

PARLIAMENT OF CEYLON

2nd Session 1971-72



Inland Revenue (Amendment)

Act, No. 33 of 1971

Date of Assent : September 25, 1971

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Act, No. 33 of 1971

L. D.—O. 12/71.

AN ACT TO AMEND THE INLAND REVENUE ACT,
No. 4 OF 1963.

[Date of Assent: September 25, 1971]

BE it enacted by the Queen's Most Excellent Majesty, by and with the advice and consent of the Senate and the House of Representatives of Ceylon in this present Parliament assembled, and by the authority of the same, as follows:—

1. This Act may be cited as the Inland Revenue (Amendment) Act, No. 33 of 1971. Short title.

2. Section 5 of the Inland Revenue Act, No. 4 of 1963, hereafter in this Act referred to as the "principal Act", is hereby amended in sub-section (1) of that section as follows:— Amendment of section 5 of Act No. 4 of 1963.

(a) by the insertion, immediately after paragraph (c) of that sub-section, of the following new paragraph:—

“(cc) the profits and income of the Ceylon Tea Board established under the Ceylon Tea Board Act, No. 15 of 1970;”;

(b) by the insertion, immediately after paragraph (dd) of that sub-section (inserted therein by Act No. 18 of 1965), of the following new paragraph:—

“(ddd) the profits and income of the Ceylon National Library Services Board established under the Ceylon National Library Services Board Act, No. 17 of 1970;”;

(c) by the insertion, immediately after paragraph (s) of that sub-section, of the following new paragraph:—

“(ss) any sum received on or after April 1, 1970, by an informer who is not employed in the public service as a reward under any scheme for the payment of rewards by a Government institution;”;

(d) by the insertion, immediately after paragraph (t) of that sub-section, of the following new paragraphs:—

“ (tt) the income accruing to any person from moneys lying to his credit in a special account opened by him or on his behalf in a commercial bank with the approval of the Central Bank of Ceylon for the deposit, in accordance with the conditions imposed by the Central Bank of Ceylon, of sums obtained by him by the exchange of foreign currency held by him outside Ceylon;

(ttt) the income accruing to any person from any investment made by him, with the approval of the Central Bank of Ceylon and in accordance with the conditions imposed by such Bank, with moneys lying to his credit in any such special account as is referred to in paragraph (tt) ;”;

(e) by the substitution, for paragraph (v) of that sub-section, of the following paragraph:—

“ (v) any sum paid to any person under the Rubber Replanting Subsidy Act as a subsidy out of the Rubber Replanting Subsidy Fund established under that Act;” ; and

(f) by the insertion, immediately after paragraph (w) of that sub-section, of the following new paragraph:—

“ (ww) any sum paid to any person under the Ceylon Tea Board Act, No. 15 of 1970, as a grant out of the Central Tea Fund established under that Act;” .

3. Section 16A of the principal Act, (inserted therein by Act No. 6 of 1969), is hereby amended by the insertion, immediately after sub-section (4) of that section, of the following new sub-section:—

Amendment of
section 16A of
the principal
Act.

‘ (5) Sub-section (1) and sub-section (4) of this section shall, for each year of assessment commencing on or after the first day of April, 1970, have effect as though for the words “ one thousand rupees ” occurring in each of those sub-sections, there were substituted the words “ five hundred rupees ”.’

4. The following new section is hereby inserted immediately after section 20, and shall have effect as section 20A, of the principal Act:—

Insertion of
new section
20A in the
principal
Act.

“ Exemption
from tax of
certain resident
individuals.

20A. Where for any year of assessment commencing on or after April 1, 1969, the assessable income of an individual who is resident in Ceylon in the year preceding that year of assessment and who either is the head of a family or is not included in a family does not exceed six thousand rupees, such income shall not be taxable:

Provided, however, that where such individual is resident in Ceylon only for a part of the year preceding any year of assessment commencing on or after April 1, 1969, his assessable income shall be taxable if it exceeds a sum which bears to six thousand rupees the same proportion as the number of days during which he is so resident bears to the number of days in the year preceding that year of assessment.”

