Order on the day immediately prior to the date on which such Order of revocation came into force shall, so long as that exchange tax Order remains in force, continue to be imposed and levied with effect from the date of such revocation under the said sub-section (3).

(5) For the purpose of the computation of the period of one month referred to in sub-section (2), no account shall be taken of days on which the House of Representatives is not in session.

**31.** The exchange tax on any foreign currency sale subject to tax shall be payable by the person to whom such sale is effected, and shall be so payable by such person before such sale to the competent authority by whom such sale is to be so effected.

Payment of the exchange tax on any foreign currency sale subject to tax.

**32.** (1) Before any foreign currency sale subject to tax is effected by a competent authority to any person, the exchange tax on such sale shall be collected from such person by that authority in the prescribed manner for and on behalf of the Central Bank.

Collection of the exchange tax on any foreign currency sale subject to tax.

(2) Any exchange tax collected by a competent authority shall be retained by that authority for

and on behalf of the Central Bank pending its payment to that Bank under this Part of this Act.

(3) Where the exchange tax due from any person on any foreign currency sale subject to tax is not collected by the competent authority by whom such sale was effected, such tax may be recovered from that authority in like manner as a debt due to the Crown.

33. (1) Any exchange tax collected by any competent authority under this Part of this Act shall, within the prescribed period after the date of such collection, be paid in the prescribed manner to the Central Bank.

(2) Where any person who has paid the exchange tax on any foreign currency sold to him, returns the whole or any portion of such currency to the Central Bank or any competent authority, such person shall be entitled to a refund from the Consolidated Fund of the whole amount, or a proportionate amount, as the case may be, of the tax so paid by him.

34. Where the exchange tax on any foreign currency sale subject to tax which is due from any person is not paid to the Central Bank, in accordance with the provisions of this Part of this Act, by the competent authority whose duty it was to collect such tax, the Central Bank may, in its discretion, order that a sum not exceeding ten *per centum* of the amount of such tax shall be added to such tax and recovered therewith. Any sum so added to such tax shall be deemed to constitute a part of such tax.

35. Any foreign currency sold in Ceylon by any competent authority to any person shall, for the purposes of this Part of this Act, be presumed until the contrary is proved to have been so sold for any taxable purpose.

36. The amount of all exchange tax paid to, or recovered by, the Central Bank under this Part of this Act shall be credited to the Consolidated Fund.

37. The Central Bank may, from time to time, direct any competent authority to furnish to that Bank, within such period as shall be specified in such direction, all such information or returns relating to his dealings in foreign currency as

Payment of the exchange tax collected by a competent authority.

Power to impose a surcharge if exchange tax is not duly paid.

Presumption as to the sale of foreign currency.

Disposal of exchange tax paid to, or recovered by, the Central Bank.

Furnishing of information and returns.

that Bank may require for the purposes of this Part of this Act, and it shall be the duty of such authority to comply with that direction within that period.

38. For the purpose of verifying the correctness of any information or return furnished by any competent authority in pursuance of the provisions of this Part of this Act, or for the purpose of securing compliance with such provisions or any directions issued by the Central Bank under such provisions, any officer of that Bank authorized in that behalf by the Bank may—

Powers of entry and inspection.

- (a) enter any premises used by such authority for the purposes of his business ; and
- (b) inspect and take copies of any such documents or records as are kept by such authority in relation to his dealings in foreign currency.

39. Any person—

Offences.

- (a) who contravenes or fails to comply with any of the provisions of this Part of this Act or any directions issued by the Central Bank thereunder ; or
- (b) who furnishes any false information or false return to, or obstructs, the Central Bank or any person exercising, performing or discharging any power, duty or function of that Bank ; or
- (c) to or by whom any foreign currency sale subject to tax is effected before the prior payment of the exchange tax on such sale in contravention of the provisions of this Part of this Act,

shall be guilty of an offence and shall, on conviction after summary trial before a Magistrate, be liable to a fine not exceeding one thousand rupees or to imprisonment of either description for a term not exceeding six months, or to both such fine and imprisonment.

40. No prosecution for an offence under this Part of this Act shall be instituted except by, or with the written sanction of, the Central Bank.

Prosecutions by, or with the sanction of, the Central Bank.

41. The powers, duties and functions of the Central Bank under this Part of this Act shall vest in the Monetary Board, and accordingly any such power, duty or function may be exercised, performed and discharged by the Monetary Board.

Powers, etc., of Central Bank, vested in the Monetary Board.

Powers, etc., of  
Monetary  
Board by  
whom  
exercisable.

42. Any power, duty or function of the Central Bank under this Part of this Act which is vested in the Monetary Board by section 41, other than the power to sanction a prosecution under section 40, and to compound an offence under section 44, may be exercised, performed or discharged on its behalf by any officer of that Bank acting under the general or special directions of the Governor of the Central Bank.

Directions by  
Central Bank.

43. (1) The Central Bank may issue directions for the purpose of carrying out or giving effect to the principles and provisions of this Part of this Act.

(2) In particular but without prejudice to the generality of the powers conferred by sub-section (1) of this section, the Central Bank may issue directions for or in respect of all or any of the following matters :—

- (a) any matter stated or required by this Part of this Act to be prescribed or for which directions are authorized by this Part of this Act to be issued ;
- (b) any matter relating to the mode of the levy, payment and recovery of the exchange tax in respect of which the provisions of this Part of this Act need to be supplemented ; and
- (c) any matter connected with or incidental to any of the aforesaid matters.

Powers to  
compound.

44. The Central Bank may accept from any person who is reasonably suspected of having committed an offence under this Part of this Act, by way of composition for the offence which may have been committed, either such sum of money, not exceeding one thousand rupees, as may be specified in the notice sent by post or otherwise delivered to such person by that Bank if the sum so specified is tendered by such person before the expiry of fourteen days after the date of such notice, or the sum so specified and such additional amount, not exceeding ten *per centum* of the sum so specified, as may be determined by that Bank, if the sum so specified and the additional amount so determined are tendered by such person before the expiry of twenty-eight days after the date of such notice. Any sum so accepted by the Central

Bank by way of composition of such offence shall be credited by that Bank to the account referred to in section 36.

45. In this Part of this Act, unless the context otherwise requires,—

Interpretation.

“Central Bank” means the Central Bank of Ceylon established under the Monetary Law Act ;

“competent authority” means any authorized dealer within the meaning of the Exchange Control Act, or any other person, for the time being, authorized by or under that Act to sell foreign currency ;

“foreign currency” has the same meaning as in the Exchange Control Act ;

“Minister” means the Minister to whom the subject or function of finance is assigned by the Prime Minister under section 46 of the Ceylon (Constitution) Order in Council, 1946 ;

“Monetary Board” means the Monetary Board of the Central Bank established under the Monetary Law Act ;

“sale”, in relation to foreign currency, means to sell such currency, and includes the sale or issue to any person of any ticket for travel abroad by air, sea, or railway, whether or not such person pays or is to pay for such ticket, and the expression “foreign currency sale subject to tax” shall be construed accordingly ; and

“taxable purpose”, in relation to the sale of foreign currency, means any purpose, other than the importation of goods.

46. The provisions of this Part of this Act shall be in addition to and not in derogation of the provisions of the Exchange Control Act, and accordingly nothing in the provisions of this Part of this Act shall be deemed or construed to authorize any competent authority to sell any foreign currency for any purpose unless such authority is authorized to do so by or under the Exchange Control Act.

This Part of this Act to be in addition to and not in derogation of the Exchange Control Act.

## PART III

**Amendments to the Pawnbrokers Ordinance, Money Lending Ordinance, Marriage Registration Ordinance, Insurance Corporation Act, No. 2 of 1961, and Registration of Documents Ordinance**

Amendments to the Pawnbrokers Ordinance. (Chapter 90).

47. (1) The Pawnbrokers Ordinance is hereby amended as follows :—

(a) by the insertion in Part II of that Ordinance, immediately before section 3 of that Ordinance, of the following new section which shall have effect as section 2A of that Ordinance :—

“Certain persons prohibited from carrying on the business of a pawnbroker.

2A. On or after the first day of January, 1964, no person shall carry on the business of a pawnbroker if such person—

- (i) is an individual who is not a citizen of Ceylon ; or
- (ii) is a foreign company ; or
- (iii) is a foreign firm,

and accordingly any licence to carry on such business which was issued to any such individual, foreign company or foreign firm and was in force on the day immediately prior to the said first day of January shall, on and after the said first day of January, be deemed, for all purposes, to be null and void.” ;

(b) by the repeal of section 7 of that Ordinance (replaced by Act No. 55 of 1956) and the substitution therefor of the following new section :—

“ Issue of licences to certain persons prohibited.

7. On or after the first day of January, 1964, no licence for carrying on the business of a pawnbroker shall be issued to any person who is prohibited from carrying on such business by virtue of the operation of the provisions of section 2A, and accordingly any such licence issued to any such person, whether by inadvertence or otherwise, shall be deemed, for all purposes, to be null and void.” ;



(c) by the insertion, immediately after section 46B of that Ordinance (inserted by Act No. 55 of 1956), of the following new section :—

“ Burden of proof.

46C. For the purposes of the issue to any person of any licence for carrying on the business of a pawnbroker, or of any prosecution instituted against any person for any offence under this Ordinance, the burden of proving that such person is a citizen of Ceylon, or is not a foreign company or foreign firm, shall lie on such person.” ; and

(d) in section 47 of that Ordinance by the insertion, immediately after the definition of,—

(i) “ appointed date ”, of the new definition :—

“ “ citizen of Ceylon ” means any individual who is a citizen of Ceylon under any law for the time being in force relating to such citizenship ; ” ; and

(ii) “ district ”, of the following new definitions :—

“ “ foreign company ” means a company to which Part XI of the Companies Ordinance applies ;

“ foreign firm ” means a firm—

(a) consisting of two partners one of whom is not a citizen of Ceylon, or both of whom are not such citizens ; or

(b) consisting of more than two partners at least one of whom is not a citizen of Ceylon ; ’.

(2) Where any person was, on the thirty-first day of December, 1963, carrying on business as a pawnbroker under the authority of a licence issued

to him under the Pawnbrokers Ordinance but is prohibited from carrying on such business after that day by virtue of the operation of that Ordinance as amended by sub-section (1) of this section, then, notwithstanding anything in that Ordinance as so amended, any right, liability, action, proceeding or thing, acquired or incurred or pending by or against such person on or before that day in his capacity as such pawnbroker may, after that day, be enforced or carried on or completed as though such person was not so prohibited from carrying on such business.

48. (1) The Money Lending Ordinance is hereby amended as follows :—

Amendments to  
the Money  
Lending  
Ordinance.  
(Chapter 80).

(a) in the long title of that Ordinance, by the substitution, for the expression “Money-Lending Transactions.”, of the expression “Money-Lending Transactions, and the Prohibition of the carrying on of the Business of Money-Lending by Certain Persons.” ;

(b) by the insertion, immediately after section 1 of that Ordinance, of the following new sections which shall have effect as section 1A and section 1B of that Ordinance :—

\* Prohibition  
of the  
carrying on  
of the business  
of money  
lending by  
certain persons.

1A. (1) On or after the first day of January, 1964, no person shall carry on the business of money lending if such person—

- (a) is an individual who is not a citizen of Ceylon ; or
- (b) is a foreign company ; or
- (c) is a foreign firm :

Provided, however, that the preceding provisions of this sub-section shall not apply to any foreign firm or foreign company approved for the purpose of this sub-section by the Minister of Finance by Order published in the *Gazette*.

(2) Any person who contravenes the provisions of sub-section (1) shall be guilty of an offence and shall, on conviction after summary trial before a Magistrate, be liable to a

fine not exceeding one thousand rupees or to imprisonment of either description for a term not exceeding six months, or to both such fine and imprisonment.

(3) In any prosecution of any person for an offence under this section, the burden of proving that such person is a citizen of Ceylon, or is not a foreign company or foreign firm, shall lie on such person.

(4) In this section,—

(a) “citizen of Ceylon” means any individual who is a citizen of Ceylon under any law for the time being in force relating to such citizenship ;

(b) “foreign company” means a company to which Part XI of the Companies Ordinance applies, other than any commercial bank within the meaning of the Monetary Law Act or any life insurance company ; and

(c) “foreign firm” means a firm—

(i) consisting of two partners one of whom is not a citizen of Ceylon, or both of whom are not such citizens ; or

(ii) consisting of more than two partners at least one of whom is not a citizen of Ceylon.

Prohibition of suit or other proceedings in respect of money lent in certain circumstances.

1B. No suit or other proceedings shall be instituted or maintained in any court in respect of any money lent if such money was lent on or after the first day of January, 1964, by any person carrying on the business of money lending in contravention of the provisions of subsection (1) of section 1A. ’

(2) Where any person was, on the thirty-first day of December, 1963, carrying on the business of money lending but is prohibited from carrying on such business after that day by virtue of the operation of the Money Lending Ordinance as amended by sub-section (1) of this section, then, notwithstanding anything in that Ordinance as so amended, any right, liability, action, proceeding or thing, acquired or incurred or pending by or against such person on or before that day in his capacity as such money lender may, after that day, be enforced or carried on or completed as though such person was not so prohibited from carrying on such business.

Amendments to  
the Marriage  
Registration  
Ordinance.  
(Chapter 112).

49. (1) The Marriage Registration Ordinance is hereby amended as follows :—

(a) in section 34 of that Ordinance,—

- (i) by the substitution in sub-section (5) of that section, for the expression “ was solemnized. ”, of the expression “ was solemnized together with stamps of a value equal to the amount of the fee payable to such Registrar for the registration of such marriage. ”,
- (ii) by the substitution in sub-section (6) of that section, for the expression “ duplicate statement, ”, of the expression “ duplicate statement together with stamps equal in value to the amount of the fee payable to such Registrar for the registration of the marriage, ”, and
- (iii) by the insertion, at the end of that section, of the following new sub-section :—

“(8) A Minister shall refuse to solemnize a marriage until the parties thereto have paid to him, for transmission to the District Registrar, the fee payable to such Registrar for the registration of the marriage. ” ;

(b) in section 62 of that Ordinance, by the substitution in sub-section (1) of that section, for the expression "The fees enumerated", of the expression "Subject to the provisions of section 34, the fees enumerated"; and

(c) in the Second Schedule to that Ordinance, by the insertion, at the end of that Schedule, of the following new item the particulars of which shall be so inserted in the appropriate columns of that Schedule :—

" Do    Registration of  
          marriage solemnized  
          in a registered  
          place of public  
          worship                    do    1.50."

(2) The amendments made in the Marriage Registration Ordinance by sub-section (1) of this section shall come into operation on the first day of January, 1964.

**50.** (1) The Insurance Corporation Act, No. 2 of 1961, is hereby amended as follows :—

Amendments to  
Act No. 2 of  
1961.

(a) in section 7 of that Act, by the substitution, in sub-section (3) of that section, for the words "any new business of life", of the words "any business of";

(b) by the repeal of section 10 of that Act and the substitution therefor of the following new section :—

" Corporation to be the sole insurer authorized to transact insurance business in Ceylon on or after January 1, 1964.

10. (1) On or after the first day of January, 1964, notwithstanding anything in any other law—

(a) the Corporation shall be the sole insurer authorized to transact new business of any class of insurance whatsoever and to issue policies of insurance, in Ceylon; and

(b) no other insurer shall transact any new business of insurance whatsoever, or issue any new policy of insurance, or renew any policy of general insurance, in Ceylon.

(2) Every policy of insurance issued or every policy of general insurance renewed on or after the first day of January, 1964, by any insurer other than the Corporation shall be deemed to be invalid and accordingly shall be of no force or effect in law.

(3) No policy of general insurance entered into by or with any insurer other than the Corporation shall be valid or effective beyond such date in the year 1964 as is the expiry date of such policy, or, where the expiry date of such policy is a date beyond December 31, 1964, after December 31, 1964.

