



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

**INLAND REVENUE (SPECIAL PROVISIONS)
ACT, No. 10 OF 2003**

[Certified on 17th March, 2003]

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Inland Revenue (Special Provisions)
Act, No. 10 of 2003

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L. D. — O. 91/2002.

AN ACT TO ENABLE PERSONS WHO HAVE NOT FURNISHED A RETURN OF INCOME AND ASSETS PRIOR TO MARCH 31, 2002 TO MAKE A DECLARATION IN RESPECT THEREOF; TO MAKE PROVISION FOR THE GRANT OF CERTAIN CONCESSIONS TO DECLARENTS AND NON-DECLARENTS; TO INDEMNIFY SUCH PERSONS AGAINST LIABILITY TO PAY CERTAIN TAXES AND AGAINST LIABILITY FROM INVESTIGATIONS, PROSECUTIONS AND PENALTIES UNDER SPECIFIED STATUTES, WITH A VIEW TO SECURING THE FUTURE COMPLIANCE OF SUCH PERSONS WITH THE PREVALENT TAX LAWS : TO PROVIDE FOR THE REPEAL OF THE INLAND REVENUE (SPECIAL PROVISIONS) ACT, NO. 7 OF 2002; AND TO PROVIDE FOR MATTERS CONNECTED THEREWITH OR INCIDENTAL THERETO.

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

1. This Act may be cited as the Inland Revenue (Special Provisions) Act, No. 10 of 2003.

Short title.

2. (1) Any person whether in Sri Lanka or abroad, who, though required under any law for the time being in force, which is specified in the Schedule hereto, relating to the imposition of tax, had not in relation to any period prior to March 31, 2002, declared to the Commissioner-General or to the relevant authority, as the case may be, all or any portion of his liability to such tax, or of the sources of his income and assets, may make a declaration of the sources of his income or assets as at April 1, 2002, to the Commissioner-General on or before June 30, 2003 :

Declaration to be made to the Commissioner-General before June 30, 2003.

Provided however that any person who had made the required declarations to the Commissioner-General or to the relevant authority in respect of all relevant periods prior to March 31, 2002, may make a declaration under section 2 in order to ascertain the correctness of his position and the Commissioner-General or the other relevant authority shall extend the immunity referred to in section 3, to such person.

(2) For the purposes of this section "sources of income" shall include any income received by way of cash or in any other form and "assets" shall include, immovable property, movable property, bank balances, treasury bills, fixed deposits, time deposits or any other form of deposit and money given by way of security or loans and cash in hand.

(3) Cash in hand as at April 1, 2002, which has subsequently not been spent, should be invested or deposited into a bank, prior to the making of the declaration in terms of this section.

(4) The Commissioner-General or an officer not below the rank of Commissioner, specially authorized by him in writing in that behalf, shall within thirty days of the receipt thereof, acknowledge in writing any declaration received in terms of subsection (1).

Immunity granted
to persons making
the declaration.

3. (1) Any person making a declaration in terms of section 2, shall enjoy full immunity from liability to pay tax under any law specified in the Schedule hereto, or from any investigation or prosecution for any offence under any law specified in the Schedule hereto, in relation to any period ending on or before March 31, 2002 in so far as such declaration relates to —

- (a) non-payment of taxes ;
- (b) the sources of income or assets declared ;
- (c) the profits or income earned from which such assets were funded ;
- (d) the manner in which such assets were funded ;
- (e) any matter related to or incidental to any of the above.

(2) The relevant authority, charged with the administration of the Acts specified in the Schedule hereto, shall ensure that full immunity as specified above, be granted to the person making the declaration in terms of section 2.

(3) Any transaction taking place on or after March 31, 2002, in connection with any asset declared for the purposes of the Exchange Control Act (Chapter 423) under section 2 of this Act, shall be afforded the same immunity referred to in subsection (1), as if such transaction has taken place on or before March 31, 2002.

4. (1) Any investigation or prosecution which has commenced in relation to any period ending on or before March 31, 2002, against the person making the declaration in terms of section 2 or any penalty which has been imposed on such person, but which has not been paid, under any of the laws specified in the Schedule hereto shall notwithstanding anything to the contrary in any other law, be withdrawn.

Investigations,
prosecutions &c.,
to be withdrawn.

