



PARLIAMENT OF THE DEMOCRATIC
SOCIALIST REPUBLIC OF
SRI LANKA

INLAND REVENUE (AMENDMENT)

ACT, No. 27 OF 1982

[Certified on 11th August, 1982]

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AN ACT TO AMEND THE INLAND REVENUE ACT, No. 28 OF 1979.

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 (Amendment) Act, No. 27 of 1982. Short title.

2. Section 8 of the Inland Revenue Act, No. 28 of 1979 (hereinafter referred to as the “principal enactment”) is hereby amended in paragraph (a) of that section, as follows:— Amendment of section 8 of Act No. 28 of 1979.

(1) by the substitution, in sub-paragraph (xxii) of that paragraph, for the words “Development Corporation”, of the words “Development Finance Corporation”; and

(2) by the addition, at the end of that paragraph of the following sub-paragraphs:—

“ (xxxv) the Sri Lanka Export Credit Insurance Corporation established by the Sri Lanka Export Credit Insurance Corporation Act, No. 15 of 1978 ;

(xxxvi) the Sri Lanka Export Development Board established under the Sri Lanka Export Development Act, No. 40 of 1979 ;

(xxxvii) the Sri Lanka Ex-Servicemen’s Association established by the Sri Lanka Ex-Servicemen’s Association Law, No. 8 of 1976 ;

(xxxviii) a company registered under Part VIII of the Companies Act, No. 17 of 1982, being profits and income arising to such company from a ship which is—

(i) engaged in international operations ;

(ii) owned or chartered by such company ; and

(iii) deemed to be a Ceylon ship by reason of a determination made under paragraph (c) of section 30 of the Merchant Shipping Act, No. 52 of 1971,

(other than profits and income arising to such company from the carriage, by that ship, of passengers, mails, livestock and goods, to or from, a port in Sri Lanka);

(xxxix) the Institute of Fundamental Studies, Sri Lanka, established by the Institute of Fundamental Studies, Sri Lanka, Act, No. 55 of 1981;

(xl) the International Winged Bean (Dambala) Institute established by the International Winged Bean (Dambala) Institute Act, No. 7 of 1982;".

Amendment
of section
9 of the
principal
enactment.

3. Section 9 of the principal enactment is hereby amended in subsection (1) of that section as follows:—

(1) by the insertion, immediately after paragraph (k) of that subsection, of the following paragraph:—

"(kk) the emoluments earned in any year of assessment by any individual employed on a ship which is—

(i) owned or chartered by a company registered under Part VIII of the Companies Act, No. 17 of 1982; and

(ii) deemed to be a Ceylon ship by reason of a determination made under paragraph (c) of section 30 of the Merchant Shipping Act, No. 52 of 1971;"; and

(2) by the repeal of sub-paragraph (ii) of paragraph (l) of that subsection and the substitution, of the following sub-paragraph therefor:—

"(ii) profits and income not exceeding one thousand two hundred rupees from all sources of profits and income other than employment, and accordingly, when any income tax has been paid, by deduction or otherwise, by such individual in any year of assessment, in respect of any profits and income which are exempt under this paragraph, such tax shall, on an application made in writing by such individual within three years of the end of that year of assessment, be refunded to him;".

4. Section 10 of the principal enactment is hereby amended by the repeal of paragraph (e) of that section, and the substitution of the following paragraph therefor:—

Amendment
of section
10 of the
principal
enactment.

“(e) the interest accruing to any person during the period in which he is not resident in Sri Lanka and for the three years immediately succeeding the date on which he commences to be resident in Sri Lanka, on moneys lying to his credit in foreign currency in any account opened by him or on his behalf in any commercial bank with the approval of the Central Bank of Ceylon;”.

5. Section 11 of the principal enactment is hereby amended in paragraph (b) of that section by the substitution, for the words “which are exempt from income tax under section 15”, of the words “as are exempt from income tax under section 8(a) (xxxviii), 15”.

Amendment
of section 11
of the
principal
enactment.

6. Section 13 of the principal enactment is hereby amended as follows:—

Amendment
of section
13 of the
principal
enactment.