(4) No insurer shall be entitled to compensation for any loss incurred by him, whether directly or indirectly, by reason of the fact that he is unable to transact any new business of insurance, or to issue any new policy of insurance, or to renew any policy of general insurance, by virtue of paragraph (b) of sub-section (1).” ;

(c) by the repeal of section 15 of that Act ;

(d) in section 17 of that Act, by the substitution in sub-section (1) of that section, for the word “ ten ”, of the word “ twenty ” ;

(e) in section 20 of that Act, by the substitution, for the words “ and the reinsurance business,”, of the words “ and any other class of insurance business,” ;

(f) in section 26 of that Act by the omission of the words “ and its reinsurance business ” ; and

(g) by the insertion, immediately after section 33 of that Act, of the following new sections which shall have effect as section 33A and section 33B of that Act :—

“ Liabilities of the Corporation, including bonuses declared in the case of life insurance policies, guaranteed by the Government.

33A. All liabilities of the Corporation arising out of policies of insurance issued by or taken over by the Corporation, including in the case of life insurance policies the bonuses declared and payable by the Corporation, shall be guaranteed by the Government of Ceylon.

Employment of certain persons in the Corporation.

33B. The Minister shall take steps to offer employment in the Corporation to persons who have been employed under insurers in Ceylon on July 31, 1963, and who have lost their employment due to retrenchment effected by such insurers by reason of such insurers not being able to transact any new business of general insurance on and after January 1, 1964.”.

(2) The amendments made in the Insurance Corporation Act, No. 2 of 1961, by sub-section (1) of this section shall come into operation on the first day of January, 1964.

51. The First Schedule to the Registration of Documents Ordinance is hereby amended, in Part III of that Schedule, as follows :—

Amendment of the First Schedule to Chapter 117.

- (a) in item 1, by the substitution, in paragraph (a) of that item, for the figures “ 1. 0 ”, of the figures “ 2. 0 ” ; and
- (b) in item 3, by the substitution, for the figures “ 0. 50 ”, of the figures “ 1. 0 ”.

#### PART IV

#### Amendments to the Estate Duty Ordinance

52. The provisions of this Part of this Act shall come into operation on the appointed date.

Date of operation of this Part of this Act.

53. Section 5 of the Estate Duty Ordinance (hereinafter in this Part of this Act referred to as the “ principal enactment ”), as amended by Act No. 15 of 1959, is hereby further amended in sub-section (1) of that section as follows :—

Amendment of section 5 of Chapter 241.

- (1) by the substitution, in paragraph (v) of that sub-section, for the words “ or any subsequent date, ”, of the words and figures “ and not later than the thirty-first day of July, 1963 ” ; and

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

“(vi) where the date of his death is the first day of August, 1963, or any subsequent date, be computed in accordance with the provisions of this Ordinance—

(a) if the value of his total estate does not exceed the value of his Ceylon estate, at the rates shown in column II of Part VI of the Schedule, each such rate being applicable to such portion of the value of the estate as is shown in the corresponding entry in column I of that Part, and

(b) if the value of his total estate exceeds the value of his Ceylon estate, at a rate equal to the percentage which the amount that would be estate duty on his total estate, if his total estate were entirely his Ceylon estate, bears to the value of his total estate.”.

**54.** The Schedule to the principal enactment, as last amended by Act No. 15 of 1959, is hereby amended by the addition, at the end of that Schedule, of the following new Part :—

Amendment of the Schedule to the principal enactment.

### “Part VI

I	II Rate per cent.
On the first Rs. 20,000 of the value of the estate	.. Nil
On the next Rs. 30,000 of the value of the estate	.. 5
On the next Rs. 30,000 of the value of the estate	.. 7½
On the next Rs. 30,000 of the value of the estate	.. 10
On the next Rs. 40,000 of the value of the estate	.. 13
On the next Rs. 50,000 of the value of the estate	.. 14
On the next Rs. 100,000 of the value of the estate	.. 16
On the next Rs. 100,000 of the value of the estate	.. 18
On the next Rs. 100,000 of the value of the estate	.. 24
On the next Rs. 100,000 of the value of the estate	.. 30
On the next Rs. 125,000 of the value of the estate	.. 32
On the next Rs. 125,000 of the value of the estate	.. 36
On the next Rs. 200,000 of the value of the estate	.. 42
On the next Rs. 350,000 of the value of the estate	.. 48
On the next Rs. 500,000 of the value of the estate	.. 55
On the next Rs. 600,000 of the value of the estate	.. 60
On the balance	.. 70



## PART V

**Amendments to the Inland Revenue Act, No. 4 of 1963**

55. The provisions of this Part of this Act shall come into operation on the appointed date.

Date of operation of this Part of this Act.

56. (1) Section 39 of the Inland Revenue Act, No. 4 of 1963, (hereinafter referred to as the "principal Act"), is hereby amended by the substitution, for sub-section (1) of that section, of the following sub-section :—

Amendment of sections 39 and 42 of Act No. 4 of 1963.

“(1) Subject to the other provisions of this Chapter, there shall be charged from every individual, other than an individual referred to in section 28, a tax which is hereinafter in this Act referred to as the “gifts tax” in respect of the taxable gifts made by such individual—

(a) at the rate or rates specified in the Fourth Schedule to this Act, for the year of assessment commencing on April 1, 1963 ;

(b) at the rate or rates specified in the Fifth Schedule to this Act, for the year of assessment commencing on April 1, 1964 ; and

(c) at the rate or rates specified in the Sixth Schedule to this Act, for every year of assessment commencing on or after April 1, 1965.”.

(2) Section 42 of the principal Act is hereby amended as follows :—

(a) in sub-section (2) of that section, by the substitution, for the words “shall be computed.”, of the words “shall be computed by the application of the appropriate rates of gifts tax.” ; and

(b) by the addition at the end of that section, of the following new sub-section :—

“(3) In the computation of the gifts tax payable by any individual for any year of assessment the rate or rates of gifts tax which shall be applicable in respect of the gifts made in the year preceding that year of assessment shall be the rate or rates which would have been applicable if those gifts

and the gifts made previously by that individual had been aggregated for that year of assessment.”.

Addition of new Schedules to the principal Act.

57. The following new Schedules are hereby added immediately after the Fourth Schedule to the principal Act and shall have effect as the Fifth and Sixth Schedules to the principal Act :—

## “ FIFTH SCHEDULE

### Part I

For gifts made during the period commencing on April 1, 1963, and ending on July 31, 1963, the gifts tax shall be at the same rate or rates specified in the Fourth Schedule.

### Part II

For gifts made during the period commencing on August 1, 1963, and ending on March 31, 1964—	Rates of gifts tax
On the first Rs. 50,000 of the value of all taxable gifts ..	5 per centum
On the next Rs. 25,000 of the value of all taxable gifts ..	10 per centum
On the next Rs. 25,000 of the value of all taxable gifts ..	12 per centum
On the next Rs. 40,000 of the value of all taxable gifts ..	15 per centum
On the next Rs. 40,000 of the value of all taxable gifts ..	16 per centum
On the next Rs. 80,000 of the value of all taxable gifts ..	22 per centum
On the next Rs. 80,000 of the value of all taxable gifts ..	24 per centum
On the next Rs. 80,000 of the value of all taxable gifts ..	30 per centum
On the next Rs. 80,000 of the value of all taxable gifts ..	36 per centum
On the next Rs. 80,000 of the value of all taxable gifts ..	42 per centum
On the next Rs. 80,000 of the value of all taxable gifts ..	54 per centum
On the next Rs. 80,000 of the value of all taxable gifts ..	60 per centum
On the next Rs. 250,000 of the value of all taxable gifts ..	72 per centum
On the next Rs. 450,000 of the value of all taxable gifts ..	96 per centum
On the balance of the value of all taxable gifts ..	100 per centum

## SIXTH SCHEDULE

For gifts made during the year preceding any year of assessment commencing on or after April 1, 1965, the gifts tax shall be at the same rate or rates specified in Part II of the Fifth Schedule.”.

### PART VI

#### Imposition of tax on transfers of property under certain conditions

58. (1) Subject to the provisions of sub-section (4), where there is a transfer of ownership of any property in Ceylon to a person who is not a citizen

Charge of the tax.

of Ceylon, there shall be charged from the transferee of such property a tax of such amount as is equivalent to the value of that property.

(2) The tax referred to in sub-section (1) is hereinafter referred to as "the tax".

(3) A person liable to the tax shall pay the tax—

(a) if the property consists of land, to the Registrar of Lands of the district, in which the land transferred is situated, before the instrument by which the transfer of that land was effected is presented for registration in accordance with the provisions of the Registration of Documents Ordinance, and

(b) if the property consists of any shares in any company, to the company before the transfer relating to the shares in respect of which the tax is payable is registered in the registers maintained by that company for the purposes of transfer of shares.

(4) The preceding provisions of this section shall not apply to—

(a) the transfer of any land or shares to any commercial bank (within the meaning of the Monetary Law Act) or body of persons carrying on the business of insurance which is not a citizen of Ceylon arising out of the sale of such land or shares to such bank or body of persons in execution of a decree of court to enforce the mortgage of such land or shares whether before or after the date of operation of this Part of this Act, as security for a loan or advance given by such bank or body of persons ;

(b) the sale of any land to any person who is not a citizen of Ceylon if it is proved to the satisfaction of the Registrar of Lands, who is responsible for the collection of the tax, that the negotiations for such sale had commenced before the date of operation of this Part of this

Act, and the instrument for the transfer of ownership of such land was effected in consequence of such negotiations ;

- (c) the transfer of any land, or shares in any company, to any commercial bank (within the meaning of the Monetary Law Act), or a company which is a nominee of such bank, in its capacity as trustee under any instrument whatsoever ;
- (d) the sale of any shares in any company held by a director of such company who has retired or is retiring from the office of director or is going on leave out of the Island, to any person, who is not a citizen of Ceylon and who is a director, or is succeeding him in office as director, of such company ;
- (e) the transfer of shares in a company arising by reason of the investment of the funds in a blocked account (within the meaning of the Exchange Control Act) or by reason of the investment of the funds of any company which is not a citizen of Ceylon and which is carrying on the business of life insurance ;
- (f) the transfer of shares in any company to any commercial bank (within the meaning of the Monetary Law Act) in satisfaction or part satisfaction of any loan, overdraft or other financial accommodation given by such bank on the security of a mortgage of such shares ; or
- (g) the transfer of property of any such class or description as is specified in any Order made by the Minister and published in the *Gazette*.

(5) The preceding provisions of this section shall be deemed to have come into operation on August 1, 1963.

59. Where a person liable to the tax in respect of any property does not pay the tax as required under this Part of this Act the tax shall be deemed to be in default, and the Commissioner of Inland Revenue shall, upon notification of such default by the

Registrar of Lands or the company, as the case may be, take steps for the recovery of the tax deemed to be in default.

For the purposes of such recovery the provisions of the Inland Revenue Act, No. 4 of 1963, shall, *mutatis mutandis*, apply in like manner and to the same extent as such provisions apply for the recovery of any tax in default under that Act.

60. (1) An instrument effecting a transfer of ownership of any land to a person shall not be registered in accordance with the provisions of the Registration of Documents Ordinance unless the Registrar of Lands to whom the instrument is presented for registration is satisfied that—

Conditions for the registration of instruments relating to transfers of property.

- (a) such person is a citizen of Ceylon ; or
- (b) if such person is not a citizen of Ceylon, the tax in respect of that land has been paid.

(2) A transfer of shares in a company shall not be registered in the register maintained by that company for the purposes of the transfer of shares unless the company is satisfied that—

- (a) the person to whom such shares were transferred is a citizen of Ceylon ; or
- (b) if the person to whom such shares were transferred is not a citizen of Ceylon, the tax in respect of such shares has been paid.

(3) Where any question arises as to whether a person is or is not a citizen of Ceylon for the purposes of sub-section (1) or sub-section (2), a certificate under the hand of the Permanent Secretary to the Ministry of Defence and External Affairs that that person is a citizen of Ceylon shall be conclusive proof of the fact that he is a citizen of Ceylon for the purposes only of sub-section (1) or sub-section (2).

61. (1) Where a transfer of ownership of any property to a person who is not a citizen of Ceylon has been effected on any date during the period commencing on the first day of August, 1963, and ending on the date on which this Act becomes an Act of Parliament, and—

Persons transferring property between August 1, 1963, and the date of enactment of this Act to non-Ceylonese liable to the tax.

- (a) where the instrument by which such transfer was effected has, if such property consists of land, been registered in

accordance with the provisions of the Registration of Documents Ordinance, or

(b) where such property consists of shares in a company, such transfer has been registered in the registers maintained by that company for the purposes of the transfer of shares,

before the expiration of such period, then the transferee of such property shall be liable to the tax.

(2) A person who is liable to the tax under sub-section (1) shall, upon being requested by notice in writing sent to him by the Registrar of Lands, or the company, as the case may be, by registered letter through the post, pay to such Registrar or company, within the period specified in such notice, the amount of the tax specified in the notice, such amount being an amount equivalent to the value of the property transferred to the person who is not a citizen of Ceylon.

**62.** All sums paid to or recovered by a Registrar of Lands or a company as tax under this Act shall be credited by such Registrar or company to the Consolidated Fund of Ceylon.

**63.** Where any person fails to pay the amount of the tax specified in a notice sent to him by a Registrar of Lands or a company under sub-section (2) of section 61, such amount shall be deemed to be in default, and such Registrar or company may issue a certificate containing particulars of such amount and the name and address of the defaulter to a Magistrate having jurisdiction in the division in which such defaulter resides. The Magistrate shall thereupon summon the defaulter before him to show cause why proceedings for the recovery 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 by order of the Magistrate be recovered as if it were a fine imposed by the Magistrate on such defaulter.

**64.** (1) Where a company fails to comply with the provisions of sub-section (2) of section 60, every director, manager, secretary or other officer of that company shall be guilty of an offence under this Part of this Act, and shall, on conviction after summary trial before a Magistrate, be liable

Sums paid or recovered as the tax to be credited to the Consolidated Fund of Ceylon.

Proceedings for the recovery of tax due from persons liable under section 61.

Offences.

to a fine not exceeding one thousand rupees or to imprisonment of either description for a term not exceeding six months or to both such fine and imprisonment :

Provided that a director, manager, secretary or other officer of such company shall not be deemed to be guilty of such offence if he proves that such offence was committed without his knowledge or that he exercised all due diligence to prevent the commission of such offence.

(2) Every person who is liable to the tax under sub-section (1) of section 61 shall notify in writing, within fifteen days after the date on which this Act becomes an Act of Parliament,—

(a) if the property consists of land, the Registrar of Lands of the district in which the land transferred by an instrument referred to in that sub-section is situated, of the fact of the execution of such instrument, or

(b) if the property consists of shares in a company, the company in the registers of which the transfer of such shares was registered, of the fact of the transfer of such shares.

(3) Any person who fails to comply with the provisions of sub-section (2) shall be guilty of an offence under this Part of this Act, and shall, on conviction after summary trial before a Magistrate, be liable to a fine not exceeding one thousand rupees or to imprisonment of either description for a term not exceeding six months or to both such fine and imprisonment.

65. The provisions of this Part of this Act shall have effect notwithstanding anything to the contrary in any other written law.

This Part of this Act to prevail over other written law.

66. In this Part of this Act, unless the context otherwise requires,—

Interpretation.

“ citizen of Ceylon ”—

(a) in the case of a person who is an individual, means an individual who is a citizen of Ceylon under any law for the time being in force relating to such citizenship.

