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

FINANCE

ACT, No. 16 OF 1995

[Certified on 31st August, 1995]

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L.D.—O. 6/95

AN ACT TO ENACT THE PROVISIONS OF LAW NECESSARY TO GIVE
LEGAL FORCE TO CERTAIN PROPOSALS FINANCIAL AND OTHER-
WISE, FOR THE FINANCIAL YEAR COMMENCING ON JANUARY 1,
1995.

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

1. This Act may be cited as the Finance Act, No. 16 of 1995. Short title.

CHAPTER I

PART I

IMPOSITION OF DIESEL MOTOR VEHICLE LEVY

2. There shall be charged, levied and paid, on every diesel motor vehicle, for every year commencing on or after April 1, 1995, a diesel motor vehicle levy (in this Part referred to as "the levy") of a sum equal to ten thousand rupees. The levy payable for every such year shall be paid by the registered owner of the diesel motor vehicle, on or before the relevant date : Annual diesel motor vehicle levy.

Provided that where a diesel motor vehicle is registered, by the Commissioner, under this Chapter, in any year, as being used for the transport, of children to or from schools or of office staff to or from offices or places of work or of goods, the levy payable on such diesel motor vehicle, for such year, shall be five thousand rupees.

PART II

IMPOSITION OF A LUXURY MOTOR VEHICLE LEVY, SEMI-LUXURY MOTOR VEHICLE LEVY AND SEMI LUXURY DUAL PURPOSE MOTOR VEHICLE LEVY

3. There shall be charged, levied and paid, on every luxury motor vehicle, (other than a semi-luxury dual purpose motor vehicle) for every year commencing on or after April 1, 1995, but for not more than seven years, a luxury motor vehicle levy (in this section referred to as "the levy") at the respective rates set out in the First Schedule to this Act. The levy payable for every such year shall be paid by the registered owner of the luxury motor vehicle on or before the relevant date. Annual luxury motor vehicle levy.

Annual
semi-
luxury
motor
vehicle
levy.

4. There shall be charged, levied and paid, on every semi-luxury motor vehicle for every year commencing on or after April 1, 1995, but for not more than seven years, a semi-luxury motor vehicle levy (in this section referred to as "the levy") at the respective rates set out in the Second Schedule to this Act. The levy payable for every such year shall be paid by the registered owner of the semi-luxury motor vehicle on or before the relevant date.

Annual
semi-
luxury
dual
purpose
motor
vehicle
levy.

5. There shall be charged, levied and paid, on every semi-luxury dual purpose motor vehicle, for every year commencing on or after April 1, 1995, but for not more than seven years, a semi-luxury dual purpose motor vehicle levy (in this section referred to as "the levy") at the respective rates set out in the Third Schedule to this Act. The levy payable for every such year shall be paid by the registered owner of the semi-luxury dual purpose motor vehicle on or before the relevant date.

PART III COLLECTION OF LEVY

Levy to
include
diesel
motor
vehicle
levy,
luxury
motor
vehicle
levy,
semi-
luxury
motor
vehicle
levy
and
semi-
luxury
dual
purpose
motor
vehicle
levy.

6. For the purposes of this Part of this Chapter "levy" includes the diesel motor vehicle levy, luxury motor vehicle levy, semi-luxury motor vehicle levy and semi-luxury dual purpose motor vehicle levy and any penalty added thereto.

Registered
owner to
pay the
levy.

7. Subject to the provisions of section 8, the registered owner of every specified motor vehicle shall pay the levy payable by him for any year, commencing on or after April 1, 1995, on or before the relevant date, to the Commissioner.

Insurer to
collect the
levy.

8. (1) Every insurer who insures or renews an insurance policy in respect of any specified motor vehicle shall—

(a) at the time at which he insures or renews an insurance policy in respect of a specified motor vehicle, collect from the registered owner of such vehicle an amount equal to the levy payable by such registered owner, on such specified motor vehicle ;

(b) remit the amount so collected to the Commissioner on or before the fifteenth day of the month immediately succeeding the month in which the amount was collected, together with a declaration in such form and containing such particulars as may be specified by the Commissioner.

