



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

**SURCHARGE ON INCOME TAX
ACT, No. 26 OF 1982**

[Certified on 10th August, 1982]

Printed on the orders of Government

**Published as a Supplement to Part II of the Gazette of the Democratic
Socialist Republic of Sri Lanka of August 13, 1982**

PRINTED AT THE DEPARTMENT OF GOVERNMENT PRINTING, SRI LANKA

TO BE PURCHASED AT THE GOVT. PUBLICATIONS BUREAU, COLOMBO

Price : 65 cents

Postage : 50 cents

Surcharge on Income Tax Act, No. 26 of 1982

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L. D.—O. 13/82.

AN ACT TO IMPOSE A SURCHARGE ON EVERY PERSON CHARGEABLE WITH INCOME TAX FOR THE YEAR OF ASSESSMENT COMMENCING ON APRIL 1, 1981 BY REFERENCE TO THE INCOME TAX PAYABLE BY SUCH PERSON FOR THAT YEAR OF ASSESSMENT; 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 Surcharge on Income Tax Act, No. 26 of 1982.

Short
title.

2. Every person who is chargeable with income tax for the year of assessment commencing on April 1, 1981 (in this Act referred to as the "relevant year") shall, notwithstanding anything contained in any other written law or in any convention, grant or agreement, be liable to pay a surcharge on the income tax payable by him for the relevant year, calculated at the rates specified in the First Schedule to this Act.

Imposition
of
surcharge
on income
tax.

3. Where the aggregate of—

Reliefs in
certain
cases.

(a) the income tax payable for the relevant year; and

(b) the surcharge on income tax payable under this Act,

by any person referred to in Column I of the Second Schedule to this Act, being a person whose taxable income for the relevant year does not exceed the amount specified in the corresponding entry in Column II of that Schedule, exceeds the difference between—

(i) the taxable income of such person for the relevant year, and

(ii) the amount specified in the corresponding entry in Column III of that Schedule,

the amount of such excess shall be deducted from the amount of the surcharge payable by him under this Act.

For the purposes of this section, every reference to the taxable income of a person for the relevant year shall, in the case of a liquidator of a company, be read and construed as a reference to the taxable income for the relevant year, of the company of which he is the liquidator.

Date for
payment of
surcharge.

4. Every person liable to pay the surcharge under this Act shall, notwithstanding the fact that an assessment has not been issued to him, pay to the Commissioner-General not less than fifty *per centum* of the amount of the surcharge payable by him, on or before July 15, 1982, and the balance on or before November 30, 1982.

Employer
to deduct
surcharge.

5. Every employer who employs any employee from whose remuneration income tax for the relevant year is deductible, in accordance with the provisions of Chapter XV of the Inland Revenue Act, (not being an employee who is deemed by subsection (7) of section 67 of that Act to be a non-resident) shall also deduct, as the surcharge on income tax payable under this Act, in six monthly instalments commencing from the month of June, 1982, the following amounts from the remuneration payable to such employee—

(a) where the income tax deductible from the remuneration of such employee for the relevant year, not being income tax payable on any profits from employment referred to in paragraph (c) of section 4 of the Inland Revenue Act, exceeds four thousand and twenty rupees but does not exceed fourteen thousand and two hundred rupees, an amount equal to five *per centum* of such income tax;

(b) where the income tax deductible from the remuneration of such employee for the relevant year, not being income tax payable on any profits from employment referred to in paragraph (c) of section 4 of the Inland Revenue Act, exceeds fourteen thousand and two hundred rupees but does not exceed ninety-six thousand five hundred and sixty rupees, an amount equal to ten *per centum* of such income tax;

(c) where the income tax deductible from the remuneration of such employee for the relevant year, not being income tax payable on any profits from employment referred to in paragraph (c) of section 4 of the Inland Revenue Act, exceeds ninety-six thousand five hundred and sixty rupees, an amount equal to fifteen *per centum* of such income tax.