(b) in the case of a person which is a company, means a company to which Part XI of the Companies Ordinance does not apply, and

(c) in the case of a person which is a firm consisting of two partners, means a firm where both partners are citizens of Ceylon, and in the case of a firm consisting of more than two partners, means a firm where the majority of the partners are citizens of Ceylon ;

“company” means a company incorporated or registered under any law in force in Ceylon or elsewhere ;

“land” includes—

- (a) any land covered with water ;
- (b) any house or building or any part thereof ; and
- (c) any undivided share of any land ;

“market value”, with reference to the transfer of any property otherwise than by sale, means the price which that property could have fetched on the date of the transfer in an open market ;

“property” means—

- (a) any land, or
- (b) any shares in a company ;

“transfer of ownership”, with reference to any property, means the transfer of ownership of that property by sale, gift or in any other manner whatsoever other than a transfer of ownership arising—

- (a) upon intestacy ;
- (b) by gift or testamentary disposition by any individual to his spouse, child, parent, brother or sister, and the issue of such child, brother or sister who is not a citizen of Ceylon ; or

(c) upon the succession of any person as trustee to a person appointed as trustee under a will or any instrument of trust or of any provident fund or any investment ;



“ transferee ” includes—

- (a) in the case of a transfer of ownership by a deed of gift, the donee ; and
- (b) in the case of a transfer of ownership by gift by a testamentary disposition, the person to whom it is so gifted ; and

“ value ” means—

- (a) in the case of any property of which the transfer of ownership took place by sale, the price realised by such sale ;
- (b) in the case of any property of which the transfer of ownership took place otherwise than by sale, the amount equal to the market value of such property on the date of such transfer.

## PART VII

### Amendments to the Monetary Law Act and the People's Bank Act, No. 29 of 1961

67. The following new Part is hereby inserted immediately after Part III, and shall have effect as Part IIIA, of Chapter V of the Monetary Law Act :—

Insertion of new Part IIIA in Chapter V of the Monetary Law Act.

#### ‘Part IIIA

#### MEDIUM AND LONG TERM CREDIT OPERATIONS WITH CREDIT INSTITUTIONS

Loans or advances to credit institutions.

88A. (1) With the object of granting financial accommodation to any credit institution in respect of lending operations carried out by such institution for any productive purpose, the Central Bank may, from time to time, grant, out of the Fund, any loan or advance to such institution against a promissory note given by such institution subject to and in accordance with the following conditions :—

- (a) that the loan or advance is repayable within such period not exceeding fifteen years as may be determined by the Bank ;

(b) that the repayment to the Central Bank of the loan or advance is secured by the assignment to the Bank by way of pledge—

(i) of debts owing to such institution by its borrowers in respect of such purpose or purposes, and

(ii) of mortgages given as security for the payment of such debts to such institution; and

(c) such other conditions including the rate of interest to be charged by the Bank on such loan or advance, as may be determined by the Monetary Board.

Such assignment is in this Part of this Act referred to as an “assignment by way of pledge”.

(2) The Monetary Board may prescribe the conditions subject to which loans or advances will be available out of the Fund to credit institutions, including conditions relating to the rates of interest charged by such institutions, to the purposes for which their loans in general are destined, and to any other matters affecting or connected with the credit policy of such institutions.

(3) An assignment by way of pledge to the Central Bank under this Part of this Act shall be effected by an instrument which shall be substantially in the following Form :—

*Form of Assignment by way of  
pledge to the Central Bank of  
Ceylon under section 88A of the  
Monetary Law Act.*

We, \_\_\_\_\_, in terms of section 88A of the Monetary Law Act, do hereby assign to the Central Bank

of Ceylon by way of pledge, the debts owing to us, particulars whereof are set forth in the Schedule hereto, and our rights as mortgagees under the mortgages mentioned in the Schedule hereto, as security or further security for the repayment to the Central Bank of Ceylon of a \*loan/advance of Rs. \_\_\_\_\_ granted to us by the Bank repayable \_\_\_\_\_ with interest at \_\_\_\_\_ % per annum.

\* Delete whichever is inapplicable.

#### SCHEDULE

<i>Amount of debt</i>	<i>Borrower's name and address</i>	<i>Mortgage bond No.</i>	<i>Date</i>	<i>Notary</i>
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(4) The Central Bank shall, on the execution of an assignment by way of pledge under this Part of this Act, have a first charge on the debts and rights assigned.

(5) The provisions of this Part of this Act shall have effect notwithstanding anything to the contrary in any other provisions of this Act.

Instrument of assignment by way of pledge to the Central Bank to be free of stamp duty.

88B. No duty shall be chargeable or payable under the Stamp Ordinance on or in respect of any instrument of assignment by way of pledge to the Central Bank under this Part of this Act, and accordingly, for the purposes of that Ordinance, such instrument shall be deemed to be exempt from such duty.

Instruments of assignment by way of pledge to the Central Bank need not be registered under the Registration of Documents Ordinance.

88C. No instrument of assignment by way of pledge to the Central Bank under this Part of this Act shall require registration under the Registration of Documents Ordinance, and accordingly any such instrument shall be deemed not to be void by reason only of its not being so registered.

Notarial execution not required in the case of assignments by way of pledge.

88D. No assignment by way of pledge shall require execution before a licensed notary public and witnesses as provided by section 2 of the Prevention of Frauds Ordinance, and accordingly any such assignment shall be deemed not to be void by reason only of its not being so executed.

Medium and Long Term Credit Fund.

88E. (1) The Central Bank may establish, maintain, manage, and control, at the Bank, a Fund to be called the Medium and Long Term Credit Fund (in this Part of this Act referred to as the "Fund").

(2) The Monetary Board may, from time to time, transfer to the Fund, out of the reserves of the Bank, such sums of money as it may deem necessary to enable the Bank to discharge its functions under this Part of this Act.

(3) The Central Bank shall pay out of the Fund—

(a) the amounts of all loans and advances granted by the Bank to credit institutions under this Part of this Act ;

(b) all sums of money representing other liabilities incurred by the Bank in the discharge of its functions under this Part of this Act ; and

(c) all sums of money which the Bank may, from time to time, decide to retransfer from the Fund to the reserves of the Bank.

(4) The Central Bank shall, in addition to the sums of money referred to in sub-section (2), pay into the Fund—

(a) all sums of money paid to or recovered by the Bank in re-payment of the loans

or advances granted by the Bank to credit institutions under this Part of this Act ; and

(b) all sums of money paid to or recovered by the Board as interest on such loans or advances.

Interpretation.

88F. In this Part of this Act,—

(a) “credit institution” means any banking institution as defined in sub-section (1) of section 127 of this Act and includes the Development Finance Corporation of Ceylon established under the Development Finance Corporation of Ceylon Act ; and

(b) “productive purpose” means any such purpose connected with or relating to the promotion or development of agriculture, industry, trade, commerce or business, as may be determined, from time to time, by the Monetary Board.

This Part of this Act to prevail over other written law.

88G. The provisions of this Part of this Act shall have effect notwithstanding anything to the contrary in the provisions of any other written law, and accordingly in the event of any conflict or inconsistency between the provisions of this Part of this Act and the provisions of such other written law, the provisions of this Part of this Act shall prevail over the provisions of such other written law.’

68. Section 31 of the People’s Bank Act, No. 29 of 1961, is hereby repealed.

Amendment to Act No. 29 of 1961.

## PART VIII

**The Acquisition by the People's Bank of  
certain premises and the disposal of such  
premises**

Date of  
operation of  
this Part of this  
Act.

**69.** This Part of this Act shall come into operation on the appointed date.

Administration  
of this Part of  
this Act.

**70.** The People's Bank established under the People's Bank Act, No. 29 of 1961, (and hereafter in this Part of this Act referred to as the "Bank") shall be responsible for and charged with the administration of this Part of this Act and shall, in the exercise, performance or discharge of any power, duty or function conferred or imposed upon or assigned to the Bank by or under this Part of this Act, be subject to the general direction and control of the Minister.

Acquisition  
of certain  
premises.

**71.** (1) Subject to the provisions of sub-section (2), the Bank is hereby authorized to acquire the whole or any part of any agricultural, residential or business premises, if the Bank is satisfied that those premises were, at any time before or after the appointed date but not earlier than the first day of January, 1956,—

- (a) sold in execution of a mortgage decree entered by a court against the owner of such premises (hereafter in this Part of this Act referred to as the "original owner") ; or
- (b) transferred by the owner of those premises (hereafter in this Part of this Act referred to as the "original owner") or his heirs, executors or administrators to any other person or the heirs, executors or administrators of any other person in satisfaction of a debt which was due from the original owner or his predecessor in title to that other person and which was secured by a mortgage of those premises subsisting immediately prior to the transfer ; or

- (c) transferred by the owner of those premises (hereafter in this Part of this Act referred to as the "original owner")

or his heirs, executors or administrators to any other person, at the request of a mortgagee of those premises, in satisfaction or part satisfaction of a debt which was due from the original owner or his predecessor in title to that mortgagee and which was secured by a mortgage of those premises subsisting immediately prior to the transfer ; or

(d) transferred by the owner of such premises to any other person after receiving from such other person a sum of money as consideration for such transfer and upon the condition that, on the repayment by the transferor (hereafter in this Part of this Act referred to as the "original owner") of that sum together with interest thereon within a specified period such other person will re-transfer those premises to the original owner.

(2) No premises shall be acquired under subsection (1)—

(a) unless an application in that behalf has been made to the Bank by the original owner of such premises or, where such original owner is dead or is of unsound mind or otherwise incapable of acting, by the spouse or any descendant of such person ; or

(b) unless the Bank is satisfied that the average statutory income of the person making the application and of the other members of the family of which he is the head, computed under the provisions of the written law relating to the imposition of income tax, for the three years of assessment immediately preceding the date on which such application was made by him, does not exceed a sum of ten thousand rupees ; or

(c) if the Bank is satisfied—

(i) that the premises to which the application relates are reasonably required for occupation as

a residence for the owner of those premises or any member of the family of such owner or for the purposes of any trade, business, profession, vocation or employment of such owner or any member of his family and that such owner or member of his family has no other premises which could be used for the purpose for which the premises to which the application relates are being used, or

(ii) that the premises to which the application relates were, prior to the date of registration of the notice referred to in paragraph (b) of sub-section (4), purchased *bona fide* for valuable consideration by the owner of such premises from the person to whom such premises were sold or transferred in any of the circumstances specified in sub-section (1) or from any other person to whom such premises were subsequently transferred by such person ; or

(d) unless, in the case of an application relating to any agricultural premises, the Bank is satisfied that the applicant is not the owner of any other agricultural premises exceeding ten acres in extent.

For the purposes of sub-paragraph (i) of paragraph (c) of this sub-section, "member of the family", when used in relation to any person, means the spouse of that person or any son or daughter of that person over eighteen years of age, or any parent, brother or sister dependent on that person.

(3) The question whether any premises which the Bank is authorized to acquire under this Part of this Act should or should not be acquired shall be determined by the Bank and every such determination of the Bank shall be final and conclusive and shall not be called in question in any court.



(4) Where the Bank has determined that any premises shall be acquired for the purposes of this Part of this Act, the Bank shall—

(a) notify such determination to the owner of such premises ; and

(b) cause a notice to be delivered or transmitted to the proper Registrar of Lands for registration, setting out the prescribed particulars relating to those premises and stating that those premises are to be acquired under this Part of this Act.

Every notice under paragraph (b) shall be registered by the Registrar of Lands in the manner provided in the Registration of Documents Ordinance for the registration of an instrument affecting or relating to land and shall be deemed for such purposes to be an instrument affecting or relating to the premises the prescribed particulars of which are set out in such notice.

72. (1) Where the Bank has determined that any premises shall be acquired for the purposes of this Part of this Act, the Chairman of the Board of Directors of the Bank shall cause such determination to be notified to the Minister.

Acquisition  
procedure.

(2) Upon being notified of the determination of the Bank in respect of any premises, the Minister may, by Order (hereafter in this Part of this Act referred to as a "vesting Order") published in the *Gazette*, vest in the Bank, with effect from such date as shall be specified in the Order, the premises to which such determination relates.

(3) Where a vesting Order under sub-section (2) in regard to any premises is published in the *Gazette*, such premises shall, with effect from the date specified in the Order under that sub-section, vest absolutely in the Bank free from all encumbrances.

(4) Any person specially or generally authorized in that behalf by the Chairman of the Board of Directors of the Bank may take possession of any premises vested in the Bank by a vesting Order.

(5) The person who, under sub-section (4), is authorized to take possession of any premises vested in the Bank by a vesting Order shall, by notice given to the person in occupation or in

possession of such premises or exhibited in some conspicuous place in, or in the vicinity of, such premises,—

- (a) inform that such authorized officer intends to take possession of such premises for and on behalf of the Bank on such date and at such time and place as shall be specified in the notice, and
- (b) require any person interested or his authorized agent to be present on the date and at the time and place so specified, and to allow and assist such authorized officer to take possession of such premises for and on behalf of the Bank.

(6) Any notice required to be given to any person under sub-section (5) shall be deemed to be given to him if such notice is sent to him by registered letter through the post.

(7) Every person—

- (a) who contravenes any requirement of any notice given to him under sub-section (5), or
- (b) who—
  - (i) prevents, obstructs or resists, or
  - (ii) directly or indirectly causes any one to prevent, obstruct or resist, any other person from or in taking possession under the preceding provisions of this section of any premises for and on behalf of the Bank,

shall be guilty of an offence under this Part of this Act, 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 thousand rupees or to both such imprisonment and fine.

**73.** Where any premises are vested in the Bank, the Chairman of the Board of Directors of the Bank shall, by notice published in the *Gazette* and in such other manner as may be determined by him, direct every person who was interested in such premises immediately before the date on which such premises were so vested, to make, within a period of one month reckoned from the date specified in the notice, a written claim

Notice to persons entitled to make claims to the compensation payable under this Part of this Act in respect of any premises vested in the Bank.

to the whole or any part of the compensation payable under this Part of this Act in respect of such premises, and to specify in the claim—

- (a) his name and address,
- (b) the nature of his interest in such premises,
- (c) the particulars of his claim, and
- (d) how much of such compensation is claimed by him.

74. Upon the receipt of any claim made under section 73 to the compensation payable under this Part of this Act in respect of any premises vested in the Bank, the Chairman of the Board of Directors of the Bank shall cause the following documents to be sent to the claimant by registered letter through the post—

Provisions to be complied with by the Chairman of the Board of Directors of the Bank on receipt of claims to compensation.

(a) a copy of any such report in regard to the condition of the aforesaid premises as has been made by or under the authority of the Bank under any regulation made under this Part of this Act, if a copy of that report has not already been served on the claimant ;

(b) a copy of any such assessment of the compensation payable under this Part of this Act in respect of the aforesaid premises as has been made by or under the authority of the Bank ;

(c) a notice requiring the claimant, within the time specified in the notice—

(i) to furnish to the Bank a written statement setting out whether or not he agrees with the report referred to in the preceding paragraph (a) and the assessment referred to in the preceding paragraph (b) and, if he does not so agree, any objections that he may have to such report and assessment, and the grounds of such objections, and

(ii) to produce to the Bank all documents, and in particular the documents in regard to the condition of the aforesaid premises, relied on by him in support of any such objection.

75. (1) The Chairman of the Board of Directors of the Bank shall refer to the Compensation Tribunal for determination the amount of the compensation payable in respect of any property vested in the Bank under this Part of this Act and shall transmit to the Tribunal all claims made to such compensation, together with all documents furnished by the claimants in support of their claims, and all documents, copies of which have been served on or transmitted to the claimants by the Bank.

(2) A reference made under sub-section (1) to the Compensation Tribunal is hereafter in this Part of this Act referred to as a "reference for an award as to compensation".

76. The amount of compensation to be paid under this Part of this Act in respect of any premises vested in the Bank shall be either the actual amount for which such premises were purchased by, or transferred to, the owner thereof and an additional sum which is equal to the reasonable value of any subsequent additions and improvements made to such premises by any person who was interested in such premises before the publication of the vesting Order in regard to such premises or the market value of such premises, whichever is less.

