

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

**FINANCE ACT, No. 21 OF 2019**

**[Certified on 31st of October, 2019]**

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| *Finance Act, No. 21 of 2019* | 1 |

[Certified on 31st of October, 2019]

L.D.—O. 15/2019

AN ACTTOAMENDTHE FINANCE ACT, NO. 35 OF 2018; TOPROVIDE FORTHEIMPOSITIONOFA FOREIGN COMMERCIAL TRANSACTIONS LEVY; ANDTOPROVIDEFORTHEMATTERSCONNECTEDTHEREWITH ANDINCIDENTALTHERETO.

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

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| **1.** | This Act may be cited as the Finance Act, No. 21 of | Short title. |

2019.

PART I

AMENDMENTOF PART VII OFTHE FINANCE ACT, NO. 35 OF 2018

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| **2.** | Section 23 of the Finance Act, No. 35 of 2018 is | Amendment of section 23 of  Act,  No. 35 of 2018. |
| hereby amended by the substitution for the definition of the expression “specified motor vehicle” of the following definition:— | |

“ “specified motor vehicle”—

(*a*) in relation to a vehicle of which the first   
 registration falls prior to November 1, 2019,   
 means any assembled or unassembled diesel   
 motor vehicle of which the cylinder capacity   
 exceeds 2,300 CC or a petrol motor vehicle of   
 which the cylinder capacity exceeds 1,800 CC   
 or an electric vehicle of which motor power of   
 the engine exceeds 200 Kw, but shall not include   
 a dual purpose petrol motor vehicle of which   
 the cylinder capacity does not exceed 2,200 CC,   
 a dual purpose electric motor vehicle, a van,   
 a single cab or a wagon;

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| 2 | (*b*) | *Finance Act, No. 21 of 2019* |
| in relation to a vehicle of which the first |

registration falls on or after November 1, 2019,   
means any assembled or unassembled motor   
vehicle, but does not include a van, a single   
cab, a double cab, a motor cycle, a motor tricycle,   
a motor ambulance, a motor hearse, a lorry, a   
tractor, a hand tractor, a trailer or any motor   
vehicle for transport of goods, as identified under   
the harmonized commodity description and   
coding system numbers provided in terms of the   
Customs Ordinance (Chapter 235).”.

PART II

AMENDMENTOF PART XI OFTHE FINANCE ACT, NO. 35 OF 2018

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| Amendment of section 40 of  Act,  No. 35 of 2018. | **3.** | Section 40 of the Finance Act, No. 35 of 2018 |
| (hereinafter in this Part referred to as the “principal enactment”) is hereby amended by the repeal of subsection (1) thereof and the substitution therefor of the following | |

subsection:—

“(1) There shall be levied a tax to be called the  
“Carbon Tax” (hereinafter in this Part referred to as “the   
tax”) for the period commencing from January 1, 2019   
and ending on November 30, 2019, from the registered   
owner of every motor vehicle specified in the Third   
Schedule hereto, at the rates specified in that Schedule:

Provided however, the tax payable under this   
subsection shall not be levied in respect of any motor   
vehicle registered for the first time within the period   
commencing from January 1, 2019 and ending on   
November 30, 2019, in terms of the Motor Traffic Act   
(Chapter 203).”.

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| Amendment of  section 41 of the principal  enactment. | **4.** | Section 41 of the principal enactment is hereby |
| amended by the repeal of subsection (1) thereof and the substitution therefor of the following new subsection:— | |

“(1) The tax payable under subsection (1) of section   
40, shall be paid by the registered owner of any relevant   
motor vehicle, to the Divisional Secretary, on or before   
the due date of renewal of annual registration.”.

*Finance Act, No. 21 of 2019*  3

PART III

AMENDMENTOF PART XII OFTHE FINANCE ACT, NO. 35 OF 2018

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| **5.** | Section 46 of the Finance Act, No. 35 of 2018 is | | Replacement of section 46 of  Act, No. 35 of 2018. |
| hereby repealed and the following new section is substituted therefor:— | | |
| “Recovery of | | 46. (1) Where the amount of the levy or part |
| the levy in  default. | | thereof is in default, the defaulter shall be liable to pay to the Commission, in addition to the |

levy in default, a surcharge calculated—

(*a*) at the rate of ten *per centum* of the   
 amount of such levy as is in default   
 for the subsequent period of one   
 month or part thereof, from the due   
 date for the payment of the levy under   
 section 44; and

(*b*) at the rate of two *per centum* of the   
 amount of such levy as is in default   
 for the subsequent period of one   
 month or part thereof, from the due   
 date for the payment specified in   
 paragraph (*a*),

which surcharge shall be collected by the   
Commission.