(2) Every insurer who collects any amount in accordance with the provisions of subsection (1), shall duly acknowledge the receipt of the amount so collected, in such manner as may be specified by the Commissioner.

(3) Any amount collected by any insurer from any registered owner of a specified motor vehicle in accordance with the provisions of subsection (1), shall be deemed to have been paid to the Commissioner by such registered owner on the date on which such insurer collected such amount.

(5) Notwithstanding anything in any other law, any amount collected by any insurer under the preceding provisions of this section and held by such insurer for remittance to the Commissioner shall be deemed not to be such property of such insurer as is liable to execution or administration in the event of the bankruptcy, liquidation or dissolution of the business of such insurer or to assignment for the benefit of creditors and such amount shall remain apart from, and form no part of, the estate in bankruptcy, liquidation or assignment of such insurer.

(5) Where any insurer fails to collect, from any registered owner of a specified motor vehicle the levy required to be collected from such registered owner under this Act or where any insurer has collected such amount and has not remitted the amount so collected to the Commissioner on or before the fifteenth day of the month immediately succeeding the month in which such amount was collected, such insurer shall be liable to the amount he was required to collect under the provisions of this Act but has not collected, or as the case may be, for the amount or part thereof, collected and not remitted to the

Commissioner and such amount not collected or collected and not remitted, as the case may be, shall be deemed to be in default from the day following the day on which such amount was required to have been remitted to the Commissioner and such insurer shall be deemed to be a defaulter, with the meaning of this Act with effect from such date.

(6) Where any insurer is deemed to be a defaulter, under the provisions of subsection (5), the amount of the levy in default, may be recovered from such insurer, in the manner provided for in section 10 and section 11.

Registered owner to prove payment of the levy.

9. The registered owner of every specified motor vehicle shall produce to the insurer at the time he applies for the issue or renewal of an insurance policy in respect of such motor vehicle for any year, proof of payment of the levy in respect of that specified motor vehicle, for that year.

Notice to defaulter.

10. (1) Where the levy payable by the registered owner of a specified motor vehicle, for any year commencing on or after April 1, 1995, is not paid by him on or before the relevant date, the levy shall be deemed to be in default and such registered owner shall be deemed to be a defaulter with effect from such date.

(2) Where any levy is deemed to be in default by reason of the operation of subsection (1), the defaulter shall, in addition to the levy, be liable to pay a penalty of an amount equal to fifty *per centum* of the levy.

(3) Where any levy payable under this Chapter of this Act is in default, the Commissioner shall before proceeding to recover such levy as provided in section 11, require the defaulter by notice, in writing to pay the levy in default within the period specified in such notice.

(4) A notice shall be deemed to have been duly served on the registered owner of any specified motor vehicle if such notice was served on him personally or was sent by registered post addressed to him at the address set out in the Certificate of Registration of that vehicle. In the case of a notice sent by registered post, the notice shall be deemed to have been received by the defaulter on the date on which it would ordinarily be delivered to him.

11. Where the amount of the levy, has not been paid before the expiry of the date referred to in a notice sent under section 10, the Commissioner may issue a certificate, containing the amount of such levy and the name and last known place of residence of the registered owner who has failed to pay such levy, to a Magistrate having jurisdiction in the division in which such place is situated. The Magistrate shall thereupon summon such defaulter before him to show cause why further proceedings for the recovery of the levy should not be taken against him, and in default of sufficient cause being shown the levy 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 subsection (1) of section 291 (except paragraphs (a), (d) and (i) thereof) of the Code of Criminal Procedure Act, No. 15 of 1979, 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 subsection, he could have made at the time of imposing such sentence.

Recovery
of levy.