77. The compensation payable in respect of any premises vested in the Bank under this Part of this Act shall be considered as accruing due from the date on which those premises were so vested.

78. (1) The amount of compensation to be paid to any person in respect of any premises vested in the Bank under this Part of this Act shall be proportionate to the interest such person had in such premises on the date on which such premises were so vested.

(2) Where any premises are subject to a mortgage or lease at the time when those premises were vested in the Bank under this Part of this Act, the rights of the mortgagee or of the lessee, shall, notwithstanding the provisions of sub-section (3) of section 72, be limited to any sum paid under this Part of this Act as compensation in respect of those premises.

Reference to the Compensation Tribunal for an award as to compensation in respect of any premises vested in the Bank under this Part of this Act.

Compensation in respect of premises vested in the Bank under this Part of this Act.

When compensation in respect of any vested premises accrues due.

Proportionate payment of compensation.

79. Any compensation payable under this Part of this Act shall, from the date on which such compensation accrues due up to the date of payment, carry interest at such rate as may be determined by the Bank with the concurrence of the Minister.

Interest on compensation.

80. No compensation in respect of any premises vested in the Bank under this Part of this Act shall be paid to any person under this Part of this Act unless such person is entitled to such compensation according to an award (hereafter in this Part of this Act referred to as an "award as to compensation") made by the Compensation Tribunal under this Part of this Act.

Right to compensation.

81. Where any compensation payable to any person under this Part of this Act in respect of premises vested in the Bank is not accepted by him when it is tendered to him or where such person is dead, cannot be found after diligent search, or is not known, it shall be paid to the District Court or Court of Requests having jurisdiction over the place where such premises are situated, according as the amount of that compensation exceeds or does not exceed three hundred rupees, to be drawn by the person or persons entitled thereto.

Provisions for cases where compensation is not accepted, etc.

82. (1) There shall be established, for the purposes of this Part of this Act, a Compensation Tribunal consisting of ten members appointed by the Governor-General of whom at least five shall be persons with judicial or legal experience.

Constitution of the Compensation Tribunal.

(2) A person shall be disqualified for appointment, or for continuing, as a member of the Compensation Tribunal if he is a Senator, a Member of Parliament, or a member of the Board of Directors of the Bank or an officer or an employee of the Bank.

(3) A member of the Compensation Tribunal with judicial or legal experience shall be appointed to be the Chairman, and another member with similar experience shall be appointed to be the Vice-Chairman, of the Tribunal by the Governor-General on the recommendation of the Minister.

(4) Every member of the Compensation Tribunal shall, unless he earlier vacates office or is removed therefrom by the Governor-General, hold office

for a period of three years. Any member of the Tribunal who vacates office by effluxion of time shall be eligible for reappointment.

(5) There shall be appointed a Secretary to the Compensation Tribunal (hereafter in this Part of this Act referred to as the "Secretary") and such other officers and servants as may be necessary for the performance of the work of the Tribunal.

(6) The members, officers and servants of the Compensation Tribunal shall be remunerated at such rates as may be determined by the Board of Directors of the Bank.

Meetings of the  
Compensation  
Tribunal.

83. (1) The Secretary shall, under the direction of the Chairman or in his absence the Vice-Chairman of the Compensation Tribunal, convene meetings of the Tribunal for the consideration and determination of references for awards as to compensation.

(2) The Chairman or Vice-Chairman and four other members of the Compensation Tribunal shall be summoned to a meeting of the Tribunal. Such other members shall be chosen by lot by the Secretary. The quorum for a meeting of the Tribunal shall be three members.

(3) Two separate meetings of the Compensation Tribunal may be convened and held at the same time to consider and determine different references for awards as to compensation.

(4) Where the Chairman or the Vice-Chairman is summoned to a meeting of the Compensation Tribunal, the Chairman or Vice-Chairman, as the case may be, shall preside at that meeting, and in the absence of the Chairman or the Vice-Chairman the members of the Tribunal summoned to and present at that meeting shall choose from themselves a chairman for the meeting.

(5) A member of the Compensation Tribunal who is interested in any matter which is the subject of a reference for an award as to compensation or who has been consulted as an advocate or proctor or in any other capacity in regard to that matter by or on behalf of any person interested therein shall not participate in any proceedings of a meeting of the Tribunal on such reference.

(6) A meeting of the Compensation Tribunal may from time to time be postponed or adjourned.

**84.** (1) Every reference for an award as to compensation shall be considered and determined at a meeting of the Compensation Tribunal.

Proceedings  
before Com-  
pensation  
Tribunal.

(2) The Secretary shall fix a date, time and place for the consideration and determination by the Compensation Tribunal of each reference for an award as to compensation.

(3) The Secretary shall, in respect of every reference for an award as to compensation, keep a record of all such proceedings before the Compensation Tribunal as relate to that reference.

**85.** (1) The Chairman or Vice-Chairman of the Compensation Tribunal and, if the Chairman or the Vice-Chairman is not presiding at any meeting of the Tribunal, the chairman of that meeting shall, for the purposes of the consideration and determination of any reference for an award as to compensation, have all the powers of a District Court—

Power to  
summon  
witnesses, etc.

- (a) to summon and compel the attendance of witnesses ;
- (b) to compel the production of documents ; and
- (c) to administer any oath or affirmation to witnesses.

(2) Every person giving evidence on any matter before a meeting of the Compensation Tribunal shall be bound to state the truth on such matter.

(3) Every person who attends a meeting of the Compensation Tribunal as a witness shall be paid as travelling and other expenses such sum as may be determined by the chairman of that meeting.

**86.** (1) The determination made at a meeting of the Compensation Tribunal on any matter considered at that meeting shall be deemed to be the determination of the Tribunal on that matter.

Determination  
of the Compen-  
sation Tribunal.

(2) Where the members of the Compensation Tribunal who consider any matter disagree with regard to the determination on that matter, the determination of the majority of them shall be the determination of the Tribunal on that matter, and, where the members are equally divided in their opinion, the determination supported by the chairman of the meeting by which that matter is considered shall be the determination of the Tribunal on that matter.

(3) Every determination of the Compensation Tribunal shall contain the reasons therefor.

Compensation Tribunal may regulate its procedure at meetings.

87. Subject to the provisions contained in this Part of this Act in respect of procedure, the Compensation Tribunal may lay down the procedure to be observed at meetings of the Tribunal.

The Bank and claimants to compensation to be given an opportunity of being heard before the making of an award.

88. Where a reference for an award as to compensation is made to the Compensation Tribunal, the Tribunal shall, before making an award, give the Bank and every person who has made a claim to compensation an opportunity of being heard either in person or by an agent authorized in that behalf.

Provisions in regard to evidence.

89. (1) Where a copy of any report made by or under the authority of the Bank in regard to the condition of any premises vested in the Bank under this Part of this Act is served on any claimant to compensation in respect of such premises, then, in so far as that claimant is concerned, that report shall, in any proceedings relating to the claim of the claimant before the Compensation Tribunal, be *prima facie* evidence of the facts stated therein until the contrary is proved.

(2) Where a copy of the Bank's assessment of compensation in respect of any premises is served on any claimant to such compensation, that assessment shall, in any proceedings relating to the claim of the claimant before the Compensation Tribunal, be *prima facie* evidence of the facts stated therein until the contrary is proved.

(3) Where a report in regard to the condition of any premises vested in the Bank, or the Bank's assessment of any compensation, is *prima facie* evidence of the facts stated therein under the preceding provisions of this section in any proceedings relating to a claim to compensation before the Compensation Tribunal, then, the claimant shall not be entitled to produce in those proceedings any document in support of any objection to such report or assessment unless that document had been produced to the Bank as required by or under this Part of this Act.

An award as to compensation by the Compensation Tribunal on a reference.

90. (1) Where a reference for an award as to compensation is made to the Compensation Tribunal in respect of any premises vested in the Bank, the Tribunal shall, after considering all such



matters and hearing all such witnesses as may be necessary for the purpose and after complying with the provisions of section 88 and section 89 make, save as otherwise provided in sub-section (2), an award determining—

- (a) whether or not each person who has made a claim to compensation is a person entitled to compensation, and if so, the capacity in which he is so entitled ;
- (b) the amount of the compensation payable in respect of such premises in accordance with the provisions of this Part of this Act ; and
- (c) the apportionment of the compensation among the persons entitled to compensation :

Provided that, where there is a dispute as to the persons entitled to such compensation or as to the apportionment of such compensation among the persons entitled to such compensation, the Tribunal shall defer the making of an award and shall refer the dispute for decision to the District Court within whose jurisdiction such premises are situated and shall, after such Court or, in the event of an appeal, the Supreme Court makes its decision on such dispute, make an award in accordance with such decision.

(2) Any person who is dissatisfied with the decision of the District Court on a reference made to such Court under the proviso to sub-section (1) may appeal against such decision to the Supreme Court within the time and in the manner provided in the Civil Procedure Code for appeals against decrees in civil suits. The decision of the Supreme Court on any appeal to such Court under this sub-section shall be final.

(3) Where no person makes a claim to compensation in respect of any premises vested in the Bank, it shall not be necessary to determine in the award under this section the matters specified in paragraphs (a) and (c) of sub-section (1) and to comply with the provisions of sub-section (4) relating to the giving of notice of the award to claimants to compensation.

(4) The Compensation Tribunal shall cause written notice of awards to be given to the Bank and the claimants to compensation.

(5) An award of the Compensation Tribunal shall be final and shall not be called in question in any court.

Disposal of premises acquired by the Bank under the preceding provisions of this Part of this Act.

91. Any premises vested in the Bank in consequence of an application made to the Bank for the acquisition of such premises by any person entitled to make such application under the preceding provisions of this Part of this Act may be let by the Bank to such person or where such person is dead, to the surviving spouse, if any, or any descendant of such person upon such terms as will enable the person to whom such premises are let to become the owner thereof after making a certain number of half-yearly payments as rent.

Powers of entry, survey, etc.

92. Where the Bank considers it necessary that an inspection, examination or survey should be made of any premises which the Bank is authorized under this Part of this Act to acquire, it shall be lawful for any person authorized in that behalf by the Chairman of the Board of Directors of the Bank, together with such persons, implements, materials, vehicles and animals as may be necessary, to enter upon and to take levels of such premises, and to do all such other acts as may be necessary for the purpose of such inspection, examination or survey :

Provided, however, that no person shall enter or do any act upon any premises in pursuance of the powers conferred on him by the preceding provisions of this section except with the consent of the owner or occupier of those premises, or after giving such owner or occupier, in the prescribed manner, not less than seven days' notice of his intention to enter those premises or to do such act thereon.

Power of Bank to call for returns.

93. (1) The Chairman of the Board of Directors of the Bank or any other person authorized in that behalf by such Chairman may, by notice in writing, direct any person to furnish before a specified date to the Bank or to such officer thereof as may be specified in the notice—

(a) a return in the prescribed form containing the prescribed particulars relating to any such premises as are referred to in section 71 of which that person is, or was at any time, the owner ; or

- (b) such information or explanation as the Bank may require in respect of any particulars stated in any return furnished by that person; or
- (c) such documentary or other evidence as the Bank may require for the purpose of verifying any particulars stated in any return or any information furnished by that person.

(2) Where any person has a plan of any premises referred to in section 71, the Chairman of the Board of Directors of the Bank or any other person authorized in that behalf by such Chairman may by written notice direct that person to produce the plan before a specified date to such officer of the Bank as is specified in the notice in order that the Bank may verify the boundaries and extent of those premises.

(3) Any notice required to be given to any person under the preceding provisions of this section shall be deemed to be given to him if such notice—

- (a) has been sent through the post by registered letter to his residence or place of business or to his agent; or
- (b) has been affixed to a conspicuous part of such residence or place; or
- (c) in a case where such person is on the date of issue of such notice the owner of the premises to which such notice relates, has been sent through the post by registered letter to the occupier of such premises or has been affixed in a conspicuous part of a building, or to a tree or post in a conspicuous place, on such premises.

(4) Any person—

- (a) who contravenes any requirement of any notice given to him under this section; or
- (b) who, when required to furnish a return or any information or explanation, or evidence, knowingly furnishes a return containing any particulars which are false or any information, explanation or evidence which is false,

shall be guilty of an offence and shall, on conviction after summary trial before a Magistrate, be liable to a fine not exceeding five hundred rupees.

Prohibition of act which diminishes the value of any premises to be vested in the Bank under this Part of this Act

94. (1) Where any premises have been inspected by any person authorized in that behalf by the Chairman of the Board of Directors of the Bank for the purpose of assessing the value of such premises with a view to acquiring such premises under the provisions of this Part of this Act, such Chairman may by written notice given in the same manner as a notice under section 93, prohibit the owner or occupier of such premises from committing or permitting the commission of any damage to those premises or to any plantation, building or other structure on those premises, or any other act which will diminish the value of those premises.

(2) Where it is decided not to vest in the Bank by vesting Order made under the provisions of this Part of this Act any premises in respect of which a notice has been given to any person under sub-section (1), the Chairman of the Board of Directors of the Bank shall forthwith cancel that notice and give written information of the cancellation to that person.

(3) A person who contravenes a notice issued to him under sub-section (1) shall be guilty of an offence and shall, on conviction after summary trial before a Magistrate, be liable to a fine not exceeding five hundred rupees.

Informality or irregularity.

95. No informality or irregularity occurring in any matter or proceeding under this Part of this Act shall invalidate or affect the title to any land vested in the Bank under this Part of this Act.

Financial provisions.

96. All expenses incurred in the administration of this Part of this Act, including the remuneration to be paid to the members, officers and servants of the Compensation Tribunal and the sums to be paid as travelling and other expenses to persons attending a meeting of the Tribunal as witnesses shall, notwithstanding anything to the contrary in the People's Bank Act, No. 29 of 1961, be met by the Bank.

Regulations.

97. (1) The Minister may make regulations—

(a) for the purpose of carrying out or giving effect to the principles and provisions of this Part of this Act ;

(b) in respect of any matter regarding the assessment and payment of any compensation under this Part of this Act ;

(c) in respect of any matter stated or required by this Part of this Act to be prescribed.

(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 regulation.

(3) Every regulation made by the Minister shall, as soon as may be convenient after its publication in the *Gazette*, be brought before the Senate and the House of Representatives for approval. Any 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 any regulation made by the Minister is deemed to be rescinded shall be published in the *Gazette*.

98. In this Part of this Act unless the context otherwise requires—

Interpretation.

“ agricultural premises ” means any property or premises which is used or capable of being used wholly or mainly for the purpose of agriculture or horticulture or for any purpose of husbandry including the keeping or breeding of live-stock, poultry, or bees and the cultivation of fruits, vegetables and the like ;

“ business premises ” means any premises other than agricultural premises or residential premises ;

“ Compensation Tribunal ” means the Compensation Tribunal established under this Part of this Act ;

“ market value ”, with reference to any premises vested in the Bank, means the price which those premises would have fetched in the open market on the date on which such premises were vested in the Bank ;

“ Minister ” means the Minister to whom the subject or function of the People's Bank is assigned by the Prime Minister under section 46 of the Ceylon (Constitution) Order in Council, 1946 ;

“ person who was interested ”, in relation to any premises vested in the Bank, means a person who, immediately before the

date on which such premises were so vested, has an interest in such premises as owner, co-owner, mortgagee, lessee or otherwise, whether absolutely for himself or in trust for any other person ;

“ prescribed ” means prescribed by regulation made under this Part of this Act ;

“ regulation ” means a regulation made by the Minister under this Part of this Act ;

“ residential premises ” means any premises for the time being occupied wholly or mainly for the purposes of residence ;

“ spouse ”, when used with reference to any person, means the husband or wife, as the case may be, of that person and includes, in the case of a marriage by habit and repute or according to custom, any contracting party to such marriage ;

“ year of assessment ” has the same meaning as in the Inland Revenue Act, No. 4 of 1963.