(2) The Commission shall take action to   
recover any levy which is in default for a period   
of more than three months, along with the   
amount of the surcharge accrued thereon, in   
the manner as is specified hereafter.

(3) The Commission shall cause to be issued   
on the defaulter, a Notice, informing the   
defaulter of the intention of the Commission   
to institute proceedings for the recovery of the   
amount of the levy in default and the surcharge   
accrued thereon in terms of the provisions of   
this section unless such levy and the surcharge   
thereon is paid within a period of three weeks   
of the date of issue of such Notice.

4 *Finance Act, No. 21 of 2019*

(4) Where the Commission issues Notice on   
the defaulter in terms of subsection (3) but the   
amount of the levy in default along with the   
surcharge thereon remains unpaid even though   
the period of three weeks specified in such   
Notice has elapsed, the Commission shall under   
the hand of the Chairman, issue to the   
Magistrate having jurisdiction over the division   
in which the defaulter resides or is carrying on   
business, a Certificate containing the name   
and address of the defaulter and the total sum   
in default along with a statement to the effect   
that the person so named has defaulted in   
making the payment as required by this section.   
Where the defaulter is a body corporate, a firm   
or a body unincorporated other than a firm, the   
certificate shall contain the names of every   
director and officer responsible with the   
management and control of such body   
corporate or, of every partner of such firm or, of   
every officer responsible with the management   
and control of such body unincorporate.

(5) The Magistrate shall on receipt of the   
Certificate issued under subsection (4), issue   
summons on the defaulter requiring such   
defaulter to appear before him on a date to be   
specified and show cause as to why the amount   
specified in such certificate should not be   
recoverd from such defaulter. Where the cause   
shown appears to the Magistrate to be   
insufficeient so as to explain the reason for the   
nonpayment, the Magistrate shall after   
recording the same, make order for the recovery   
of the amount specified in such certificate, from   
the defaulter as if it were a fine imposed by the   
Magistrate. The money so recovered shall be   
remitted to the Commission, which shall credit   
the same to the Consolidated Fund.”.

*Finance Act, No. 21 of 2019*  5

PART IV

IMPOSITIONOFA LEVYON FOREIGN COMMERCIAL TRANSACTIONS

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| **6.** | (1) This Part of this Act shall come into operation on | Date of  operation of this Part. |
| such date as the Minister may by Order published in the *Gazette* appoint (hereinafter in this Part referred to as the | |

“appointed date”).

(2) The Order under subsection (1) shall, not later than three months from the date of publication in the *Gazette*, be placed before Parliament for its approval.

(3) Notification of the date of the approval under subsection (2) shall be published in the *Gezette*.

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| **7.** | (1) From and after the appointed date, there shall be | Imposition of a Levy on foreign commercial  transactions. |
| charged, a levy to be called the “Levy on Foreign Commercial Transactions” (hereinafter in this Part referred to as the “Levy”) from every person who has completed | |

a transaction through a payment card with a person outside Sri Lanka, to purchase any goods or services from such person outside Sri Lanka.

(2) The rate of the Levy shall be 3.5 *per centum* on the sum remitted outside Sri Lanka for any transaction under subsection (1).

(3) The levy shall be collected at the time of the remittance of the sum outside Sri Lanka for a transaction referred to in subsection (1), by every financial institution which transfers any such sum.

(4) The aggregate of the sums so collected under subsection (3), by any financial institution within any month shall be remitted to the Commissioner-General on or before the twentieth day of the month succeeding the relevant month.

6 *Finance Act, No. 21 of 2019*

(5) A financial institution shall in respect of each financial year of such financial institution, furnish a return to the Commissioner-General within a period of six months from the end of that financial year, in such form, manner and containing such information together with such attachments, as may be specified by the Commissioner-General.

(6) The provisions which may be necessary for the implemention of the provisions of this Part and collection of the levy shall be prescribed by regulations made under this Act.