PART IV

MISCELLANEOUS

12. (1) A registered owner of a diesel motor vehicle may make an application to the Commissioner, for the purpose of registering such vehicle as being a vehicle which is being regularly used, for the transport of children to and from schools, or of office staff to and from offices or places of work, not less than six in number, or of goods. A declaration that any such vehicle is to be used regularly for such purpose and the number of children or officers as the case may be, transported in such vehicle shall be attached thereto.

Registration
of diesel
motor
vehicle.

(2) The Commissioner shall on receipt of an application and declaration made in the specified form, under subsection (1) and on being satisfied as to the truth of the averments made therein register such vehicle, as being used regularly for the purpose referred to in the application, during the year in respect of which the application is made.

(3) Where the Commissioner finds that the registered owner of a diesel motor vehicle has made a false or incorrect statement in any application or declaration made by him under subsection (1) or that such diesel motor vehicle is not being used for the purpose for which it has been registered, the Commissioner may, after affording such

registered owner an opportunity of being heard, cancel the registration made in respect of such diesel motor vehicle, under subsection (2). Every such cancellation shall be effective from the date of commencement of the year in respect of which such registration was made.

Regulations.

13. (1) The Minister may make regulations in respect of matters required by this Act to be prescribed.

(2) Every regulation under subsection (1) shall come into force on the date of its publication in the Gazette or on such later date as may be specified in such regulation and shall be brought before Parliament within a period of three months from the date of the publication of such regulation in the Gazette, or, if no meeting of Parliament is held within such period, at the first meeting of Parliament held after the expiry of such period, by a motion that such regulation shall be approved. There shall be set out in a Schedule to every such motion the text of the regulation to which the motion refers.

(3) Any regulation under subsection (1) which Parliament 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 regulation is deemed to be revoked shall be published in the Gazette.

Exemptions.

14. The provisions of this Chapter shall not apply to the registered owner of any specified motor vehicle where such registered owner is the Government of any foreign state or, the United Nations or any of its agencies or the representative in Sri Lanka, not being a citizen of Sri Lanka, (by whatsoever name, title or designation called) of the Government of any foreign state or of the United Nations or any of its agencies or the Trade Commissioner or Consular Officer in Sri Lanka of any such Government or of the United Nations or any of its agencies or any person, not being a citizen of Sri Lanka, on the staff of any such representative or Commissioner or Consular officer of any such Government of any such foreign state or of the United Nations or of any of its agencies, or any specified international organization or its representative not being a citizen of Sri Lanka.

For the purposes, of this section a "specified international organization" means an organisation which is specified as such by the Minister in consultation with the Minister in charge of the subject of Finance, by Notice published in the Gazette.

15. The Commissioner shall be in charge of the administration of this Act.

Administration.

16. Where the registered owner of a specified motor vehicle is required to pay, on or after April 1, 1995, but prior to the date of commencement of this Act, a levy in respect of such motor vehicle, such registered owner shall be deemed, for all purposes, to have complied with such requirement, if he pays the levy to the Commissioner within three months of the date of commencement of this Act. Where any such levy is not so paid, such levy shall be deemed to be in default after the expiration of a period of three months from the date of commencement of this Act, and such registered owner shall be deemed to be a defaulter within the meaning of this Act with effect from such date.

Transitional provisions.

17. In this Chapter of this Act, unless the context otherwise requires—

Interpretation.