## PART IX

### Amendments to the Stamp Ordinance

99. The provisions of this Part of this Act shall come into operation on the appointed date.

100. The following new section is hereby inserted immediately after section 2 of the Stamp Ordinance (hereinafter referred to as the “ principal enactment ”) and shall have effect as section 2A of that enactment :—

“ Amendment or variation of Schedules to this Ordinance.

2A. (1) Any Schedule to this Ordinance may be amended or may be varied by an Order made by the Minister and published in the *Gazette*. Every such Order shall be brought before the House of Representatives within a period of two months from the date of publication of such Order in the *Gazette* by a motion that such Order shall be approved.

Date of operation of this Part of this Act.

Insertion of new section 2A in Chapter 247.

(2) Any Order which the House of Representatives refuses to approve shall, with effect from the date of such refusal, be deemed to be revoked but without prejudice to the validity of anything previously done thereunder. Notification of the date on which such Order is deemed to be revoked shall be published in the *Gazette*.”.

101. Part I of Schedule A to the principal enactment is hereby amended as follows :—

Amendment of Part I of Schedule A to the principal enactment.

(1) in item 4 of that Part, by the substitution, for the figures “ 0.50 ” appearing in the column headed “ Duty ”, of the figures “ 1. 0 ” ;

(2) in item 8 of that Part—

(i) by the substitution, for the figures “ 0.25 ” appearing in the column headed “ Duty ”, of the figures “ 0.50 ”,

(ii) by the substitution, for the figures “ 0.50 ” appearing in the column headed “ Duty ”, of the figures “ 1. 0 ”,

(iii) by the substitution, for the figures “ 0.75 ” appearing in the column headed “ Duty ”, of the figures “ 1.50 ”,

(iv) by the substitution, for the figures “ 1. 0 ” appearing in the column headed “ Duty ”, of the figures “ 2. 0 ”,

(v) by the substitution, for the figures “ 1.25 ” wherever those figures collectively appear in the column headed “ Duty ”, of the figures

- (vi) by the substitution, for the figures "2.50" appearing in the column headed "Duty", of the figures "5.0", and
  - (vii) in the Proviso to that item, by the substitution, for the words "ten rupees.", of the words "fifteen rupees." ;
- (3) in item 15 of that Part, by the substitution, for the figures "0.25" appearing in the column headed "Duty", of the figures "1.0" ;
  - (4) in item 17 of that Part, by the substitution, for the figures "0.6" appearing in the column headed "Duty", of the figures "0.10" ;
  - (5) in item 31 of that Part, as amended by Act No. 16 of 1958, by the substitution, for the figures "0.10" appearing in the column headed "Duty", of the figures "0.50" ;
  - (6) in item 36 of that Part, by the substitution, for the figures "0.6" appearing in the column headed "Duty", of the figures "0.10" ;
  - (7) in item 37 of that Part—
    - (i) in paragraph (1) of that item by the substitution, for the figures "5.0" appearing in the column headed "Duty", of the figures "10.0", and
    - (ii) in paragraph (2) of that item by the substitution, for the figures "2.50" appearing in the column headed "Duty", of the figures "5.0" ;
  - (8) in item 42 of that Part, by the substitution, for the figures "10.0" appearing in the column headed "Duty", of the figures "50.0", and



- (9) in item 52 of that Part, by the substitution, for the figures "0. 6" appearing in the column headed "Duty", of the figures "0.50".

102. Part II of Schedule A to the principal enactment is hereby amended as follows :—

Amendment of Part II of Schedule A to the principal enactment.

- (1) under the heading "IN THE SUPREME COURT"—

(i) in the column under the heading Class 7, by the substitution, for the figures "21. 0", of the figures "24. 0",

(ii) in the column under the heading Class 8, by the substitution, for the figures "24. 0", of the figures "28. 0", and

(iii) in the column under the heading Class 9, by the substitution, for the expression "Rs. 3.", of the expression "Rs. 5." ;

- (2) under the heading "IN THE DISTRICT COURTS"—

(a) in the column under the heading Class 5—

(i) by the substitution, for the figures "1.50", of the figures "3. 0",

(ii) by the substitution, for the figures "3. 0", of the figures "5. 0", and

(iii) by the substitution, for the figures "0.30", of the figures "0.50" ; and

(b) in the item "Claim to property seized, or objection," by the substitution, for the expression "Re. 1.20.", of the expression "Rs. 2." ;

- (3) under the heading "IN THE COURTS OF REQUESTS", by the substitution, for all the words and figures "in cases of Rs. 50, and upwards, Re. 1.", of the words and figures "in cases of Rs. 50 and up to Rs. 300, Re. 1, and in cases over Rs. 300, Rs. 2." ;
- (4) in the item "Claim or objection to property seized", appearing under the heading "CLAIM PROCEEDINGS", by the substitution, for the figures "0.60" appearing under the heading "Duty", of the figures "1.0" ;
- (5) under the heading "EXHIBITS", by the substitution, for the words "twelve cents", of the words "twenty-five cents" ;
- (6) under the heading "MISCELLANEOUS"—
- (i) by the substitution, for the words "six cents" occurring in each of the paragraphs (a) and (b), of the words "ten cents",
  - (ii) in paragraph (g), by the substitution, for the figures "12. 0" appearing under the heading "Duty", of the figures "15. 0",
  - (iii) in paragraph (i), by the substitution, for the figures "6. 0" appearing under the heading "Duty", of the figures "7.50",
  - (iv) in paragraph (j), by the substitution, for the figures "5,000.", of the figures "10,000.", and
  - (v) in paragraph (m), by the substitution, for the figures "5,000.", of the figures "10,000." ; and
- (7) under the heading "IN THE MAGISTRATES' COURTS",—
- (a) by the substitution, for the figures "0.30" appearing under the heading "Duty", of the figures "0.50", and
  - (b) by the substitution, for the figures "0.18" appearing under the heading "Duty", of the figures "0.25".

**103.** Part III of Schedule A to the principal enactment is hereby amended in paragraph 6, by the substitution, for the words "twelve cents", of the words "twenty-five cents".

Amendment of Part III of Schedule A to the principal enactment.

**104.** Part IV of Schedule A to the principal enactment is hereby amended as follows :—

Amendment of Part IV of Schedule A to the principal enactment.

- (a) by the substitution, for the figures "0.42" appearing under the heading "Duty", of the figures "0.50";
- (b) by the substitution, for the figures "0.60" appearing under the heading "Duty", of the figures "0.75";
- (c) by the substitution, for the figures "0.90" appearing under the heading "Duty", of the figures "1.20";
- (d) by the substitution, for the figures "1.20" appearing under the heading "Duty", of the figures "1.50";
- (e) by the substitution, for the figures "1.80" appearing under the heading "Duty", of the figures "2.0";
- (f) by the substitution, for the figures "2.40" appearing under the heading "Duty", of the figures "2.75"; and
- (g) in the second Proviso to that Part, by the substitution, for the words "ten cents", of the words "twenty-five cents".

**105.** Part V of Schedule A to the principal enactment is hereby amended as follows :—

Amendment of Part V of Schedule A to the principal enactment.

- (a) in item 2, by the substitution, for the figures "2.50" appearing under the heading "Duty", of the figures "5.0"; and
- (b) by the addition at the end of that Part of the following new item :—
  - "4. Search of court records—for each application 0.25".

## PART X

### Provisions relating to the sale of certain motor cars

**106.** The provisions of this Part of this Act shall be deemed to have come into operation on the second day of August, 1963.

Date of operation of this Part of this Act.

Prohibition of the sale of motor cars to which this Part of this Act applies without the approval of the Registrar.

**107.** (1) Any motor car to which this Part of this Act applies shall not, during a period of seven years commencing from the date of the first registration of that motor car, or the date of the importation of that motor car if that motor car had not been registered, be sold by its owner except with the previous approval in writing of the Registrar :

Provided that such period may be reduced or extended in regard to all such motor cars or to any particular description of such motor cars as the House of Representatives may by resolution determine.

(2) A sale of any motor car to which this Part of this Act applies in contravention of the provisions of sub-section (1) shall be null and void and of no effect in law.

**108.** (1) Every application by the owner of a motor car to which this Part of this Act applies for approval to sell that motor car shall be made to the Registrar in such form as may be provided by the Registrar for the purpose and the application shall contain all such information as the Registrar may require for the disposal of the application.

(2) Upon receipt of an application under sub-section (1), the Registrar may—

(a) approve, subject to the condition specified in section 109, the application for the sale of the motor car to the person to whom the owner of that motor car intends to sell that car ; or

(b) direct such owner to sell that motor car either by auction sale or tender through the Registrar or any other organization as the Registrar may nominate, subject to the condition specified in section 109.

Applications for approval to sell motor cars to which this Part of this Act applies.

Condition for  
the grant of  
approval.

109. An application to the Registrar for approval to sell a motor car to which this Part of this Act applies shall be granted by the Registrar on the condition that, if the owner of that motor car makes a profit from the sale of that motor car, a sum, calculated in the manner specified in section 110, shall be retained—

- (a) by the person specified in the application as the intending purchaser of that motor car, or
- (b) where that motor car is directed by the Registrar to be sold by auction sale or tender, by the purchaser at the auction sale or the person who makes the highest offer by tender, as the case may be,

for payment to the Registrar.

110. The sum required to be retained under section 109 by the purchaser of a motor car to which this Part of this Act applies for the purposes of payment to the Registrar shall be calculated in the following manner :—

Manner of  
computation of  
the sum payable  
to the Registrar  
by a purchaser  
of a motor car  
to which this  
Part of this Act  
applies.

- (a) if that motor car was bought by the owner from a dealer of motor cars and was unused at the time he bought it, a sum equivalent to eighty *per centum* of the difference between—
  - (i) the price to be paid by the purchaser of that motor car, and
  - (ii) the aggregate of the price paid for that motor car by the owner to that dealer and the sum of rupees two hundred and fifty as expenses of the sale of that motor car ;
- (b) if that motor car was imported into Ceylon by the owner of that motor car, a sum equivalent to eighty *per centum* of the difference between—

- (i) the price to be paid by the purchaser of that motor car, and

- (ii) the aggregate of the price paid by that owner for that motor car (inclusive of carriage, insurance, freight and customs duty), and a sum of rupees two hundred and fifty as expenses of the sale of that motor car to that purchaser ;
- (c) if that motor car was bought second-hand by the owner of that motor car, an amount equivalent to eighty *per centum* of the difference between—
- (i) the price to be paid by the purchaser of that motor car, and
  - (ii) the aggregate of the amount determined by the Registrar as the price paid by the owner for that motor car at the time he bought it and a sum of rupees two hundred and fifty as expenses of the sale of that motor car to that purchaser.

Purchaser of a motor car to which this Part of this Act applies not entitled to be registered as new owner if he does not pay the sum required to be paid under section 109.

**111.** On a change of possession of a motor car to which this Part of this Act applies occurring by the sale of that motor car, the purchaser of that motor car shall not be entitled to be registered as the new owner of that motor car under the provisions of the Motor Traffic Act unless he satisfies the Registrar that he has paid the sum which he was required to retain under section 109 for the purposes of payment to the Registrar.

Sums paid to the Registrar under this Part of this Act to be credited to the Consolidated Fund of Ceylon.

**112.** All sums paid to the Registrar under this Part of this Act shall be credited by the Registrar to the Consolidated Fund of Ceylon.

Provisions of this Part of this Act to prevail.

**113.** The provisions of this Part of this Act shall have effect notwithstanding anything to the contrary in any other law.

**114.** Where a motor car to which this Part of this Act applies has, during the period commencing on the second day of August, 1963, and ending on the day preceding the day on which this Act becomes an Act of Parliament, been sold to any person, and where an application by that person for registration under the provisions of the Motor Traffic Act as the new owner of that motor car is pending on the day immediately preceding the day on which this Act becomes an Act of Parliament, such owner shall be deemed to have complied with the provisions of this Part of this Act if he pays to the Registrar the amount of the tax, if any, computed in accordance with section 110 in respect of that motor car.

A person who has applied to be registered as the new owner of a motor car to which this Part of this Act applies and which he has purchased after August 2, 1963, and before the day on which this Act becomes an Act of Parliament shall be deemed to have complied with the provisions of this Part of this Act if he pays a tax in respect of that motor car.

**115.** In this Part of this Act, unless the context otherwise requires,—

Interpretation.

“ motor car ” shall have the same meaning as in the Motor Traffic Act ;

“ motor car to which this Part of this Act applies ” means—

- (1) any motor car registered for the first time under the provisions of the Motor Traffic Act on or after January 26, 1961, and
- (2) any motor car so registered prior to January 26, 1961, if such motor car had prior to that date been imported into Ceylon free of customs duty payable under the Customs Ordinance or on special concessions regarding import of motor cars, for the use of the person who makes an application to the Registrar to sell that motor car,

but does not include—

- (a) any motor car (other than a motor car referred to in the aforementioned paragraph (2) ) imported into Ceylon before January 26, 1961, and registered under the provisions of the Motor Traffic Act on or after that date, or

(b) any motor car so registered on or after that date but which—

- (i) had been shipped to Ceylon before that date from abroad and had been landed in Ceylon after that date,
- (ii) had been subject to the payment of customs duty normally payable in respect of such description of motor cars, and
- (iii) had not been imported on any import licence or permit not available to persons desiring to import cars for their use ;

“ Registrar ” means the Registrar of Motor Vehicles or any person authorized by him for the purposes of this Part of this Act.

## PART XI

### Issue of Treasury Bills

Additional power to borrow by the issue of Treasury Bills.

**116.** In addition to the sums heretofore borrowed or authorized to be borrowed by the issue in Ceylon of Ceylon Government Treasury Bills under the Local Treasury Bills Ordinance, the Minister of Finance may direct the Deputy Secretary to the Treasury to borrow, by the issue in Ceylon of Ceylon Government Treasury Bills, sums not exceeding one hundred million rupees in the aggregate ; and the Deputy Secretary to the Treasury may also, with the prior approval of the Minister of Finance, borrow from time to time by the issue of such Treasury Bills, such sums as may be required to pay off at maturity, Treasury Bills already lawfully issued by him, and outstanding, under the provisions of this section.

Application of Local Treasury Bills Ordinance.

**117.** The provisions of sub-sections (2) and (3) of section 2, and sections 3 to 7 (both inclusive), of the Local Treasury Bills Ordinance shall, *mutatis mutandis*, apply to Ceylon Government Treasury Bills issued under section 116 of this Part of this Act in like manner and to the same extent as such provisions apply in the case of Ceylon Government Treasury Bills issued under that Ordinance.



## PART XII

**Business Turnover Tax**

**118.** The provisions of this Part of this Act shall come into operation on the appointed date.

Operation of  
this Part of  
this Act.

**119.** (1) Subject to the other provisions of this Part of this Act, there shall be charged for every year of assessment commencing on or after October 1, 1963, from every person who carries on in any place in Ceylon the business of a manufacturer or any other business a tax (hereafter in this Part of this Act referred to as the "business turnover tax") in respect of the turnover made by that person from that business computed at such rate as the Minister may fix by Order published in the *Gazette*.

Charge of the  
business turn-  
over tax.

The rate of the business turnover tax in respect of any business may be determined by reference to the nature of such business and accordingly different rates of such tax may be determined in respect of different classes or descriptions of businesses.

(2) The rate of the business turnover tax in respect of any class or description of business may, from time to time, be varied by the Minister by Order published in the *Gazette*.

(3) Every Order under sub-section (1) or sub-section (2) shall come into force on the date of its publication in the *Gazette* or on such later date as may be specified in the Order and shall be brought before the House of Representatives within a period of three months from the date of the publication of such Order in the *Gazette*, or, if no meeting of the House of Representatives is held within such period, at the first meeting of the House of Representatives held after the expiry of such period, by a motion that such Order shall be approved. There shall be set out in a schedule to every such motion the text of the Order to which the motion refers.

