



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

**TURNOVER TAX (AMENDMENT)
ACT, No. 6 OF 1989**

[Certified on 11th May, 1989]

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Turnover Tax (Amendment) Act, No. 6 of 1989

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L.D.—O 14/89

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. 6 of 1989. Short title.

2. Section 46 of the Turnover Tax Act, No. 69 of 1981 (hereinafter referred to as the “principal enactment”) is hereby amended in subsection (2) thereof, by the repeal of paragraph (f) of that subsection, and the substitution of the following paragraph therefor: — Amendment of section 46 of Act No. 69 of 1981.

“ (f) the turnover tax attributable to such transaction and the withholding turnover tax deducted under section 50A; and ”.

3. The following new Chapter is hereby inserted immediately after Chapter XV, and shall have effect as Chapter XVA of the principal enactment:— Insertion of new Chapter XVA in the principal enactment.

‘ CHAPTER XVA

DEDUCTION OF WITHHOLDING TURNOVER TAX ON
SALES BY IMPORTERS AND MANUFACTURERS

With-
holding turn-
over tax
on sales
by impor-
ters and
manu-
facturers.

50A. (1) Notwithstanding anything in this Act, where any—

(a) such importer as is referred to in section 12; or

(b) manufacturer,

sells, in the course of carrying on business as such importer or manufacturer, on or after April 1, 1989, any article (other than an excepted article) to any person (hereinafter called the “buyer”) he shall deduct a tax (hereinafter called the “withholding turnover tax”) calculated at one *per centum* of the amount received or receivable on such sale where such amount forms part of the turnover, within the meaning of section 5, of such importer or manufacturer.

(2) Every importer or manufacturer who deducts withholding turnover tax in accordance with the provisions of subsection (1) of this section shall—

(a) issue to the buyer of such article, a voucher setting out—

(i) his name and postal address;

(ii) the name and postal address of the buyer;

(iii) the amount of money received or receivable in respect of the transaction of sale;

(iv) the date on which the transaction was entered into;

(v) the withholding turnover tax attributable to such transaction of sale; and

(vi) any other particulars he is required to set out under section 46 (2); and

(b) remit to the Commissioner-General, the sum deducted as withholding turnover tax together with the turnover tax payable by him for the quarter during which the transaction, in respect of which withholding turnover tax was deducted, took place.

(3) Where the turnover of any person liable to turnover tax includes a sum received or receivable on the sale of an article in respect of which withholding turnover tax has been deducted, as hereinbefore provided,

he shall be entitled on production of the voucher relating to such withholding turnover tax issued to him under subsection (2), to set-off the withholding turnover tax set out in such voucher against the turnover tax payable by him :

Provided that no such set-off shall be allowed in the case of withholding turnover tax deducted in respect of—

(a) any plant, machinery, fixtures, buildings, vehicles or other capital assets purchased for use in any business ; or

(b) any articles purchased—

(i) for use in any business which is exempt from turnover tax under section 4 ; or

(ii) for use in the manufacture of any excepted articles.

(4) Any excess of the withholding turnover tax deducted under this section over the turnover tax payable by any person against which such withholding turnover tax may be set-off under subsection (3), shall not be refunded to that person but may be deducted from the turnover tax payable by that person for the subsequent year and so on.

Applica-
tion of
provisions
of this
Act to
withhold-
ing turn-
over tax.

50B. The provisions of this Act relating to the furnishing of returns, levy, recovery, imposition of penalties for default and to the refund of the turnover tax, shall, *mutatis mutandis*, apply to the furnishing of returns, levy, recovery, imposition of penalties for default, and refund, relating to, or of, the withholding turnover tax payable under this Chapter. '

4 *Turnover Tax (Amendment) Act, No. 6 of 1989*

Amendment
of section
53 of the
principal
enact-
ment.

4. Section 53 of the principal enactment is hereby amended in paragraph (a) of that section, by the substitution for the words and figures "subsection (1) of section 50 ; or", of the words and figures "subsection (1) of section 50 or subsection (1) or subsection (2) of section 50A ; or".

Sinhala
text to
prevail
in case of
incon-
sistency.

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