"Commissioner" means the Commissioner of Motor Traffic appointed under the Motor Traffic Act;

"diesel motor vehicle" means a motor vehicle which uses, or is adapted to use diesel;

"insurer" means the Sri Lanka Insurance Corporation Limited incorporated as a public company under the Conversion of Public Corporations or Government Owned Business Undertakings into Public Companies Act, No. 23 of 1987 by Order published in Gazette Extraordinary 754/7 of February 16, 1993 or a subsidiary or independent corporation established under the Insurance (Special Provisions) Act, No. 22 of 1979 or any company registered under the Control of Insurance Act, No. 25 of 1962 as being authorized to transact insurance business;

"land vehicle" means any motor vehicle adapted for the use on any terrain, the model and the cylinder capacity of which is prescribed;

"luxury motor vehicle" means any diesel motor vehicle, the cylinder capacity of which exceeds—2,500 c.c. or a petrol motor vehicle the cylinder capacity of which exceeds 2,000 c.c. other than a land vehicle;

"Minister" means the Minister in charge of the subject of transport ;

"motor cycle", "motor tricycle", "motor ambulance", "motor hearse" and "invalid carriage" have the respective meanings assigned to them by the Motor Traffic Act ;

"motor vehicle" means any mechanically propelled vehicle, not being a motor cycle, motor tricycle, motor ambulance, motor hearse or invalid carriage, lorry, tractor, hand tractor or trailer which is constructed or adapted for the carriage of not more than nine persons (including the driver) and their effects ;

"petrol motor vehicle" means a motor vehicle which uses or is adapted to use petrol ;

"registered" means registered under the Motor Traffic Act ;

"relevant date"—

(a) in relation to a specified motor vehicle registered on or after April 1, 1995 and the year in which it is registered, means the date on which such specified motor vehicle is registered ;

(b) in relation to a specified motor vehicle registered on or after April 1, 1995 and any year subsequent to the year in which it is registered means the date in such subsequent year which corresponds to the date on which such specified motor vehicle was registered or where there is no corresponding date in such subsequent year, the date in such subsequent year which corresponds to the date succeeding the date on which such specified motor vehicle was registered ;

(c) in relation to a specified motor vehicle registered before April 1, 1995 and any year commencing on or after April 1, 1995, means the date in such year which corresponds to the date on which such specified motor vehicle was registered or where there is no corresponding date in such year, the date in such year which corresponds to the date succeeding the date on which such specified motor vehicle was registered ;

"semi-luxury dual purpose motor vehicle" means a luxury motor vehicle which is registered as a dual purpose motor vehicle;

"semi-luxury motor vehicle" means any diesel motor vehicle the cylinder capacity of which exceeds 2,200 c.c. but does not exceed 2,500 c.c. or a petrol motor vehicle the cylinder capacity of which exceeds 1,800 c.c. but does not exceed 2,000 c.c.; and shall be deemed to include a land vehicle;

"specified motor vehicle" means any diesel motor vehicle, any luxury motor vehicle, any semi-luxury motor vehicle or any semi-luxury dual purpose motor vehicle;

"year" means the period of twelve months commencing on April 1st of any year and ending on March 31st of the succeeding year.

CHAPTER II

IMPOSITION AND COLLECTION OF CESS ON TEXTILES AND TEXTILE PRODUCTS EXPORTED UNDER A TEXTILE QUOTA ALLOCATION

18. There shall be charged, levied and paid, with effect from April 1, 1995, on every textile and textile product exported from Sri Lanka, under a textile quota allocation, a cess at such rates as are set out in the Fourth Schedule to this Act.

Levy of
cess on
textiles and
textile
products
exported
under
textile
quota
allocation.

19. (1) The cess payable under section 18 on any textile or textile product exported under a textile quota allocation, shall be paid to the relevant authority, by the registered exporter to whom such textile quota allocation has been issued. Such cess shall be paid by such registered exporter after he has exported such textile or textile product and at the time he applies to the relevant authority, for an export licence or other documentation to prove that such export was under a textile quota allocation.

Cess to
be paid
to the
relevant
authority.

(2) The relevant authority shall acknowledge in the manner specified by the authority, all cesses received by him under this Act.

Default
of the
payment
of cess.

20. Where the registered exporter fails or refuses to pay any cess he is liable to pay under section 18, to the relevant authority, at the time he applies for the licence or other documentation referred to in section 19, it shall be lawful for the relevant authority to refuse to issue such licence or other documentation to such registered exporter and for the Textile Quota Board to cancel any textile quota allocation issued to such registered exporter and for the time being in force.