(4) Any Order under sub-section (1) or sub-section (2) which the House of Representatives refuses to approve shall, with effect from the date of such refusal, be deemed to be revoked but without prejudice to the validity of anything done thereunder. Notification of the date on which any such Order is deemed to be revoked shall be published in the *Gazette*.

(5) The maximum amount of the business turnover tax charged from any person for any year of assessment in respect of the business carried on by him shall in no case exceed *eighty per centum* of the profits or income of that person from that business as ascertained under the provisions of Chapter II of the Inland Revenue Act, No. 4 of 1963, before making the deduction allowable under section 157 of this Part of this Act or, where the Inland Revenue Act does not apply to such person, *eighty per centum* of the profits or income of such person from that business as ascertained under the provisions of Chapter II of the last-mentioned Act before making the deduction allowable under section 157 of this Part of this Act as though the Inland Revenue Act were applicable to him, and accordingly such person shall be entitled to a refund of the sum so paid by him as business turnover tax in excess of such maximum amount.

**120.** (1) A person shall, in respect of any business carried on by him in Ceylon, be chargeable with business turnover tax for any year of assessment if, but only if—

(a) where such business has been carried on by him for a period of not less than one year prior to the date of commencement of that year of assessment, the turnover made by him from that business for the accounting period immediately preceding the year of assessment is not less than one hundred thousand rupees ; and

(b) where such business has been carried on by him for a period of less than one year prior to the date of commencement of that year of assessment, the turnover made by him from that business during such period is not less than a sum which bears to one hundred thousand rupees the same proportion as the number of days in that period bears to three hundred and sixty-five.

(2) For the purposes of this Part of this Act—

(a) where any business is carried on by a person in more than one place in Ceylon, the business carried on by him in each such place shall be deemed to be a separate business ; and

The circumstances in which a person becomes chargeable with business turnover tax.

- (b) different businesses carried on by the same person in one place shall be deemed to be one business.

(3) For the purposes of this Part of this Act, "business" includes any trade or vocation but does not include—

- (a) any profession ;  
 (b) any agricultural undertaking ;  
 (c) any undertaking for the export of any manufactured or processed article ;  
 (d) the business of a banker, financier, money-lender, pawnbroker, commission agent or broker ;  
 (e) any insurance business ;  
 (f) the business of carrying on an educational establishment ; and  
 (g) any other business the turnover from which may be exempted from the business turnover tax by Order made by the Minister, approved by the House of Representatives and published in the *Gazette*.

**121.** (1) The Minister may by Order published in the *Gazette* declare any article specified in such Order to be an excepted article for the purposes of this Part of this Act. Different articles may be declared to be excepted articles in respect of different classes or descriptions of businesses.

Excepted articles.

(2) Where an article is, under sub-section (1), declared to be an excepted article in respect of any class or description of business, the sum realized from the sale of such article shall not be taken into account for the purpose of ascertaining the turnover from such class or description of business.

**122.** (1) Every person chargeable with business turnover tax shall, in respect of the business carried on by him, pay such tax for any year of assessment in four instalments, each such instalment being in respect of the turnover for each period of three months (hereafter in this Part of this Act referred to as a "quarter") in that year of assessment :

Payment of business turnover tax.

Provided that no such tax shall be payable in respect of the quarter commencing on October 1, 1963, and ending on December 31, 1963.

(2) The business turnover tax in respect of any quarter in a year of assessment shall be paid not later than fifteen days after the expiry of that quarter. Any tax not so paid shall be deemed to be in default and the person by whom such tax is payable or, where any tax is payable by more than one person or by a partnership, then each of such persons and each partner in the partnership shall be deemed to be a defaulter for the purposes of this Part of this Act.

(3) Where any business turnover tax is in default, the defaulter shall become liable to pay, in addition to such tax,—

- (a) a penalty of a sum equivalent to five *per centum* of such tax, and
- (b) where such tax is not paid before the lapse of thirty days after such tax has begun to be in default, a penalty of a sum equivalent to one *per centum* of such tax in respect of each further period of thirty days or part thereof during which such tax is in default.

#### Returns.

**123.** Every person chargeable with business turnover tax shall, not later than fifteen days after the expiry of each quarter in a year of assessment, furnish to the Commissioner for the business in respect of which he is chargeable with such tax a return setting out the turnover from that business for that quarter. Every such return shall be in the prescribed form and shall contain all such particulars as may be required to be set out in such form.

#### Power of Assessor to make assessments.

**124.** (1) Where any person chargeable with business turnover tax—

(a) fails to furnish, under section 123, a return for any quarter in a year of assessment and to pay the business turnover tax in respect of that quarter ; or

(b) furnishes, under section 123, a return in respect of any quarter in a year of assessment but fails to pay the business turnover tax in respect of that quarter,

an Assessor shall assess the amount of the business turnover tax which such person, in the judgment of the Assessor, ought to have paid for that quarter and shall, by notice in writing, require such person

to pay such amount immediately. The amount so assessed in respect of any person for a quarter shall, subject to the provisions of section 125, be deemed to be the amount of the business turnover tax payable by him for that quarter.

(2) An assessment made under sub-section (1) in respect of any person for any quarter in a year of assessment shall not affect the liability of such person to a penalty under section 122 as though the amount assessed were the amount of business turnover tax due from him for that quarter.

**125.** Where it appears to an Assessor that a person chargeable with business turnover tax has, for any quarter in a year of assessment, paid as tax an amount less than the proper amount of the tax payable by him for that quarter, or chargeable from him for that quarter, an Assessor may, at any time, assess such person at the additional amount at which, according to the judgment of the Assessor, tax ought to have been paid by such person. The Assessor shall give such person notice of assessment.

Additional assessments.

**126.** (1) An Assessor may, by notice in writing, direct any person who, in the judgment of that Assessor, is a person chargeable with business turnover tax to furnish within the time specified in such notice a return containing such particulars as the Assessor may require.

Returns and information to be furnished.

(2) An Assessor may give notice in writing to any person when and as often as he thinks necessary requiring him to furnish within the time specified in such notice—

- (a) fuller or further returns, or
- (b) fuller or further information relating to any matter as will in the opinion of the Assessor be necessary or relevant for the assessment of the business turnover tax payable by such person.

(3) For the purpose of obtaining full information in respect of the turnover from any business carried on by any person, an Assessor may give notice in writing to such person requiring him—

- (a) to produce for examination, or transmit to the Assessor, within the period specified in such notice, any such books, accounts, trade lists, stock lists, registers, cheques, paying in slips, auditors'

reports, or other documents in his possession as may be specified in such notice ;

(b) to attend in person or by an authorized representative at such place and on such date and at such time as may be specified in the notice for the purpose of being examined regarding the turnover in respect of that business.

(4) For the purposes of this Part of this Act, an Assistant Commissioner may give notice in writing to any person requiring him—

(a) to attend in person or by an authorized representative at such place and on such date and at such time as may be specified in such notice so that he may be examined on any such matter or matters as may be specified in the notice ;

(b) to produce, or transmit to such Assistant Commissioner within the period specified in such notice any books, accounts, trade lists, stock lists, registers, cheques, paying in slips, auditors' reports, or other documents in his possession as may be specified in such notice.

(5) A person who attends in compliance with a notice given under sub-section (4) may be allowed by the Commissioner the expenses reasonably incurred by him in so attending.

(6) An Assistant Commissioner, or an Assessor with the approval of an Assistant Commissioner, may retain in his custody, as long as such retention is necessary for the purposes of this Part of this Act, any books, accounts, trade lists, stock lists, registers, cheques, paying in slips, auditors' reports, or other documents which are or have been produced before him or transmitted to him under sub-section (3) or sub-section (4) or which otherwise come or have come into his possession.

(7) A return, statement or form purporting to be furnished under this Part of this Act by or on behalf of any person shall for all purposes be deemed to have been furnished by that person or by his authority, as the case may be, unless the contrary is proved, and any person signing any such return, statement or form shall be deemed to be cognizant of all matters therein.

**127.** The Commissioner may give notice in writing to any officer in the employment of the Government or of any local authority or other public body requiring him to furnish within the period specified in such notice any such particulars which he may require for the purposes of this Part of this Act as may be in the possession of such officer :

Information to be furnished by officials.

Provided that no such officer shall by virtue of this section be obliged to disclose any particulars as to which he is under any express statutory obligation to observe secrecy.

**128.** Every person chargeable with business turnover tax shall, in respect of each transaction entered into by him in the pursuit of any business in relation to which such tax is payable, prepare or cause to be prepared a voucher setting out—

Vouchers to be issued by persons chargeable with business turnover tax.

- (a) the date on which such transaction was entered into ;
- (b) the nature of such transaction ; and
- (c) the amount of money received in respect of such transaction.

The original of such voucher shall be issued to the person with whom such transaction was entered into and the copy of such voucher shall be retained and preserved by the person by whom or on whose behalf such voucher was prepared for a period of five years after the expiry of the year of assessment in which such voucher was prepared.

**129.** (1) Every person chargeable with business turnover tax shall keep and maintain in respect of each year of assessment a register of transactions.

Maintenance of registers.

(2) The register of transactions kept by any person in respect of any year of assessment shall be retained and preserved by him for a period of five years after the expiry of that year of assessment.

**130.** Any act or thing required by or under this Part of this Act to be done by any person shall, if such person is an incapacitated person, be deemed to be required to be done by the trustee of such incapacitated person.

Who may act for incapacitated person.

Precedent partner to act on behalf of partnership.

**131.** Any act or thing required by or under this Part of this Act to be done by any person shall, in the case of two or more persons in partnership, be deemed to be required to be done by the precedent partner of such partnership :

Provided that any person to whom a notice has been given under the provisions of this Part of this Act as a precedent partner of a partnership shall be deemed to be the precedent partner thereof unless he proves that he is not a partner of such partnership or that some other person in Ceylon is the precedent partner thereof.

Principal officer to act on behalf of a company or body of persons.

**132.** The provisions of section 90 of the Inland Revenue Act, No. 4 of 1963, shall apply as if such provisions were provisions of this Part of this Act and refer to this Part of this Act instead of the Inland Revenue Act.

Liability to pay business turnover tax in the case of cessation of business.

**133.** (1) Subject as hereinafter provided, where during the course of a year of assessment a person chargeable with business turnover tax ceases to carry on any business in respect of which he is chargeable with such tax, he shall, notwithstanding that he has ceased to carry on such business, be liable to pay such tax for the period during which he carried on that business in that year of assessment.

(2) Where any person carrying on a business transfers such business to any other person, any business turnover tax payable in respect of such business for any period prior to the transfer may, if it cannot be recovered from the transferor, be recovered from the transferee and the provisions of this Part of this Act as to collection and recovery of the business turnover tax shall apply accordingly.

Liability of executor to pay business turnover tax.

**134.** (1) Where any person chargeable with business turnover tax dies, the executor of such deceased person shall, in respect of all periods prior to the date of death of such person, be chargeable with the business turnover tax which such person would be chargeable if he were alive ; and shall be liable to do all acts, matters and things which such person if he were alive would be liable to do under this Part of this Act :

Provided that—

(a) no proceedings shall be instituted against the executor in respect of any act or default of the deceased person ;



(b) no assessment or additional assessment in respect of a period prior to the date of such person's death shall be made after the expiry of the third year of assessment subsequent to the year of assessment in which the death occurred ; and

(c) the liability of the executor under this section shall be limited to the sum of—

(i) the deceased person's estate in his possession or control at the date when notice is given to him that liability to the business turnover tax will arise under this section ; and

(ii) any part of the estate which may have passed to a beneficiary.

(2) Where an executor on behalf of the estate of a deceased person carries on any business which is a part of such estate, such executor shall, in respect of such business, be chargeable with the business turnover tax with which such person would be chargeable if he were alive.

**135.** (1) Where any business in respect of which business turnover tax is payable is carried on by any person on behalf of any other person as the agent of such other person, the first-mentioned person shall be chargeable with business turnover tax in respect of that business in like manner and to the like amount as the latter-mentioned person would be chargeable under this Part of this Act.

Liability of certain persons to pay business turnover tax in respect of businesses not belonging to them.

(2) Where any business in respect of which business turnover tax is payable is subject to a trust, the trustee of that trust shall be liable to pay such tax in respect of such business.

**136.** Where two or more persons act in the capacity of trustees of a trust or executors of a deceased person's estate, they may be charged jointly and severally with the business turnover tax with which they are chargeable under this Part of this Act, and shall be jointly and severally liable for payment of such tax.

Joint agents, trustees and executors.

Persons liable to pay business turnover tax upon liquidation of a company or dissolution of a body of persons.

**137.** (1) Notwithstanding anything in the Companies Ordinance, where a company is wound up and where any business turnover tax to which that company is liable cannot be recovered, then, every person who was a director of the company at any time during the period in respect of which such tax is charged shall be jointly and severally liable for the payment of such tax unless he proves that the default in payment of tax cannot be attributed to any gross neglect, misfeasance or breach of duty on his part in relation to the affairs of the company, and the provisions of this Part of this Act as to collection and recovery of business turnover tax shall apply accordingly.

(2) Where a body of persons is dissolved and where any business turnover tax to which such body of persons is liable cannot be recovered, then, every person who was a member of that body of persons during the period in respect of which the tax is charged shall be jointly and severally liable for the payment of such tax unless he proves that the default in payment of tax cannot be attributed to any gross neglect, misfeasance or breach of duty on his part in relation to the affairs of that body, and the provisions of this Part of this Act as to collection and recovery of business turnover tax shall apply accordingly.

Appeals to the Commissioner.

**138.** (1) Any person may, if he is dissatisfied with any assessment or additional assessment made in respect of him by an Assessor, appeal against such assessment or additional assessment to the Commissioner within thirty days after the service of notice of such assessment or additional assessment. Such person shall, notwithstanding the appeal, pay the business turnover tax charged by such assessment or additional assessment.

(2) The Commissioner shall, before reaching his decision on any appeal made to him under sub-section (1), give the appellant an opportunity of placing his case before the Commissioner either in person or by his authorized representative.

(3) The Commissioner may, upon any appeal made to him under sub-section (1), confirm, reduce, increase or annul the assessment or additional assessment against which such appeal was made.

(4) Any person aggrieved by the decision of the Commissioner upon any appeal made to him under sub-section (1) may appeal from that decision to the

Board of Review constituted under the Inland Revenue Act, No. 4 of 1963, and the provisions of that Act relating to appeals to such Board of Review shall *mutatis mutandis* apply to an appeal under this sub-section.

**139.** Where no valid appeal has been lodged within the time specified in this Part of this Act against an assessment in respect of business turnover tax, or where the amount of such tax has been determined on appeal, the assessment as made, or reduced, or increased or confirmed on appeal, as the case may be, shall be final and conclusive for all purposes of this Part of this Act as regards the amount of such tax :

Assessments or amended assessments to be final.

Provided that nothing in this Part of this Act shall prevent an Assessor from making an assessment or additional assessment for any quarter in a year of assessment if it does not involve re-opening any matter which has been determined on appeal for that quarter.

**140.** Where in an assessment made in respect of any person the amount of business turnover tax exceeds the amount already paid by him as the amount due from him in respect of the turnover specified in his return and the assessment is final and conclusive under section 139, the Commissioner may, unless that person proves to the satisfaction of the Commissioner that there is no fraud or wilful neglect involved in the disclosure of the turnover made by that person in his return, in writing order that person to pay as a penalty for making an incorrect return a sum not exceeding two thousand rupees and a sum equal to twice the tax on the difference between the turnover on which the assessment was made and the turnover specified in his return.

Penalty for under payment of business turnover tax.