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| Exemption from the payment of the Levy. | **8.** | The Minister may, having regard to the economic |
| development of the country, by Order published in the *Gazette*, exempt any transaction specified in such Order, | |

subject to such conditions as may be specified in such Order, from the application of the provisions of section 7.

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| Default in  payment of the Levy. | **9.** | (1) Where any financial institution, which is liable |
| to pay the levy under this Part fails to pay the levy as provided for in section 7, such financial institution shall be deemed | |

to be a defaulter under this Act.

(2) The provisions of Chapter IX, Chapter XI, Chapter XII, Chapter XIII, Chapter XIV, Chapter XV, Chapter XVI, Chapter XVII and Chapter XVIII of the Inland Revenue Act, No. 24 of 2017 shall, *mutatis mutandis*, apply to and in relation to any such defaulter.

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| Interpretation. | **10.** | In this part of this Act, unless the context otherwise |

requires—

“Commissioner-General” means, the Commissioner-  
General of Inland Revenue appointed or deemed   
to be appointed under the Inland Revenue Act,   
No. 24 of 2017;

“charge card” means, a payment card which involves   
a line of credit granted by the issuer to the   
cardholder where the credit utilized by the

*Finance Act, No. 21 of 2019*  7

cardholder must be settled fully on or before   
a date specified by the issuer, without any   
extended credit;

“credit card” means, a payment card which involves a   
line of credit granted by the issuer to the   
cardholder where the credit utilized can be settled   
in full or in part on or before a specified date. The   
issuer may charge interest or other charges on any   
amount not settled on the specified date;

“debit card” means, a payment card that may be used   
to withdraw cash or execute payments for   
purchase of goods and services, or for both such   
purposes, by directly debiting from the   
cardholder’s account;

“finance company” means, a finance company   
licensed under the Finance Business Act, No. 42   
of 2011;

“financial institution” means, a licensed commercial   
bank, a licensed specialized bank, or a finance   
company engaged in the business as an issuer of   
payment cards or financial acquirer of payment   
cards under the authority of a licence issued by   
Central Bank of Sri Lanka;

“financial acquirer” means, any person who makes   
arrangements with third parties to accept payment   
cards of cardholders as a means of payment and   
reimburses those third parties with the value of   
the goods or services purchased by the cardholder,   
or who reimburses such third parties for cash   
advances obtained by the card holders or performs   
both such functions;

“issuer” means, an entity that issues a payment card   
and thereby enters into a contractual relationship   
with the cardholder;

8 *Finance Act, No. 21 of 2019*

“licensed commercial bank” means, a commercial   
bank licensed under the Banking Act, No. 30 of   
1988;

“licensed specialized bank” means, a specialized   
bank licensed under the Banking Act, No. 30 of   
1988;

“payment card” means, a debit card, credit card,   
 charge card or stored-value card;

“person” shall have the same meaning assigned to   
such expression under the Inland Revenue Act,   
No. 24 of 2017;

“stored-value card” means, a payment card or any   
other device with access to a stored value that can   
be used as a means of payment and does not   
include a card that can be used only to settle   
payment obligations to the issuer of such card.

PART V

GENERAL

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| Regulations. | **11.** | (1) The Minister may make regulations in respect |

of all matters which are required to be prescribed or for which regulations are authorized to be made under this Act.

(2) Every regulation made by the Minister under subsection (1) shall be published in the *Gazette* and shall come into operation on the date of its publication or on such later date as may be specified therein.

(3) Every regulation made by the Minister shall within three months from its publication in the *Gazette*, be brought before Parliament for approval. Every regulation which is not so approved shall be deemed to be rescinded from the date of disapproval but without prejudice to anything duly done thereunder.

*Finance Act, No. 21 of 2019*  9

(4) Notification of the date on which any regulation is

deemed to be rescinded shall be published in the *Gazette*.

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| **12.** | In the event of any inconsistency between the | Sinhala text to  prevail in case  of inconsistency. |
| Sinhala and Tamil texts of this Act, the Sinhala text shall prevail. | |

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| 10 | *Finance Act, No. 21 of 2019* |

English Acts of the Parliament can be purchased at the “PRAKASHANA PIYASA”, DEPARTMENTOF GOVERNMENT PRINTING, NO. 118, DR. DANISTER DE SILVA MAWATHA, COLOMBO 8.