(a) in paragraph (e) of that section, by the substitution, for the words “other fishing equipment.”, of the words “other fishing equipment;”; and

(b) by the addition, at the end of that section, of the following paragraph:—

“(f) out of the Export Development Fund established by the Sri Lanka Export Development Act, No. 40 of 1979.”.

7. Section 15 of the principal enactment is hereby amended by the insertion immediately after paragraph (c) of that section, of the following paragraph:—

Amendment
of section
15 of the
principal
enactment.

“(cc) the profits and income earned in any year of assessment in foreign currency, by a resident company or a partnership which carries on or exercises any trade, business, profession or vocation in respect of services rendered by such company or partnership in that year of assessment outside Sri Lanka in the course of carrying on, exercising or carrying out a profession or vocation or construction project, if such profits and income (less such amount as the Commissioner-General considers to be reasonable expenses) are remitted by such company or partnership to Sri Lanka;”.

Amendment
of section
16 of the
Principal
enactment.

8. Section 16 of the principal enactment is hereby amended in paragraph (a) of that section, by the substitution, for the words "approved by the Minister, by Order published in the *Gazette*", of the words and figures "approved by the Minister, prior to March 31, 1983, by Order published in the *Gazette*".

Amendment
of section
16A of the
Principal
enactment.

9. Section 16A of the principal enactment is hereby amended in subsection (2) of that section, by the substitution, for the words "approved by the Minister by Order published in the *Gazette*", of the words and figures "approved by the Minister, prior to March 31, 1983, by Order published in the *Gazette*".

Amendment
of section
16B of the
principal
enactment.

10. Section 16B of the principal enactment is hereby amended by the substitution for the words "approved by the Minister, on the recommendation of the Ceylon Tourist Board", of the words and figures "approved, prior to March 31, 1983, by the Minister, on the recommendation of the Ceylon Tourist Board".

Amendment
of section
17 of the
principal
enactment.

11. Section 17 of the principal enactment is hereby amended in subsection (2) of that section, by the substitution, for the words "approved by the Minister, which commenced to carry on, on or after that date", of the words and figures "approved by the Minister, by Order published in the *Gazette*, prior to March 31, 1983, which commenced to carry on, on or after November 15, 1977".

Amendment
of section
18 of the
principal
enactment.

12. Section 18 of the principal enactment is hereby amended in subsection (2) of that section, by the substitution, for the words "approved by the Minister", of the words "approved by the Minister, by Order published in the *Gazette*".

Amendment
of section
19 of the
principal
enactment.

13. Section 19 of the principal enactment is hereby amended by the substitution, for the words "approved by the Minister", of the words "approved by the Minister, by Order published in the *Gazette*".

Amendment
of section
20 of the
principal
enactment.

14. Section 20 of the principal enactment is hereby amended in paragraph (b) of subsection (1) of that section, by the substitution, for the words and figures "approved by the Minister, after November 15, 1978", of the words and figures "approved by the Minister, by Order published in the *Gazette*, after November 15, 1978, but prior to March 31, 1983".

Amendment
of section
21 of the
principal
enactment.

15. Section 21 of the principal enactment is hereby amended as follows:—

(1) in paragraph (a) of that section, by the substitution, for the words "five hundred square feet ;", of the words "one thousand square feet ;";

(2) in paragraph (b) of that section, by the substitution, for the words "five hundred square feet but does not exceed one thousand two hundred and fifty square feet; and", of the words "one thousand square feet but does not exceed one thousand seven hundred and fifty square feet; and", and

(3) in paragraph (c) of that section, by the substitution, for the words "one thousand two hundred and fifty square feet but does not exceed two thousand square feet", of the words "one thousand seven hundred and fifty square feet but does not exceed three thousand square feet,".

16. Section 22 of the principal enactment is hereby amended by the substitution, for the words "any contract which he has entered into", of the words and figures "any contract which he has entered into prior to November 12, 1981".

Amendment of section 22 of the principal enactment.

17. Section 22A of the principal enactment is hereby amended in paragraph (b) of that section, by the substitution, for the words "approved by the Minister", of the words and figures "approved by the Minister by Order published in the Gazette prior to March 31, 1983,".

Amendment of section 22A of the principal enactment.