Cess
to be
credited to
Consolidated
Fund.

21. The relevant authority shall cause all cesses collected by him under this Act to be credited to the Consolidated Fund.

Validation of
cess imposed
under
section 18.

22. All cesses payable under this Act on textile and textile products exported from Sri Lanka, after April 1, 1995 and prior to the date of commencement of this Act, and recovered from a registered exporter prior to the date of commencement of this Act, shall be deemed, for all purposes, to have been, and to be validly recovered.

Transitional
provisions.

23. A registered exporter liable to pay any cess under this Act on any textile or textile product exported by him during the period commencing on April 1, 1995 and ending on the date of commencement of this Act, shall pay such cess to the relevant authority, within three months of the date of commencement of this Act. Where a registered exporter fails to pay such cess within such period, the Textile Quota Board may cancel any textile quota allocation issued to such registered exporter and for the time being in force.

Interpretation.

24. In this Chapter of this Act under the context otherwise requires—

“Board of Investment of Sri Lanka” means the Board of Investment of Sri Lanka established by the Board of Investment of Sri Lanka Law, No. 4 of 1978;

“registered exporter” means an exporter of textile and textile products registered with the Ministry of the Minister in charge of the subject of Textile Industries or the Board of Investment of Sri Lanka, as the case may be;

“relevant authority”—

(a) in relation to an exporter registered with the Board of Investment of Sri Lanka, means the Director-General of the Board of Investment of Sri Lanka : and

(b) in relation to an exporter registered with the Ministry of the Minister in charge of the subject of Textile Industries, means the Secretary to such Ministry ;

"textile export quota" means the entitlement to export, from Sri Lanka to any other country, a specified quantity of textiles and textile products, during a specified period of time, under, and in accordance with, an agreement between the Government of Sri Lanka and the Government of that other country ;

"textile product" means a product made out of any or all of the following :—

cotton, wools, man-made fibre, silk blend fibre or other vegetable fibre ;

"textile quota allocation" means any authorization issued by the Textile Quota Board enabling a registered exporter to export to another country, a specified quantity of textiles or textile products, during a specified period of time, under the textile export quota applicable to that country ;

"Textile Quota Board" means the Textile Quota Board appointed by the Minister to administer and manage the textile export quota and includes a sub-committee thereof.

25. 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 in-
consistency.

FIRST SCHEDULE

[Section 3]

RATES OF LEVY ON LUXURY MOTOR VEHICLES

<i>Year</i>	<i>Rate Rs.</i>
For the year in which such luxury motor vehicle is registered (being a year commencing on or after April 1, 1995,	50,000
For the first year succeeding the year in which such luxury motor vehicle is registered (whether the year of registration is any year commencing before or after April 1, 1995)	45,000
For the second year succeeding the year in which such luxury motor vehicle is registered (whether the year of registration is any year commencing before or after April 1, 1995)	40,000
For the third year succeeding the year in which such luxury motor vehicle is registered (whether the year of registration is any year commencing before or after April 1, 1995)	35,000
For the fourth year succeeding the year in which such luxury motor vehicle is registered (whether the year of registration is any year commencing before or after April 1, 1995)	30,000
For the fifth year succeeding the year in which such luxury motor vehicle is registered (whether the year of registration is any year commencing before or after April 1, 1995)	25,000
For the sixth year succeeding the year in which such luxury motor vehicle is registered (whether the year of registration is any year commencing before or after April 1, 1995)	20,000
For the seventh year succeeding the year in which such luxury motor vehicle is registered (whether the year of registration is any year commencing before or after April 1, 1995)	Nil

EXAMPLE

A luxury motor vehicle is registered on August 1, 1991, the levy payable on such luxury motor vehicle for the year commencing on April 1, 1995 (which is the fourth year succeeding the year of registration) is Rs. 30,000.