(2) Where there is any tax in dispute under any of the laws specified in the Schedule hereto, pertaining to tax, in respect of any period ending on or before March 31, 2002, in relation to a person who has made a declaration in terms of section 2, then the tax specified by such person as being the amount of tax payable by him shall be accepted by the relevant authority, charged with the administration of the Acts specified in the Schedule hereto, as being correct and reflecting the final tax liability of that person in respect of such period :

Provided that no tax in dispute, which has been settled with the agreement of the person making the declaration in terms of section 2, shall be re-opened.

(3) Where there is any tax in dispute under any of the laws specified in the Schedule hereto, pertaining to tax, in respect of any period ending on or before March 31, 2000, in relation to a person who has not made a declaration in terms of section 2, then the tax specified by such person, as being the amount of tax payable by him shall be accepted by the relevant authority, charged with the administration of the laws specified in the Schedule hereto, as being correct and reflecting the final tax liability of that person in respect of such period :

Provided that no tax in dispute, which has been settled with the agreement of the person who has not made the declaration in terms of section 2, shall be re-opened.

(4) For the purposes of subsection (2) and subsection (3) above, "tax specified" shall include any specified tax paid in terms of Chapter XIII of the Inland Revenue Act, No. 38 of 2000, by any person for the year of Assessment 2001/2002, on or before September 30, 2002.

Liability to tax for
year of assessment
2002/2003.

5. (1) Any person who is liable to pay income tax in respect of the Year of Assessment 2002/2003, and who has made a declaration in terms of section 2, and who does not have an income tax file opened in his name, in the Department of Inland Revenue, shall not be liable to any prosecution or penalty if such income tax for such year of assessment is paid in full on or before September 30, 2003.

(2) (a) Any person who is liable to pay income tax, in respect of the first quarterly installment for the Year of Assessment 2002/2003, and who has an income tax file in his name in the Department of Inland Revenue, has either not paid or under paid such tax, shall not be liable to any prosecution or penalty if such instalment of income tax for such year of assessment is paid in full or in such part as is unpaid on or before September 30, 2003.

(b) Such person as is referred to in paragraph (a) shall pay all other quarterly instalments and the final payment for the Year of Assessment 2002/2003 on the dates on which the same is due in terms of the Inland Revenue Act, No. 38 of 2000. Any default in these payments shall result in the enforcement of the penalties attached to the tax in default under such Act.

(3) Any person who has made a declaration under section 2 and is liable to pay any tax other than income tax under any of the laws specified in the Schedule hereto, for any period commencing on April 1, 2002, shall pay all such taxes as provided for in the aforesaid laws.

Secrecy.

6. (1) Any authority empowered to administer the laws referred to in the Schedule hereto and all other officers engaged in the administration of the provisions of such laws shall at all times preserve and aid in preserving absolute secrecy in respect of the identity of the declarant and any matter or thing contained in any declaration made by any person in terms of section 2.

(2) Any oath of secrecy taken by any of the officers referred to in subsection (1) under any of the laws referred to in the Schedule hereto, shall be deemed to be an oath of secrecy taken under this Act and any person who acts in contravention of such oath shall be guilty of an offence under this Act and shall on summary trial before a Magistrate, be liable to a fine not exceeding one hundred thousand rupees or to imprisonment of either description for a term not exceeding one year or to both such fine and imprisonment.

(3) No Commission of Inquiry or Regulator, established or appointed under any written law for the time being in force shall be entitled to call upon a declarant or any person referred to in subsection (1) to divulge the identity of the declarant or any information contained in any declaration made under section 2.

(4) No Court of Law shall call upon any person referred to in subsection (1) to divulge the identity of the declarant or any information contained in any declaration made under section 2, other than in the course of any proceedings instituted under the Commission to Investigate Allegations of Bribery and Corruption Act, No. 19 of 1994.

7. For the avoidance of doubts it is hereby declared that —

Avoidance of
doubts.

(a) reference to a person holding money or having any investment shall include a reference to the person holding the money, or investment in his name or any other name or without any name;

(b) nothing in this law shall be read and construed as preventing any person from claiming or instituting proceedings for the recovery of a refund of tax due to him, or from seeking protection or a privilege under any of the laws referred to in the Schedule hereto.

8. (1) The Minister may make regulations in respect of all matters which are required by this Act to be prescribed or in respect of which regulations are required or authorized to be made under this Act to give effect to the principles and provisions of this Act.

Regulations.

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

(3) Every regulation made by the Minister shall, as soon as convenient after its publication in the *Gazette*, be placed before Parliament for approval. Every regulation which is not so approved shall be deemed to be rescinded as from the date of such disapproval, but without prejudice to anything previously done thereunder.