18. Section 22B of the principal enactment is hereby amended in paragraph (c) of subsection (2) of that section, by the substitution, for the words "approved by the Minister", of the words and figures "approved by the Minister by Order published in the Gazette, prior to March 31, 1983".

Amendment of section 22B of the principal enactment.

19. Section 22c of the principal enactment is hereby amended in paragraph (b) of that section by the substitution, for the words "approved by the Minister", of the words and figures "approved by the Minister, by Order published in the Gazette, prior to March 31, 1983,".

Amendment of section 22c of the principal enactment.

20. Section 22d of the principal enactment is hereby amended in sub-paragraph (iii) of paragraph (b) of subsection (2) of that section, by the substitution, for the words "approved by the Minister", of the words and figures "approved by the Minister by Order published in the Gazette, prior to March 31, 1983".

Amendment of section 22d of the principal enactment.

21. The following new section is inserted immediately after section 22d, and shall have effect as section 22E, of the principal enactment:—

Insertion of new section 22E of the principal enactment.

"Power of Commissioner-General to recommend cancellation of approvals granted under sections 16, 16A, 16B, 20, 22A, 22B, 22C or 22D. 22E. Where the Commissioner-General is satisfied that—

(a) any company or undertaking approved by the Minister under section 16 or section 16A or section 16B or section 20 or section 22c or section 22d has not taken any steps to commence business ; or

(b) any construction, contract or project approved by the Minister under section 16B or section 22A or section 22B in relation to a company or undertaking, has not been commenced by such company or undertaking, within a period of one year from the date on which the Minister has approved such company, undertaking, construction, contract or project, as the case may be, he shall recommend to the Minister that such approval be cancelled, and upon such recommendation, the Minister may, having regard to the interests of the economy, by Order published in the Gazette, cancel such approval."

Amendment
of section
23 of the
principal
enactment.

22. Section 23 of the principal enactment is hereby amended in subsection (1) of that section as follows:—

(a) by the insertion, immediately after paragraph (e) of that subsection, of the following paragraph:—

"(ee) such allowance (calculated at a fixed rate per centum per annum on the cost of acquisition) as the Commissioner-General considers reasonable for depreciation by wear and tear of any unit of non-residential accommodation comprised in a registered Condominium Property, within the meaning of the Apartment Ownership Law, No. 11 of 1973, acquired by such person on or after April 1, 1981, and used by him in any trade, business, profession or vocation carried on or exercised by him:

Provided that no deduction under the provisions of this paragraph shall be allowed to a person in respect of such unit if the total of the allowances for depreci-

ation in the preceding years of assessment is equal to the cost of acquisition of such unit;";

(b) by the repeal of paragraph (k) of that subsection and the substitution of the following paragraph therefor:—

“ (k) any—

(i) business turnover tax payable under the Finance Act, No. 11 of 1963, or

(ii) turnover tax payable under the Turnover Tax Act, No. 69 of 1981, less any deductions allowable under section 47 of that Act,

which such person is liable to pay for the period for which the profits and income are being ascertained in respect of any trade, business, profession or vocation carried on or exercised by him;”;

(c) by the substitution, in subsection (5) of that section, for the words and figures “under subsection (1) (a), (1) (b), (1) (c), (1) (d), (1) (e), or (1) (f)”, of the words and figures “under subsection (1) (a), (1) (b), (1) (c), (1) (d), (1) (e), (1) (ee) or (1) (f)”; and

(d) by the substitution for sub-paragraph (i) of paragraph (a) of subsection (7) of that section of the following sub-paragraph:—

“ (i) paragraph (a), or paragraph (b), or paragraph (c), or paragraph (d), or paragraph (e), or paragraph (ee) of subsection (1) of this section or under subsection (1) of section 162;”.

23. Section 31 of the principal enactment is hereby amended in subsection (2) of that section—

(a) by the substitution, in paragraph (b) of that subsection, for the words “to a local authority, to a fund”, of the words and figures “to a local authority, to any Higher Educational Institution established or deemed to be established under the Universities Act, No. 16 of 1978, to a fund”; and

Amendment
of section
31 of the
principal
enactment.