6. Where the aggregate of—

- (a) the income tax payable for the relevant year ;
- (b) the wealth tax payable for the relevant year ;
- (c) the surcharge on income tax payable under this Act ; and
- (d) the surcharge on wealth tax payable under the Surcharge on Wealth Tax Act, 1982,

Reduction of surcharge when the aggregate of income tax, wealth tax and surcharge exceeds a certain limit.

by any person, exceeds eighty *per centum* of the aggregate of the assessable income of that person for that year and any profits and income (other than the net annual value of a residence and any subsidy exempt from income tax under the Inland Revenue Act), being profits and income exempt from income tax under that Act or any other enactment and which but for that exemption would have been taken into account in computing the assessable income of that person for the relevant year, the amount of such excess shall be set off against such surcharge on income tax or such surcharge on wealth tax or the aggregate of such surcharge on income tax and such surcharge on wealth tax.

7. The provisions of Chapter XIII and Chapters XV to XXVI of the Inland Revenue Act relating to the furnishing of returns relating to income tax payable under that Act, the deduction of income tax, assessment, appeals against assessments, payment, recovery and refund of such tax shall, *mutatis mutandis*, apply to the furnishing of returns relating to the surcharge payable under this Act, and, the deduction, assessment, appeals against assessment, payment, recovery and refund, of such surcharge.

Certain provisions of the Inland Revenue Act to apply.

8. In this Act, unless the context otherwise requires—

“assessable income”, “Charitable Institution”; “Commissioner-General”, “executor”, “people’s company”, “person”, “profits and income”, “quoted public company”, “receiver”, “small company”, “trustee” and “year of assessment” have the respective meanings assigned to them in the Inland Revenue Act ;

Interpretation.

“co-operative society” means a co-operative society registered or deemed to be registered under the Co-operative Societies Law, No. 5 of 1972 ;

“employer”, “employee” and “remuneration” have the respective meanings assigned to them in Chapter XV of the Inland Revenue Act ;

"income tax" with reference to any person and the relevant year,—

(a) in section 2 and in the First Schedule to this Act, and—

(i) in relation to a resident company, means the income tax payable, under the Inland Revenue Act, by that Company for the relevant year less any income tax payable by that company for that year under paragraph (b) of subsection (1) of section 33 of that Act ;

(ii) in relation to a non-resident company, means the income tax payable, under the Inland Revenue Act, by that company for the relevant year less any income tax payable by that company for that year, under sub-paragraph (i) or sub-paragraph (ii) of paragraph (b) of subsection (i) of section 34 of that Act ;

(iii) in relation to a resident individual whose profits and income for the relevant year include any profits from employment referred to in paragraph (c) of section 4 of the Inland Revenue Act, means such income tax as would have been payable, under the Inland Revenue Act, by such individual had such profits from employment not formed part of his profits and income for the relevant year ;

(iv) in relation to an individual who is deemed by subsection (7) of section 67 of the Inland Revenue Act to be a non-resident, means such income tax as would have been payable, under the Inland Revenue Act, by such individual had his profits from employment in Sri Lanka for the relevant year not formed part of his profits and income for that year ; and

(v) in relation to any other person, means the income tax payable, under the Inland Revenue Act, by that person for the relevant year ; and

(b) in sections 3 and 6, means the income tax payable, under the Inland Revenue Act, by that person for that year ;

“Inland Revenue Act” means the Inland Revenue Act, No. 28 of 1979 ;

“taxable income” with reference to any person and the relevant year, means the taxable income of that person for that year, computed in accordance with the provisions of the Inland Revenue Act ; and—

(a) in the case of a resident individual whose profits and income for the relevant year include any profits from employment referred to in paragraph (c) of section 4 of the Inland Revenue Act, be deemed to mean such amount as would have been the taxable income (computed in accordance with the provisions of the Inland Revenue Act) of such individual for that year had such profits from employment not formed part of the profits and income of such individual for that year ;

(b) in the case of an individual who is deemed by subsection (7) of section 67 of the Inland Revenue Act to be a non-resident, be deemed to mean such amount as would have been the taxable income (computed in accordance with the provisions of the Inland Revenue Act) of such individual for the relevant year had his profits from employment in Sri Lanka for that year not formed part of his profits and income for that year ;

“wealth tax” means the wealth tax charged and levied under the Inland Revenue Act.