5. Section 23A of the principal Act, as amended by Act No. 12 of 1964, Act No. 18 of 1965 and Act No. 6 of 1969, is hereby further amended as follows:—

Amendment of
section 23A of
the principal
Act.

(1) in sub-section (1) of that section—

(a) by the substitution, in paragraph (b) of that sub-section, for the words “ Second Schedule to this Act; and”, of the words “ Second Schedule to this Act;”;

(b) by the substitution, in paragraph (c) of that sub-section, for all the words and figures from “any year” to the end of that paragraph, of the following:—

“the year of assessment commencing on April 1, 1969, and the next subsequent year of assessment shall be computed in accordance with the provisions of Part IV of the Second Schedule to this Act; and”;

(c) by the addition, at the end of that sub-section, of the following new paragraph:—

“(d) income tax for any year of assessment commencing on or after April 1, 1971, shall be computed in accordance with the provisions of Part V of the Second Schedule to this Act.”;

(2) in sub-section (4) of that section, by the substitution, for the expression “in Part IV of the Second Schedule”, of the following:—

“in Part IV or Part V, whichever Part is applicable to that year of assessment, of the Second Schedule”;

(3) by the addition, at the end of that section, of the following new sub-sections:—

“(5) The income tax payable for any year of assessment commencing on or after April 1, 1969, by an individual who is resident in Ceylon throughout the year preceding that year of assessment shall not be more than the amount by which his assessable income exceeds six thousand rupees.

(6) Where an individual is resident in Ceylon for only a part of the year preceding any year of assessment commencing on or after April 1, 1969, the income tax payable by such individual for that year of assessment shall not be more than the difference between his assessable income for that year of assessment and the amount which bears to six

thousand rupees the same proportion as the number of days during which he is resident bears to the total number of days in the year preceding that year of assessment.”.

6. Section 25 of the principal Act is hereby amended by the insertion, immediately after sub-section (1A) of that section, of the following new sub-section:—

Amendment of
section 25 of
the principal
Act.

‘ (1B) Sub-section (1) of this section shall for the year of assessment commencing on April 1, 1970, have effect subject to the following modifications:—

(a) as though in paragraph (a) of that sub-section, there were substituted, for the expression “ 57 per centum ”, the expression “ 60 per centum ”; and

(b) as though in the proviso to that sub-section, there were substituted, for the expression “ 28½ per centum ”, wherever that expression occurs in that proviso, the expression “ 35 per centum ”.

7. Section 26 of the principal Act is hereby amended by the insertion, immediately after sub-section (1A) of that section, of the following sub-section:—

Amendment of
section 26 of
the principal
Act.

‘ (1B) Sub-section (1) of this section shall for the year of assessment commencing on April 1, 1970, have effect as though there were substituted, for the expression “ 57 per centum ”, wherever that expression occurs in that sub-section, the expression “ 60 per centum ”.

8. Section 31 of the principal Act is hereby amended in sub-section (1) of that section, by the insertion, immediately after paragraph (g) of that sub-section, of the following paragraph:—

Amendment of
section 31 of
the principal
Act.

“ (gg) the moneys lying to his credit in any such special account as is referred to in paragraph (tt) of sub-section (1) of section 5 and the value of any such investments made by him as are referred to in paragraph (ttt) of sub-section (1) of that section.”.

Amendment of
section 61 of
the principal
Act.

9. Section 61 of the principal Act is hereby amended in sub-section (2) of that section by the substitution, in the proviso to that sub-section, for the words "preceding provisions of this sub-section," of the words "preceding provisions of this Act,".

Amendment of
section 68A of
the principal
Act.

10. Section 68A of the principal Act, as amended by Act No. 26 of 1968 and Act No. 6 of 1969, is hereby further amended, in the definition of "approved investment" in sub-section (1) of that section, by the substitution, for the expression "March 31, 1970," of the expression "March 31, 1973,".

Amendment of
section 73A of
the principal
Act.

11. Section 73A of the principal Act, as amended by Act No. 26 of 1968 and Act No. 6 of 1969, is hereby further amended by the substitution, for the expression "April 1, 1970," of the expression "April 1, 1973,".

Amendment of
section 124 of
the principal
Act.