(b) by the addition, at the end of sub-paragraph (v) of paragraph (k) of that subsection, of the following sub-paragraphs:—

(vi) the Institute of Fundamental Studies, Sri Lanka, established by the Institute of Fundamental Studies, Sri Lanka, Act, No. 55 of 1981;

(vii) the International Winged Bean (Dambala) Institute, established by the International Winged Bean (Dambala) Institute Act, No. 7 of 1982;";

(c) by the substitution, for paragraph (l) of that subsection of the following new paragraph:—

(l) any amount spent by a person in constructing any house or flat or the cost of purchase of any unit of residential accommodation constructed with the approval of the Urban Development Authority (established by the Urban Development Authority Law, No. 41 of 1978) and comprised in a registered Condominium Property within the meaning of the Apartment Ownership Law, No. 11 of 1973, if—

(i) such house, flat or unit is for occupation as a dwelling house by any member of the staff employed by such person,

(ii) the floor area of such house, flat or unit does not exceed two thousand square feet, and

(iii) no allowance is deductible under sub-paragraph (i) of paragraph (b) of subsection (1) of section 23 or paragraph (f) of subsection (1) of section 23 in respect of such house, flat or unit;"; and

(d) by the addition, at the end of that subsection, of the following:—

In paragraphs (e) and (g) of this subsection and in subsection (3) the expression "purchase" shall be deemed to include a lease of any unit of residen-

... tial accomodation constructed with the approval of the Urban Development Authority (established by the Urban Development Authority Law, No. 41 of 1978) and comprised in a registered Condominium Property, within the meaning of the Apartment Ownership Law, No. 11 of 1973, if—

- (i) such lease is for a period exceeding fifty years ;
and
- (ii) the consideration for such lease was paid in full at the time the agreement for such lease was entered into.

24. The following new sections are hereby inserted immediately after section 32, and shall have effect as sections 32A, 32B and 32C, respectively, of the principal enactment:—

Insertion
of sections
32A, 32B and
32C in the
principal
enactment.

'Special provision relating to taxation of interest on compensation payable in respect of property vested in the Government, the Land Reform Commission or a public corporation or a local authority.

32A (1) The provisions of this section shall apply to the interest payable on the compensation payable in respect of any immovable or movable property vested in the Government or in the Land Reform Commission or in a public corporation or in a local authority, such interest being the accumulated interest payable on such compensation for the period commencing on the date on which such compensation accrues due and ending on the date of payment of such compensation (in this section referred to as "the relevant interest").

(2) Notwithstanding anything to the contrary in any law—

(a) the relevant interest received by any person shall be deemed to be income arising to that person in the year of assessment in which he receives such interest and not in the year of assessment to which such interest relates and such interest shall be liable to income tax at the rate of ten per centum ;

(b) the Government, the Land Reform Commission, public corporation or the local authority paying the relevant interest to any person shall deduct from such interest an amount

equal to ten *per centum* of such interest and shall remit the amount so deducted to the Commissioner-General, with a statement in writing showing the particulars of the gross amount of the relevant interest payable, the tax deducted, the net amount paid, the name and address of the person to whom it is paid and the amount so remitted shall be set off against the tax payable by such person under paragraph (a).

(3) In this section,—

“Land Reform Commission” means the Land Reform Commission established by the Land Reform Law, No. 1 of 1972 ;

“public corporation” means any corporation board, or other body which was or is established by, or under, any written law, other than the Companies Ordinance, with capital wholly or partly provided by the Government, by way of grant, loan or other form.

Deductions
of income
tax from
interest
payable on
certain
deposit
accounts.

32B (1) The provisions of this section shall apply to the accumulated interest (in this section referred to as “the relevant interest”) paid on a sum of money deposited in a banking institution by—

(a) any individual ; or

(b) another person on behalf of any individual,

under a scheme approved by the Commissioner-General which—

(i) is operated by such banking institution ; and

(ii) conforms to such conditions as may be specified, from time to time, by the Commissioner-General.

The Commissioner-General shall, in specifying any matter which is required by this sub-section to be specified by him, have regard to the need to encourage and facilitate savings.

