



PARLIAMENT OF THE DEMOCRATIC  
SOCIALIST REPUBLIC OF  
SRI LANKA

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TURNOVER TAX (AMENDMENT)  
ACT, No. 39 OF 1983

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[Certified on 7th October, 1983]

*Printed on the Orders of Government*

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*Turnover Tax (Amendment)*

Act, No. 39 of 1983

L.D.—O. 6/83

[Certified on 7th October, 1983]

AN ACT TO AMEND THE TURNOVER TAX ACT, NO. 69 OF 1981

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

1. This Act may be cited as the Turnover Tax (Amendment) Act, No. 39 of 1983.

Short title.

2. Section 10 of the Turnover Tax Act, No. 69 of 1981 (hereinafter referred to as the “principal enactment”) is hereby amended by the substitution for the words “shall be deemed to be a defaulter for the purposes of this Act.”, of the following :—

Amendment  
of section  
10 of  
Act No. 69  
of 1981.

“shall be deemed to be a defaulter for the purposes of this Act :

Provided, however, that where the turnover of any business for any previous quarter exceeds fifteen million rupees, the turnover tax payable for the succeeding quarter shall be paid in the following manner :—

- (a) one-third of the turnover tax payable for the previous quarter shall be paid not later than the fifteenth day of the second month in the succeeding quarter ;
- (b) one-third of the turnover tax payable for the previous quarter shall be paid on or before the fifteenth day of the third month in the succeeding quarter ;
- (c) the turnover tax payable for the succeeding quarter after deducting therefrom the amounts paid under paragraph (a) and paragraph (b), shall be paid not later than the fifteenth day of the month following the end 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 such 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.”.

3. Section 44 of the principal enactment is hereby amended by the substitution, for all the words commencing from “Notwithstanding anything” to the end of that section, of the following :—

Amendment  
of section 44  
of the  
principal  
enactment.

“Notwithstanding anything in this section, the Commissioner-General may, having regard to the nature of

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different classes or descriptions of business, prescribe the form and manner in which transactions shall be recorded in any business of that class or description. Where the Commissioner-General prescribes the form and manner in which transactions shall be recorded in a business, every person chargeable with turnover tax and carrying on that business shall record or cause to be recorded each and every transaction entered into by him in the course of that business in the prescribed form and manner. Such record shall be retained and preserved by the person by whom or on whose behalf such record was prepared for a period of five years after the expiry of the quarter in which it was prepared.”.

Amendment  
of section  
46 of  
the principal  
enactment.

4. Section 46 of the principal enactment is hereby amended in subsection (2) of that section—

(1) by the substitution for the words “entered into by him in carrying on his business”, of the words, “entered into by him with another registered manufacturer in carrying on his business”;

(2) by the substitution for paragraphs (e) and (f) of that subsection of the following paragraphs:—

“ (e) the quantity of articles supplied and the amount of money received or receivable in respect of each transaction before any charge for the turnover tax;

(f) the turnover tax attributable to each such transaction only at the point of sale; and

(g) the amount of turnover tax paid to the Principal Collector of Customs as is attributable to the articles covered by such transaction where the transaction relates to an article imported by him and sold without subjecting it to any process.”.

Amendment  
of section  
48 of  
the principal  
enactment.

5. Section 48 of the principal enactment is hereby amended by the substitution for the words “but deducted from the tax payable for the subsequent quarter and so on.”, of the following:—

“but deducted from the tax payable for the subsequent quarter and so on:

Provided that—

(a) no deduction shall be made for tax in respect of any plant, machinery, fixtures, buildings, vehicles or other capital assets used in that business;

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- (b) no deduction shall be made in respect of articles used in any business which is exempt from turnover tax under section 4 or used in the manufacture of excepted articles ; and
- (c) no person who imports any articles manufactured outside Sri Lanka and sells such article without subjecting it to any process of manufacture shall, notwithstanding anything in any other provisions of this Act, be deemed to be a manufacturer for the purposes of this section on or after February 19, 1983."

6. Section 49 of the principal enactment is hereby amended as follows :—

Amendment  
of section  
49 of  
the principal  
enactment.

- (1) in subsection (3) of that section, by the substitution for the expression "Subject to the provisions of subsection (6),", of the expression "Subject to the provisions of subsection (5) and subsection (6),";
- (2) by the substitution, for subsection (4) of that section, of the following new subsection :—

" (4) Subject to the provisions of subsection (5) and subsection (6), where the Commissioner-General is satisfied that the exporter is himself the manufacturer or producer of any article manufactured or produced in Sri Lanka, and

- (i) that turnover tax has in fact been paid by the exporter to the Principal Collector of Customs in respect of such raw materials used by such exporter in the manufacture of the articles exported by him, or

(ii) that—

- (a) the price paid by such exporter for the purchase of such raw materials as is attributable to the manufacture or production of such article was paid to the manufacturer or producer from whom such raw materials were purchased ; and

- (b) the turnover tax has in fact been paid by the manufacturer or producer of such raw materials in respect of the turnover of his business as is attributable to such raw materials,

such amount of the turnover tax as is attributable to the raw materials used in the manufacture or

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production of such article shall be paid to such exporter by the Commissioner-General.”;

(3) by the substitution, for subsection (5) of that section, of the following subsection:—

“(5) The provisions of subsections (3) and (4) shall—

(a) not apply to an exporter for any period if the turnover tax paid is in respect of an article which has been *gazetted* by the Chairman of the Export Development Board established under the Sri Lanka Export Development Act, No. 40 of 1979, as an article for which a rebate of turnover tax is claimable for that period; and

(b) apply in relation to any container, receptacle or wrapper in which an article referred to in those subsections is exported in the same manner as if all reference to “article” in those provisions were references to such container, receptacle or wrapper as the case may be.”.

Amendment  
of  
section 50 of  
the principal  
enactment.

7. Section 50 of the principal enactment is hereby amended as follows:—

(1) in subsection (1) of that section, in the proviso thereto, by the substitution for the words “five hundred thousand rupees”, of the words “one hundred thousand rupees”; and

(2) in subsection (4) of that section—

(a) by the substitution in paragraph (ii) of that subsection, for the expression “specified in paragraph (i); or”, of the expression “specified in paragraph (i);”;

(b) by the substitution in paragraph (iii) of that subsection, for the expression “specified in paragraph (i) or (ii)”, of the expression “specified in paragraph (i) or (ii); or”; and

(c) by the insertion, immediately after paragraph (iii) of that subsection of the following new paragraph:—

“(iv) any contract in relation to services of an entertainer or artiste or in relation to consultancy services.”.

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8. (1) The amendments made to the principal enactment by section 5 and section 6 of this Act shall be deemed for all purposes to have come into operation on November 12, 1981.

Retrospective  
effect of  
section 5, and  
section 6.

(2) Where any tax becomes payable by virtue of the operation of subsection (1), such tax shall be paid within three months of the date of commencement of this Act. Any tax not so paid shall be deemed to be in default and the person by whom such tax is payable or where such tax is payable by more than one person, or by a partnership, then each such person and each partner in the partnership shall be deemed to be a defaulter for the purposes of this Act.



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