12. Section 124 of the principal Act, as amended by Act No. 6 of 1969, is hereby further amended by the addition, at the end of that section, of the following sub-sections:—

"(8) Notwithstanding anything contained in the preceding provisions of this section, where it appears to the Commissioner that any person has committed an offence under the Exchange Control Act or the Customs Ordinance, he may communicate or deliver to the Controller of Exchange or the Principal Collector of Customs, as the case may be, any information relating to the commission of the offence or any articles, books of account or other documents necessary or useful for the purpose of proving the commission of such offence.

(9) Where the Commissioner has under sub-section (8) communicated or delivered to the Controller of Exchange or the Principal Collector of Customs any information relating to the commission, or any articles, books of account or other documents necessary or useful for the purpose of proving the commission, by any person of an offence under the Exchange Control Act or the Customs

Ordinance, as the case may be, the Commissioner or any other officer of the Department of Inland Revenue, notwithstanding anything to the contrary in the preceding provisions of this section, may upon the prosecution of such person for that offence give evidence relating to such information, articles, books of account or other documents and produce or cause to be produced any returns, books of account, other documents or articles he may be required to produce and notwithstanding anything in the Evidence Ordinance, relating to the proof of documents, the Commissioner or other officer may produce or cause to be produced, in court for the purposes of such prosecution, a copy of any particulars contained in any return, books of account or other document:

Provided that the Commissioner or other officer—

(a) may produce or cause to be produced the original of such return, books of account or other document in any case where it is necessary to prove the handwriting, or the signature of the person who wrote, made, signed or furnished such return, books of account or other document, but only for the purposes of such proof;

(b) shall not in any case be compelled to produce in court either the original of such return, books of account or other document or a copy of the particulars contained in such return, books of account or other document."

Insertion of
new section
125B in the
principal Act.

13. The following new section is hereby inserted immediately after section 125A, and shall have effect as section 125B, of the principal Act:—

Retention of
15 per centum
of moneys
lying to the
credit of a
contributor to
a specified
provident fund
to meet the
tax payable in
respect of
such moneys.

125B. (1) The person having custody of the moneys lying in a specified provident fund to the credit of a contributor to such fund shall, when he makes payment of those moneys to that contributor, retain in his custody an amount equal to fifteen *per centum* of those moneys other than such part thereof as represents the contributions made by that contributor after April 1, 1954. The person who retains in his custody such amount shall notify the Commissioner of the amount so retained and deduct therefrom the sum which the Commissioner by notice in writing directs him to deduct and the sum deducted shall be paid to the Commissioner. Any balance left after the deduction of income tax may be paid to that contributor.

(2) For the purposes of sub-section (1), "specified provident fund" means the Employees' Provident Fund established under the Employees' Provident Fund Act, No. 15 of 1958, or any regulated provident fund.'

Amendment of
the Second
Schedule to
the principal
Act.

14. The Second Schedule to the principal Act is hereby amended as follows:—

(1) in Part IV of that Schedule, by the substitution, for the words and figures "any year of assessment commencing on or after April 1, 1969," of the following:—

"for the year of assessment commencing on, April 1, 1969, and the next subsequent year of assessment"; and

(2) by the insertion, immediately after Part IV of that Schedule, of the following:—

“ PART V

The rates of income tax for any year of assessment commencing on or after April 1, 1971, shall be as follows:—

On the first Rs. 1,800 of the taxable income ...	$7\frac{1}{2}$ per centum
On the next Rs. 1,800 of the taxable income ...	10 per centum
On the next Rs. 2,400 of the taxable income ...	$12\frac{1}{2}$ per centum
On the next Rs. 2,400 of the taxable income ...	15 per centum
On the next Rs. 2,400 of the taxable income ...	$17\frac{1}{2}$ per centum
On the next Rs. 2,400 of the taxable income ...	20 per centum
On the next Rs. 3,600 of the taxable income ...	25 per centum
On the next Rs. 4,800 of the taxable income ...	30 per centum
On the next Rs. 7,200 of the taxable income ...	40 per centum
On the next Rs. 10,800 of the taxable income ...	50 per centum
On the next Rs. 10,800 of the taxable income ...	60 per centum
On the balance of the taxable income ...	65 per centum.”