**141.** For the purposes of section 142, section 143, section 144, section 145, section 146, section 147 and section 148, "business turnover tax" includes any penalty imposed or incurred under this Part of this Act.

Meaning of "business turnover tax" for the purposes of sections 142 to 148.

**142.** Any business turnover tax in default shall be a first charge upon all the assets of the defaulter :  
Provided that—

Business turnover tax to be a first charge.

- (i) such charge shall not extend to or affect any assets sold by the defaulter to a

*bona fide* purchaser for value prior to the seizure of the same in accordance with the provisions of section 143 ;

- (ii) as regards immovable property, the business turnover tax shall not rank in priority to any lease or encumbrance created *bona fide* for value and registered prior to the date of such seizure ; and
- (iii) as regards movable property, where business turnover tax for more than one year of assessment is in default, the tax for one year only, to be selected by the Commissioner, shall rank in priority to any lien or encumbrance created *bona fide* for value prior to the date of default.

Recovery of  
business turn-  
over tax by  
seizure and  
sale.

**143.** (1) The Commissioner may appoint persons to be tax collectors for the purposes of this Part of this Act.

(2) (a) Where any business turnover tax is in default, the Commissioner may issue a certificate to a Government Agent, Assistant Government Agent, Fiscal, Deputy Fiscal or tax collector containing particulars of such tax and the name of the defaulter, and the officer to whom such certificate is issued shall be empowered and is hereby required to cause the tax to be recovered from the defaulter named in the certificate by seizure and sale of his movable property.

(b) The said seizure shall be effected in such manner as the said officer shall deem most expedient in that behalf, and any property so seized shall be kept for five days at the costs and charges of the defaulter. If the defaulter does not pay the tax in default together with the costs and charges within the said five days, the Government Agent, Assistant Government Agent, Fiscal, Deputy Fiscal or tax collector shall cause the said property to be sold by public auction.

(c) The sum realized by the sale shall be applied—

- (i) firstly in payment of the costs and charges of seizing, keeping and selling the property, and
- (ii) secondly in satisfaction of the tax in default,

and any balance shall be paid to the owner of the property seized.

(3) Where any business turnover tax is in default, and the Commissioner is of opinion that recovery by the means provided in sub-section (2) is impracticable or inexpedient, he may issue a certificate to a District Court having jurisdiction in any district where the defaulter resides or in which any property movable or immovable owned by the defaulter is situate, containing particulars of such tax and the name or names of the person or persons by whom the tax is payable, and the Court shall thereupon direct a writ of execution to issue to the Fiscal authorizing and requiring him to seize and sell all or any of the property movable and immovable of the defaulter, or such part thereof as he may deem necessary for recovery of the tax, and the provisions of sections 226 to 297 of the Civil Procedure Code shall, *mutatis mutandis*, apply to such seizure and sale.

(4) Whenever the Commissioner issues a certificate under this section, he shall at the same time issue to the defaulter a notification thereof by personal service or by registered letter sent through the post or by telegraph ; but the non-receipt of such notification by the defaulter shall not invalidate proceedings under this section.

144. (1) Where the Commissioner is of opinion in any case that recovery of business turnover tax in default by seizure and sale is impracticable or inexpedient, or where the full amount of the tax has not been recovered by seizure and sale, he may issue a certificate containing particulars of such tax and the name and last known place of business or residence of the defaulter to a Magistrate having jurisdiction in the division in which such place is situate. The Magistrate shall thereupon summon such defaulter before him to show cause why further proceedings for the recovery of the tax should not be taken against him, and in default of sufficient cause being shown, the tax in default shall be deemed to be a fine imposed by a sentence of the Magistrate on such defaulter for an offence punishable with fine only or not punishable with imprisonment, and the provisions of sub-section (1) of section 312 (except paragraphs (a), (c) and (h) thereof) of the Criminal Procedure Code, relating to default of payment of a fine imposed for such an offence shall thereupon apply, and the Magistrate

Proceedings for recovery before a Magistrate.

may make any direction which, by the provisions of that sub-section, he could have made at the time of imposing such sentence :

Provided that nothing in this section shall authorize or require the Magistrate in any proceeding thereunder to consider, examine or decide the correctness of any statement in the certificate of the Commissioner.

(2) Nothing in sub-sections (2) to (5) of section 312 of the Criminal Procedure Code shall apply in any case referred to in sub-section (1) of this section.

(3) In any case referred to in sub-section (1) in which the defaulter is sentenced to imprisonment in default of payment of the fine deemed by that sub-section to have been imposed on him, the Magistrate may allow time for the payment of the amount of the said fine or direct payment of that amount to be made by instalments.

(4) The court may require bail to be given as a condition precedent to allowing time under sub-section (1) for showing cause as therein provided or under sub-section (3) for the payment of the fine ; and the provisions of Chapter XXXVI of the Criminal Procedure Code shall apply where the defaulter is so required to give bail.

(5) Where payment in instalments is directed under sub-section (3) and default is made in the payment of any one instalment, the same proceedings may be taken as if default had been made in payment of all the instalments then remaining unpaid.

(6) In any proceeding under sub-section (1), the Commissioner's certificate shall be sufficient evidence that the tax is in default, and any plea that the tax is excessive, incorrect, or under appeal shall not be entertained :

Provided that where any person proceeded against has not appealed within the proper time against the assessment in respect of which the tax is charged and alleges that the tax is in excess of the sum which would have been charged if he had so appealed, the court may adjourn the matter for a period not exceeding thirty days to enable such person to submit to the Commissioner his objection to the tax.

(7) The Commissioner shall, notwithstanding the provisions of section 139, consider any objection made under sub-section (6) and give his decision thereon, which shall be final, and shall be certified by him to the Magistrate, and proceedings under this section shall thereupon be resumed to enforce payment of the tax as reduced or confirmed under such decision. Where no objection has been made to the Commissioner within the period for which the matter was adjourned under that sub-section, the Commissioner shall issue a certificate to that effect and proceedings under this section shall be resumed to enforce payment of the tax.

**145.** (1) Where the business turnover tax payable by any person is in default and it appears to the Commissioner to be probable that any person—

Recovery of  
business turn-  
over tax out  
of debts, etc.

- (a) owes or is about to pay money to the defaulter or his agent ; or
- (b) holds money for or on account of the defaulter or his agent ; or
- (c) holds money on account of some other person for payment to the defaulter or his agent ; or
- (d) has authority from some other person to pay money to the defaulter or his agent,

the Commissioner may give to such person notice in writing (a copy of which shall be sent by post to the defaulter) requiring him to pay any such moneys not exceeding the amount of the tax in default to the officer named in such notice. The notice shall apply to all such moneys which are in his hands or due from him or about to be paid by him at the date of receipt of such notice, or come into his hands or become due from him or are about to be paid by him at any time within a period of three months after the date of such notice.

(2) Any person who has made any payment in pursuance of this section shall be deemed to have acted under the authority of the person by whom the tax was payable and of all other persons concerned, and is hereby indemnified in respect of such payment against all proceedings, civil or criminal, notwithstanding the provisions of any written law, contract or agreement.

(3) Where any person to whom a notice has been given under sub-section (1) is unable to comply therewith owing to the fact that the moneys in question do not come into his hands or become due from him within the period referred to in sub-section (1), he shall within fourteen days of the expiration thereof give notice in writing to the Commissioner acquainting him with the facts.

(4) Where any person to whom a notice has been given under sub-section (1) is unable to comply therewith and has failed to give notice to the Commissioner as provided in sub-section (3), or where such person has deducted or could have deducted the tax to which the notice relates or any part thereof and has not paid over as directed by the Commissioner the amount of such tax or part thereof within fourteen days after the expiration of the period referred to in sub-section (1), such person shall, if he is an individual be liable, or where such person is a company or body of persons, whether corporate or unincorporate, the secretary, manager or other principal officer of such company or body shall be personally liable, for the whole of the tax which such person has been required to deduct, and such tax may be recovered from such individual, secretary, manager or other principal officer by all means provided in this Part of this Act.

(5) For the purposes of this section, the expression "defaulter" shall be deemed to include the agent or authorized representative of a person who is in default and the provisions of this section shall apply in any case where the tax which would have been payable by any person if he were alive is in default ; and for the purposes of the application of those provisions in any such case, the expression "defaulter" in sub-section (1) means—

- (a) the executor or administrator of a deceased person, or
- (b) any person who takes possession of, or intermeddles with, the property of a deceased person, or
- (c) any person who has applied or is entitled to apply to a District Court for the grant or resealing of probate or letters of administration in respect of the estate of a deceased person.



**146.** (1) Where the Commissioner is of opinion that any person is about to or likely to leave Ceylon without paying the business turnover tax due from him, the Commissioner 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 Inspector-General of Police to take such measures as may be necessary to prevent such person from leaving Ceylon without paying the tax or furnishing security to the satisfaction of the Commissioner for payment thereof.

Recovery of business turnover tax from persons leaving Ceylon.

(2) At the time of issue of his certificate to the Magistrate, the Commissioner shall issue to such person a notification thereof by personal service, registered letter sent through the post or telegraph; but the non-receipt of any such notification by such person shall not invalidate proceedings under this section.

(3) The production of a certificate signed by the Commissioner or a Deputy Commissioner or an Assistant Commissioner stating that the tax has been paid or that security has been furnished, or the payment of the tax to a police officer in charge of a police station, shall be sufficient authority for allowing such person to leave Ceylon.

**147.** Where the Commissioner is of opinion that application of any one of the means of recovery provided in this Part of this Act has failed or is likely to fail to secure payment of the whole of any business turnover tax due under this Part of this Act from any person, it shall be lawful for the Commissioner to proceed to recover any sum remaining unpaid by any other means of recovery provided in this Part of this Act, notwithstanding that an order has been made by a Magistrate under section 144 and carried into effect.

Use of more than one means of recovery.

To subvert  
recovery

**148.** The Commissioner may, by notice given in writing to any person, require that person within the period specified in such notice to furnish any information which the Commissioner may require for the purpose of recovering any business turnover tax due from such person or some other person.

Power of Commissioner to obtain information for the recovery of business turnover tax.

**149.** (1) Every notice to be given by the Commissioner, an Assistant Commissioner or an Assessor under this Part of this Act shall bear the name of

Signature and service of notices.

the Commissioner or Assistant Commissioner or Assessor, as the case may be, and every such notice shall be valid if the name of the Commissioner, Assistant Commissioner or Assessor is duly printed or signed thereon.

(2) Every notice given by virtue of this Part of this Act may be served on a person either personally or by being delivered at, or sent by post to, his last known place of abode or any place at which he is, or was, during the period to which the notice relates carrying on business :

Provided that a notice of assessment under section 124 or section 125 shall be served personally or by being sent by post by registered letter to any such place as aforesaid.

(3) Any notice sent by post shall be deemed to have been served on the day succeeding the day on which it would have been received in the ordinary course of post.

(4) In proving service by post it shall be sufficient to prove that the letter containing the notice was duly addressed and posted.

(5) Every name printed or signed on any notice or signed on any certificate given or issued for the purposes of this Part of this Act, which purports to be the name of the person authorized to give or issue the same, shall be judicially noticed.

Validity of  
assessments.

**150.** (1) No notice, assessment, certificate or other proceeding purporting to be in accordance with the provisions of this Part 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 therein, if the same is in substance and effect in conformity with or according to the intent and meaning of this Part of this Act, and if the person assessed or intended to be assessed or affected thereby is designated therein according to common intent and understanding.

(2) Without prejudice to the generality of subsection (1), an assessment shall not be impeached or affected—

(a) by reason of a mistake therein as to the name or surname of the person chargeable, the amount of turnover or the amount of business turnover tax charged; or

(b) by reason of 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 the particulars mentioned in paragraph (a) of this sub-section.

**151.** (1) Any officer of the Department of Inland Revenue who is specially authorized by the Commissioner in that behalf may, accompanied by a peace officer, do all or any of the following acts :—

Power to search buildings or places.

(a) enter and search any building or place where he has reason to believe that any books of account, registers, records or other documents which in his opinion will be useful for, or relevant to, any proceeding under this Part of this Act may be found and examine them, if found ;

(b) seize any such books of account, registers, records or other documents or place marks of identification thereon or make extracts or copies therefrom ;

(c) make a note or an inventory of any other thing found in the course of any search under this section which in his opinion will be useful for, or relevant to, any proceedings under this Part of this Act,

and the provisions of the Criminal Procedure Code relating to searches shall apply so far as may be to searches under this section.

In this sub-section “ peace officer ” shall have the same meaning as in the Criminal Procedure Code.

(2) Before authorizing any officer to exercise the powers under sub-section (1), the Commissioner shall record the circumstances which necessitate the exercise of those powers by that officer.

(3) Where any officer authorized by the Commissioner under sub-section (1) seizes any book of account, register, record or other document from any person, such officer shall issue to that person a memorandum specifying the book, register, record or other document he has seized.

(4) Any book of account, register, record or other document seized under sub-section (1) by any officer may be retained in the possession of such officer as long as may be necessary for a scrutiny of such book, register, record or other document or for the institution of legal proceedings against the person to whom such book, register, record or other document belongs.

(5) The Commissioner or any other officer of the Department of Inland Revenue who is specially authorized in that behalf by the Commissioner in writing may do all or any of the following acts :—

- (a) enter and inspect any place or building where any business is carried on by any person for the purpose of ascertaining whether the provisions of this Part of this Act are being complied with ;
- (b) take copies of, or make extracts from, any book of account, register, record or other document found in such place or building ;
- (c) require any person whom he finds in such place or building to give such information as is in his power to give with respect to matters under this Part of this Act ;
- (d) examine, either alone or in the presence of any other person, as he thinks fit, with respect to matters under this Part of this Act, every person whom he finds in such place or building.

Business turnover tax paid in excess to be refunded.

**152.** If it is proved to the satisfaction of the Commissioner by claim duly made in writing within three years after the end of a quarter of a year of assessment that any person has paid any business turnover tax in excess of the amount with which he was properly chargeable for that quarter, such person shall be entitled to have refunded the amount so paid in excess :

Provided that nothing in this section shall operate to extend or reduce the time limit for appeal or to validate any objection or appeal which is otherwise invalid or to authorize the revision of any assessment or other matter which has become final and conclusive.

**153.** (1) The Commissioner of Inland Revenue shall be in charge of the administration of this Part of this Act.

Administration of this Part of this Act.

(2) An Assistant Commissioner exercising or performing any power, duty or function of the Commissioner under this Part of this Act shall be deemed for all purposes to be authorized to exercise or perform that power, duty or function until the contrary is proved.

(3) An Assistant Commissioner may exercise any power conferred on an Assessor by this Part of this Act.

**154.** (1) Except in the performance of his duties under this Part of this Act, every person who is or has been employed in carrying out or in assisting any person to carry out the provisions of this Part of this Act, shall preserve and aid in preserving secrecy with regard to all matters relating to the affairs of any person that may come to his knowledge in the performance of his duties under this Part of this Act, and shall not communicate any such matter to any person other than the person to whom such matter relates or his authorized representative or to the Minister or the Permanent Secretary to the Ministry of Finance nor suffer or permit any person to have access to any records in the possession, custody or control of the Commissioner.

Official secrecy

(2) Every person employed in carrying out the provisions of this Part of this Act shall before acting under this Part of this Act, and the Minister and the Permanent Secretary to the Ministry of Finance may before acting under this Part of this Act, take and subscribe before a Justice of the Peace an oath of secrecy in the prescribed form.

(3) No person employed in carrying out the provisions of this Part of this Act shall be required to produce in any court any return, document or assessment or to divulge or communicate to any court any matter or thing coming under his notice in the performance of his duties under this Part of this Act, except as may be necessary for the purpose of carrying into effect the provisions of this Part of this Act or any other written law administered by the Commissioner.