FIRST SCHEDULE

(Section 2)

Rates of Surcharge — on Income Tax

1. For persons other than individuals—

- | | |
|---|---|
| (a) where the taxable income of such person for the relevant year exceeds Rs. 25,000 but does not exceed Rs. 50,000 | 5 per centum of the income tax payable by such person for the relevant year. |
| (b) where the taxable income of such person exceeds Rs. 50,000 | 10 per centum of the income tax payable by such person for the relevant year. |

2. For individuals—

- (a) where the taxable income of such individual for the relevant year exceeds Rs. 25,000 but does not exceed Rs. 50,000 5 per centum of the income tax payable by such individual for the relevant year.
- (b) where the taxable income of such individual for the relevant year exceeds Rs. 50,000 but does not exceed Rs. 200,000 10 per centum of the income tax payable by such individual for the relevant year.
- (c) where the taxable income of such individual for the relevant year exceeds Rs. 200,000 15 per centum of the income tax payable by such individual for the relevant year.

SECOND SCHEDULE

(Section 3)

Part I

(Applicable in the case of persons liable to the surcharge at 5 per centum)

| Column I Person | Column II (Amount in Rupees) | Column III (Amount in Rupees) |
|--|------------------------------------|-------------------------------------|
| 1. Individual | 25,293 | 20,980 |
| 2. Small companies; Charitable Institutions; Co-operative Societies; Mutual Life Assurance Companies; Persons referred to in item 12 of the Third Schedule to the Inland Revenue Act; Liquidators of small companies | 25,316 | 20,000 |
| 3. Executors; Receivers; Hindu Undivided Families | 25,547 | 17,500 |
| 4. People's Companies; Quoted Public Companies; Liquidators of People's Companies or quoted Public Companies. | 25,862 | 15,000 |
| 5. Partnerships; Public Corporations; Business Undertakings vested in the Government; Resident Companies; Liquidators of Companies; Trustees (where the trust was created before 15.11.78) | 26,315 | 12,500 |
| 6. Non-resident companies, Government other than the Government of Sri Lanka and United Kingdom; Trustees, (where the trust was created on or after 15.11.78). | 26,626 | 11,250 |

Part II

(Applicable in the case of persons liable to the surcharge at 10 per centum)

| Column I Person | Column II (Amount in Rupees) | Column III (Amount in Rupees) |
|--|------------------------------------|-------------------------------------|
| 1. Individual | 51,577 | 35,090 |
| 2. Hindu Undivided Families | 51,944 | 31,625 |
| 3. Small Companies, Liquidators of Small Companies | 50,746 | 30,500 |

| <i>Column I</i> <i>Person</i> | <i>Column II</i> <i>(Amount in Rupees)</i> | <i>Column III</i> <i>(Amount in Rupees)</i> |
|---|---|--|
| 4. Charitable Institutions ; Co-operative Societies ; Mutual Life Assurance Companies ; Persons referred to in item 12 of the Third Schedule to the Inland Revenue Act .. | 50,641 .. | 39,500 |
| 5. Executors and Receivers .. | 51,119 .. | 34,250 |
| 6. People's Companies ; Quoted Public Companies ; Liquidators of Peoples Companies or quoted Public Companies .. | 51,785 .. | 29,000 |
| 7. Partnerships ; Public Corporations ; Business Undertakings vested in the Government ; Resident Companies ; Liquidators of Companies ; Trustees (where the trust was created before 15.11.78). .. | 52,778 .. | 23,750 |
| 8. Non-Resident companies, Governments other than the Government of Sri Lanka and United Kingdom ; Trustees (where the trust was created on or after 15.11.78). .. | 53,481 .. | 21,125 |

Part III

(Applicable in the case of an individual liable to the surcharge at 15 per centum)

| <i>Column I</i> <i>Person</i> | <i>Column II</i> <i>(Amount in Rupees)</i> | <i>Column III</i> <i>(Amount in Rupees)</i> |
|----------------------------------|---|--|
| Individual .. | 213,137 .. | 93,784 |