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

Consequence of failure to come within provisions of this Act.

9. Any person who intends to avail himself of the provisions of this Act, shall do so in accordance with the procedures and within the time period specified in this Act. Any person who so fails to take the necessary steps in terms of this Act, shall be liable to be dealt with in terms of the provisions of the Inland Revenue Act, No. 38 of 2000.

Transitional provisions.

10. No proceedings shall be instituted for the recovery of any tax nor shall any pending action be proceeded with under any of the laws referred to in the Schedule hereto, after the expiration of a period of five years from the date on which the payment of tax is in default, in terms of the respective laws.

Repeal of Act, No. 7 of 2002 and savings.

11. (1) The Inland Revenue (Special Provisions) Act, No. 7 of 2002 is hereby repealed.

(2) Every declaration made in terms of section 2 of the Inland Revenue (Special Provisions) Act, No. 7 of 2002 prior to the repeal, shall notwithstanding such repeal be deemed to be a declaration made in terms of section 2 of this Act, and shall for the purpose of the granting of any immunity or exemption from liability in terms of this Act, be considered for all purposes as if it were a declaration made under section 2 :

Provided that any person whose declaration is deemed to be accepted in terms of this section, may, if he so desires notify the Commissioner-General or the relevant authority as the case may be, in writing, within a period of three months from the date of the coming into operation of this Act, requesting any alteration, amendment or variation of such declaration in order to bring it into conformity with the provisions of this Act.

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

Sinhala text to prevail in case of inconsistency.

13. In this Act—

Interpretation.

“Authority” includes any Department charged with administering the laws referred to in the Schedule ;

“company”, “body of persons” and “partnership” shall have the same meaning as in the Inland Revenue Act, No. 38 of 2000 ;

“Commissioner-General” shall have the same meaning as in the Inland Revenue Act, No. 38 of 2000 ;

“immovable property” includes any building in Sri Lanka or abroad, whether constructed or under construction ;

“investigation” shall include inquiry, questioning, search or any other similar action under the laws referred to in the Schedule ;

“money” includes all sums of money whether expressed in Sri Lanka rupees or in foreign currency ;

“movable property” includes all movable property in Sri Lanka or abroad but does not include money ;

“offence” includes any offence whatsoever in any of the laws referred to in the Schedule ;

“person” shall include a company or partnership or a body of persons ;

“tax” shall include any tax, levy, penalty (including any penalty in respect of any offence), forfeiture or fine, payable or levied under any of the laws referred to in the Schedule hereto :

“tax in dispute” shall include any tax assessed under any of the laws referred to in the Schedule to this Act, which has not been accepted by the Commissioner-General, the relevant authority or the person concerned.

SCHEDULE

(Sections 2, 3, 4 and 6)

1. The Turnover Tax Act, No. 69 of 1981.
2. The National Security Levy Act, No. 52 of 1991.
3. The Goods and Services Tax Act, No. 34 of 1996.
4. The Stamp Duty Act, No. 43 of 1982.
5. The Finance Act, No. 11 of 1963.
6. The Save the Nation Contribution Act, No. 5 of 1996.
7. The Inland Revenue Act, No. 28 of 1979.
8. The Inland Revenue Act, No. 38 of 2000.
9. The Surcharge on Wealth Tax Act, No. 25 of 1982.
10. The Surcharge on Wealth Tax Act, No. 8 of 1989.
11. The Surcharge on Income Tax Act, No. 26 of 1982.
12. The Surcharge on Income Tax Act, No. 12 of 1984.
13. The Surcharge on Income Tax Act, No. 7 of 1989.
14. The Surcharge on Income Tax (Amendment) Act, No. 17 of 1991.
15. The Surcharge on Income Tax (Amendment) Act, No. 32 of 1992.
16. The Surcharge on Income Tax (Amendment) Act, No. 28 of 1993.
17. The Surcharge on Income Tax (Amendment) Act, No. 23 of 1994.
18. The Surcharge on Income Tax (Amendment) Act, No. 13 of 1995.
19. The Surcharge on Income Tax Act, No. 6 of 2001.
20. The Betting and Gaming Levy Act, No. 40 of 1988.
21. The Estate Duty Act, No. 13 of 1980.
22. The Exchange Control Act, (Chapter 423).
23. The Import and Export Control Act, No. 1 of 1969.
24. The Excise (Special Provisions) Act, No. 13 of 1989.
25. The Excise Ordinance (Chapter 52).
26. The Customs Ordinance (Chapter 235).

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