(4) Notwithstanding anything contained in this section, any officer of the Department of Inland Revenue may communicate any matter which comes to his knowledge in the performance of his duties under this Part of this Act or under any other written law administered by the Commissioner to any other officer of that Department if the communication is necessary for the performance of any duty under this Part of this Act and the Commissioner may, notwithstanding anything in the Evidence Ordinance relating to the proof of documents, produce or cause to be produced in any court, in any proceedings under this Part of this Act, a copy of any particulars contained in any return or document received by him or in his possession under this Part of this Act or under any other written law administered by him, certified by him or on his behalf to be a correct copy of such particulars :

Provided that the Commissioner may produce or cause to be produced the original of any such return or document in any case where it is necessary to prove the handwriting or the signature of the person who wrote, made, signed or furnished such return or document, but only for the purpose of such proof :

Provided, further, that the Commissioner shall not in any case be compelled to produce in any court either the original of such document or return or copy of any particulars contained in such document or return.

(5) Notwithstanding anything contained in this section, the Commissioner may permit the Auditor-General or any officer of the Department of the Auditor-General duly authorized by him in that behalf to have such access to any records or documents as may be necessary for the performance of his official duties. The Auditor-General or any officer authorized by him under this subsection shall be deemed to be a person employed in carrying out the provisions of this Part of this Act for the purposes of sub-section (2).

**Offences.**

**155.** (1) Every person who—

(a) fails to comply with the provisions of section 123 or section 128 or section 129 of this Part of this Act ;

- (b) fails to comply with the requirements of a notice issued to him under section 126 or section 127 of this Part of this Act ; or
- (c) having appeared before an officer in compliance with a notice issued to him under section 126 of this Part of this Act, fails without sufficient cause to answer any question lawfully put to him by such officer ; or
- (d) gives false answers whether orally or in writing to any question or information asked for in accordance with the provisions of this Part of this Act ; or
- (e) omits from any return made under this Part of this Act any particulars which he is required to include therein under this Part of this Act ; or
- (f) makes any false return or false entry in any return made under this Part of this Act ; or
- (g) gives any incorrect information relating to any matter or thing affecting his own liability to the business turnover tax or the liability of any other person ; or
- (h) wilfully obstructs or delays the Commissioner or any other officer in the exercise of his powers under section 151 ;
- (i) acts under this Part of this Act without taking an oath of secrecy as required by section 154 ; or
- (j) acts contrary to the provisions of section 154 or to an oath taken under that section ; or
- (k) aids, abets or incites any other person to act contrary to the provisions of this Part of this Act,

shall be guilty of an offence and shall, on conviction after summary trial before a Magistrate, be liable to a fine not exceeding one thousand rupees or

to imprisonment of either description for a term not exceeding six months or to both such fine and imprisonment.

(2) The Commissioner may compound any offence under sub-section (1) and may before judgment stay or compound any proceedings thereunder.

Prosecutions to be with the sanction of the Commissioner.

**156.** No prosecution in respect of an offence under section 155 shall be commenced except at the instance, or with the sanction, of the Commissioner.

Amount of the business turnover tax paid by any person shall be a deduction for income tax purposes.

**157.** Where any person liable to any income tax under the Inland Revenue Act, No. 4 of 1963, for any year of assessment within the meaning of that Act has paid any amount as business turnover tax under this Part of this Act, the amount so paid shall be allowed as a deduction for the purpose of ascertaining the profits or income of that person under section 10 of the Inland Revenue Act.

Regulations.

**158.** (1) The Minister may make regulations to give effect to the principles and provisions of this Part of this Act.

(2) In particular and without prejudice to the generality of the powers conferred by sub-section (1), the Minister may make regulations in respect of—

(a) the procedure to be followed in respect of applications for refunds ; and

(b) any matter which is stated or required by this Part of this Act to be prescribed.

(3) 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 regulation.

(4) Every regulation made by the Minister shall, as soon as convenient after its publication in the *Gazette*, be brought before the Senate and the House of Representatives for approval. Any 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 is deemed to be rescinded shall be published in the *Gazette*.



159. (1) In this Part of this Act, unless the context otherwise requires— Interpretation.

“accounting period”—

(a) in relation to any business in respect of which annual accounts are made up, means the period of twelve months for which such accounts are made up, and

(b) in relation to any business in respect of which no annual accounts are made up, means such period of twelve months as the Commissioner may determine ;

“agent” includes any person having the direction, control or management of any business on behalf of any other person ;

“agricultural undertaking” includes animal husbandry ;

“article” includes any goods or material ;

“Assessor” means an Assessor of Inland Revenue appointed for the purposes of the Inland Revenue Act, No. 4 of 1963, and includes a Senior Assessor of Inland Revenue ;

“Assistant Commissioner” means an Assistant Commissioner of Inland Revenue appointed for the purposes of the Inland Revenue Act, No. 4 of 1963 ;

“authorized representative” means any individual authorized in writing by a person to act on his behalf for the purposes of this Part of this Act, who is—

(a) in any case—

(i) an accountant approved by the Commissioner ;

(ii) an advocate or proctor ;

(iii) an employee regularly employed by the person concerned ; or

(iv) any other person approved by the Commissioner ;

(b) in the case of an individual, a relative ;

(c) in the case of a company, a director or secretary ;

(d) in the case of a partnership, a partner ;

(e) in the case of a body of persons, a member of such body ;

“body of persons” includes any body corporate or unincorporate, any fraternity, fellowship, association or society of persons, whether corporate or unincorporate, and any Hindu undivided family but does not include a company or a partnership ;

“Commissioner” means the Commissioner of Inland Revenue appointed under the Inland Revenue Act, No. 4 of 1963, and includes a Deputy Commissioner, and an Assistant Commissioner specially authorized by the Commissioner either generally or for some specific purpose to act on behalf of the Commissioner ;

“company” means any company incorporated or registered under any law in force in Ceylon or elsewhere ;

“Deputy Commissioner” means a Deputy Commissioner of Inland Revenue appointed for the purposes of the Inland Revenue Act, No. 4 of 1963 ;

“excepted article” means any article declared to be an excepted article under section 121 ;

“executor” means an executor or administrator of a deceased person and includes—

(a) any person who takes possession of or intermeddles with the profits of a deceased person ;

(b) any person who has applied or is entitled to apply to a District Court for the grant or resealing of probate or letters of administration in respect of the estate of a deceased person ; or

(c) a trustee acting under a trust created by the last will of the author of the trust ;

“incapacitated person” means any minor, lunatic, idiot or person of unsound mind ;

“local authority” means any Municipal Council, Urban Council, Town Council or Village Council and any other body constituted under any law of Ceylon for any purpose relating to Local Government ;

“manufacturer” means any person who—

- (a) makes an article,
- (b) assembles or joins any article whether by chemical process or otherwise,
- (c) adapts for sale any article ;

“Minister” means the Minister to whom the subject or function of finance is assigned by the Prime Minister under section 46 of the Ceylon (Constitution) Order in Council, 1946 ;

“person” includes a company or body of persons ;

“precedent partner” means the partner who, of the active partners resident in Ceylon—

- (a) is first named in the agreement of partnership ; or
- (b) if there is no 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 first named in the statement made under section 4 of the Business Names Ordinance ;

“trustee” includes any trustee, guardian, curator, manager, agent or other person having the direction, control or management of any property on behalf of any person but does not include an executor ;

“turnover”, in relation to any business, means the total amount received or receivable from transactions entered into in respect of that business but does not include any amount received or receivable by the sale of capital assets ;

“ year of assessment ” means the period of twelve months commencing on the first day of October, nineteen hundred and sixty-three or any subsequent period of twelve months commencing on the first day of October.

(2) Where in respect of any quarter in a year of assessment business turnover tax has been paid in respect of any sum receivable during that quarter, no such tax in respect of that sum need be paid in respect of the quarter in which such sum is actually received.

## PART XIII

### General

#### Interpretation.

**160.** The expression “ appointed date ”, in relation to any Part of this Act in which the expression occurs, means such date as may be appointed for the purposes of that Part by the Governor-General by Proclamation published in the *Gazette*. Different dates may be so appointed in respect of different Parts of this Act.

#### Retroactive operation.

**161.** The date appointed by the Governor-General for the purposes of any Part of this Act under section 160 may be a date prior or subsequent to the date on which this Act becomes an Act of Parliament ; and where the date so appointed is prior to such last-mentioned date, sections 2, 27, 52, 55, 69, 99, and 118 of this Act in which the expression “ shall come into operation ” occurs shall have effect as though for that expression, there were substituted the expression “ shall be deemed, for all purposes, to have come into operation ”.

# PARLIAMENT OF CEYLON

4th Session 1963-64



## Conciliation Boards (Amendment) Act, No. 12 of 1963

*Date of Assent : December 24, 1963*

*Printed on the Orders of Government*

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Conciliation Boards  
(Amendment) Act  
No. 12 of 1963

Date of Assent: December 24, 1963

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*Conciliation Boards (Amendment)*  
*Act, No. 12 of 1963*

L. D.—O. 49/62.

AN ACT TO AMEND THE CONCILIATION BOARDS ACT,  
NO. 10 OF 1958, AND THE CRIMINAL PROCEDURE CODE

[Date of Assent: December 24, 1963]

BE it enacted by the Queen's Most Excellent Majesty, by and with the advice and consent of the Senate and the House of Representatives of Ceylon in this present Parliament assembled, and by the authority of the same, as follows:—

1. This Act may be cited as the Conciliation Boards (Amendment) Act, No. 12 of 1963.

Short title.

2. Section 2 of the Conciliation Boards Act, No. 10 of 1958, hereinafter referred to as the "principal Act", is hereby amended by the addition at the end thereof, of the following new sub-section:—

Amendment of section 2 of Act No. 10 of 1958.

' (3) In sub-section (1), the expression "village area" has the same meaning as in the Village Councils Ordinance. '

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

Amendment of section 3 of the principal Act.

(1) by the substitution, for sub-section (1), of the following sub-section:—

' (1) For the purposes of this Act, the Minister of Justice may from time to time by Order published in the *Gazette*, constitute for any area in which the Act is in operation, or for any part of such area, such area or part thereof being hereinafter referred to as a "Conciliation Board area", a Panel of Conciliators of not less than twelve persons from which Conciliation Boards for that Conciliation Board area shall be constituted as hereinafter provided. '

(2) by the substitution, for sub-section (3), of the following sub-section:—

“(3) Where the area of administrative authority or activity, as the case may be, of any local authority, Rural Development Society, Praja Mandalaya or Co-operative Society which is registered under the Co-operative Societies Ordinance or of any Divisional Revenue Officer or Grama Sevaka, is situated, in whole or part, within any Conciliation Board area for which a Panel of Conciliators is to be constituted, then each such body or person may, within the time allowed therefor by the notice under sub-section (2), recommend in writing to the Minister of Justice such persons as are, in the opinion of the recommending body or person, fit to be members of such Panel.”; and

(3) by the addition at the end of that section, of the following new sub-section:—

“(9) In sub-section (3), the expression “local authority” means any Municipal Council, Urban Council, Town Council or Village Council.’.

Amendment of sections 3, 4, 5, 6, 13 and 14 of the principal Act.

4. Sections 3, 4, 5, 6, 13 and 14 of the principal Act are hereby amended by the substitution, for the expression “village area”, wherever that expression occurs in those sections, of the expression “Conciliation Board area”.

Amendment of section 5 of the principal Act.

5. Section 5 of the principal Act is hereby amended in sub-section (2) thereof, by the substitution, for the word “nominated”, of the words “nominated in writing”.

Amendment of section 7 of the principal Act.

6. Section 7 of the principal Act is hereby amended as follows:—

- (1) by the deletion of paragraph (b) thereof; and
- (2) by the renumbering of paragraphs (c) and (d) thereof as paragraphs (b) and (c).



7. Section 8 of the principal Act is hereby amended in sub-section (4) thereof as follows:—

Amendment of section 8 of the principal Act.

- (1) by the deletion of paragraph (b);
- (2) by the renumbering of paragraph (c) as paragraph (b); and
- (3) by the substitution, for the words “punishable with a fine”, of the words “and shall, on conviction after summary trial before a Magistrate, be liable to a fine”.

8. Section 10 of the principal Act is hereby amended by the substitution, for the words “police officer”, of the words “police officer or Grama Sevaka”.

Amendment of section 10 of the principal Act.

9. Section 12 of the principal Act is hereby amended in paragraph (b) of sub-section (2) thereof, by the substitution, for the word “Board”, of the words “Chairman of the Panel of Conciliators”.

Amendment of section 12 of the principal Act.

10. Section 13 of the principal Act is hereby amended as follows:—

Amendment of section 13 of the principal Act.

- (1) by the renumbering of that section as sub-section (1) of that section;
- (2) in the renumbered sub-section (1), by the substitution, for the words “may in writing”, of the words “may, within thirty days after the date of settlement of such dispute, in writing”;
- (3) by the insertion immediately after sub-section (1), of the following new sub-sections:—

“(2) Where the written notification referred to in sub-section (1) is not received by such Chairman within thirty days after the date of settlement of such dispute, such Chairman shall forthwith transmit to the District Court or the Court of Requests or the Rural Court, as the case may be, having jurisdiction to

hear and adjudicate upon such dispute, a copy of the settlement recorded by that Board. Such copy shall be signed and certified by the President of that Board.

(3) (a) Immediately upon the receipt by the District Court or the Court of Requests, as the case may be, of the copy of the settlement referred to in sub-section (2), the District Judge or the Commissioner of Requests of that court shall cause such copy to be filed of record in such court. Such settlement shall, with effect from the date of such filing, be deemed to be a decree of that court, and such of the provisions of the Civil Procedure Code as relate to the execution of decrees shall, as far as may be practicable, apply *mutatis mutandis* to and in relation to such settlement which is deemed to be a decree.

(b) Immediately upon the receipt by the Rural Court of the copy of the settlement referred to in sub-section (2), it shall be the duty of the President of such court to file such copy in the records of such court. Such settlement shall, with effect from the date of such filing, be deemed to be a judgement of such court, and such of the provisions of the rules made under section 52 of the Rural Courts Ordinance as relate to the execution of judgements shall, as far as may be practicable, apply *mutatis mutandis* to and in relation to such settlement which is deemed to be a judgment.”; and

(4) in the marginal note of that section, by the substitution, for the word “Board.”, of the words “Board, and steps to be taken upon non-repudiation.”.

11. Section 20 of the principal Act is hereby repealed.

Repeal of section 20 of the principal Act.

12. Section 290 of the Criminal Procedure Code is hereby amended in the table appearing in that section as follows:—

Amendment of section 290 of Chapter 20.

(1) in Part A of that table, by the insertion, immediately after the item relating to sections 409 and 410 of the Penal Code, of the following new items, the several particulars contained therein being inserted in the appropriate columns of that table:—

<i>" Offences</i>	<i>Sections of Penal Code applicable</i>	<i>Persons by whom offences may be compounded</i>
Mischief by killing or maiming any animal of the value of ten rupees ..	411	} The person in possession of the animal injured."; and
Mischief by killing or maiming cattle, &c., or any animal of the value of fifty rupees ..	412	

(2) in Part B of that table, by the omission of the following items:—

" Mischief by killing or maiming any animal of the value of ten rupees ..	411
Mischief by killing or maiming cattle, &c., or any animal of the value of fifty rupees ..	412 "

11. Section 20 of the principal Act is hereby amended.

Section 20  
of the  
principal  
Act.

12. Section 20 of the Criminal Procedure Code is hereby amended in the table appearing in that section as follows:—

(1) in Part A of that table, by the insertion immediately after the item relating to sections 409 and 410 of the Penal Code, of the following new item, the several particulars contained therein being inserted in the appropriate columns of that table:—

Section of Criminal Code	Section of Penal Code	Section of Criminal Code	Section of Penal Code
409	410	409	410

(2) in Part B of that table the following items:—