A luxury motor vehicle is registered on August 1, 1995, the levy payable on such luxury vehicle for the year commencing on April 1, 1995 is Rs. 50,000.

A luxury motor vehicle is registered on August 1, 1996. the levy payable on such luxury motor vehicle for the year commencing on, April 1, 1997 (which is the first year succeeding the year of registration) is Rs. 45,000.

SECOND SCHEDULE

[Section 4]

RATES OF LEVY ON SEMI - LUXURY MOTOR VEHICLES

<i>Year</i>	<i>Rate</i>
	<i>Rs.</i>
For the year in which such semi-luxury motor Vehicle is registered (being a year commencing on or after April 1, 1995) ..	25,000
For the first year succeeding the year in which such semi-luxury motor vehicle is registered (whether the year of registration is any year commencing before or after April 1, 1995) ..	22,500
For the second year succeeding the year in which such semi-luxury motor vehicle is registered (whether the year of registration is any year commencing before or after April 1, 1995) ..	20,000
For the third year succeeding the year in which such semi-luxury motor vehicle is registered (whether the year of registration is any year commencing before or after April 1, 1995) ..	17,500
For the fourth year succeeding the year in which such semi-luxury motor vehicle is registered (whether the year of registration is any year commencing before or after April 1, 1995) ..	15,000
For the fifth year succeeding the year in which such semi-luxury motor vehicle is registered (whether the year of registration is any year commencing before or after April 1, 1995) ..	12,500
For the sixth year succeeding the year in which such semi-luxury motor vehicle is registered (whether the year of registration is any year commencing before or after April 1, 1995) ..	10,000
For the seventh year succeeding the year in which such semi-luxury motor vehicle is registered (whether the year of registration is any year commencing before or after April 1, 1995) ..	Nil

THIRD SCHEDULE

[Section 5]

RATES OF LEVY ON SEMI-LUXURY DUAL PURPOSE MOTOR VEHICLES

<i>Year</i>	<i>Rate</i>
	<i>Rs.</i>
For the year in which such semi-luxury dual purpose motor vehicle is registered (being a year commencing on or after April 1, 1995) ..	10,000

For the first year succeeding the year in which such semi-luxury dual purpose motor vehicle is registered (whether the year of registration is any year commencing before or after April 1, 1995) ..	9,000
For the second year succeeding the year in which such semi-luxury dual purpose motor vehicle is registered (whether the year of registration is any year commencing before or after April 1, 1995) ..	8,000
For the third year succeeding the year in which such semi-luxury dual purpose motor vehicle is registered (whether the year of registration is any year commencing before or after April 1, 1995) ..	7,000
For the fourth year succeeding the year in which such semi-luxury dual purpose motor vehicle is registered (whether the year of registration is any year commencing before or after April 1, 1995) ..	6,000
For the fifth year succeeding the year in which such semi-luxury dual purpose motor vehicle is registered (whether the year of registration is any year commencing before or after April 1, 1995) ..	5,000
For the sixth year succeeding the year in which such semi-luxury dual purpose motor vehicle is registered (whether the year of registration is any year commencing before or after April 1, 1995) ..	4,000
For the seventh year succeeding the year in which such semi-luxury dual purpose motor vehicle is registered (whether the year of registration is any year commencing before or after April 1, 1995) ..	Nil

FOURTH SCHEDULE

[Section 18]

THE RATE OF CESS ON TEXTILE PRODUCTS

<i>Textile Product</i>	<i>Rate</i>
Apparel and other Textile and textile products not being underwear	Rs. 12 per dozen
Gloves	Rs. 12 per ten dozen pairs
Textile or Textile products exported in square metres	Rs. 3 per ten square metres
Textile and Textiles products exported by weight ..	Rs. 2. per kilogramme
Towels and pillow cases	Rs. 12 per forty pieces.
Under wear	Rs. 12 per five dozens

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