(2) Notwithstanding anything to the contrary in this Act—

(a) the relevant interest paid to any individual shall be deemed to be income arising to him in the year of assessment in which such interest is paid to him and not in the year of assessment to which such interest relates and such interest shall be liable to income tax at the rate of fifteen per centum or the maximum rate at which he is liable to pay income tax on his profits and income (exclusive of the relevant interest) for that year of assessment, whichever is the lower rate;

(b) the banking institution paying the relevant interest to such individual shall, notwithstanding anything in paragraph (a), deduct from such interest an amount equal to fifteen per centum of such interest and shall forthwith remit the sum so deducted to the Commissioner-General;

(c) where a banking institution deducts income tax in accordance with paragraph (b) from the relevant interest paid to any individual, it shall issue to such individual, a statement in writing setting out the gross amount of the relevant interest payable, the rate and amount of tax deducted and the net amount actually paid;

(d) Where—

(i) any amount is deducted, in accordance with paragraph (b), from the relevant interest paid to any individual, and

(ii) the maximum rate at which such individual is liable to pay income tax for the year of assessment in which such deduction is made, in respect of his profits and income (exclusive of the relevant interest) is less than fifteen per centum,

then such individual shall be entitled, on production of the statement referred to in paragraph (c) and subject to the provisions of Chapter XXIII, to a refund of such percentage of the relevant interest as is equal to the difference between fifteen *per centum* and such maximum rate of tax;

(3) Where a banking institution, which is required by subsection (2) to deduct any income tax from the relevant interest paid by it to any individual, fails to deduct such income tax, then, the director, general manager or other principal officer of such banking institution shall be personally liable for the tax which such institution was required to deduct under this section and such tax may be recovered from such director, manager, or principal officer, by all the means provided in this Act.

(4) Where any money is deposited in a banking institution by an individual under a scheme approved by the Commissioner-General under subsection (1) and such individual withdraws the interest on such money, in contravention of the conditions imposed by the Commissioner-General in relation to such scheme, additional assessments may, notwithstanding anything in this Act, be made in respect of every year of assessment to which the interest so withdrawn relates.

Rate of
income tax
on the gross
interest on
loans
granted by
companies;
partnerships
and bodies
of persons
outside Sri
Lanka.

32c. The gross interest (not being interest exempt under any other provision of this Act), payable on a loan granted to any person in Sri Lanka by any company, partnership or other body of persons outside Sri Lanka, being interest which arises or is deemed, by section 80A, to arise to such company, partnership or other body of persons shall, notwithstanding anything in this Act, be chargeable with income tax at the rate of fifteen *per centum*.

25. Section 33 of the principal enactment is hereby amended as follows:—

Amendment
of section
33 of the
principal
enactment.

(1) by the repeal of subsections (1) and (1A) of that section and the substitution therefor of the following subsections:—

“(1) The income tax to which any company resident in Sri Lanka in any year of assessment shall be liable for that year of assessment shall consist of—

(a) an amount calculated on the taxable income of such company for that year of assessment at the appropriate rate specified in the Second Schedule to this Act as the rate applicable to companies of that class; and

(b) an amount equal to a percentage of the aggregate amount of the gross dividends distributed by such company in that year of assessment out of the profits on which the taxable income of such company is computed for any year of assessment, such percentage being—

(i) thirty-three and one third, if that year of assessment is the year of assessment commencing on April 1, 1979, and

(ii) twenty, if that year of assessment is any year of assessment commencing on or after April 1, 1980:

Provided that a quoted public company shall not be liable to pay tax under paragraph (b) for any year of assessment commencing on or after April 1, 1980;”.

(2) by the substitution in subsection (2) of that section for the words and “For the purpose of subsections (1) and (1A)”, figures of the words and figures “For the purposes of subsection (1)”;

(3) by the substitution in sub-paragraph (ii) paragraph (b) of subsection (2) of that section for the words “the issued capital of which does not exceed five hundred thousand rupees.”, of the words “the issued capital of which does not exceed five hundred thousand rupees either throughout the year of

assessment for which the taxable income is computed or from the date of incorporation of the company to the end of that year of assessment,";

(4) by the repeal of paragraph (c) of subsection (2) of that section and the substitution therefor of the following paragraph:—

'(c) "amount of gross dividends" of a company other than a quoted public company means—

(i) in any case where a deduction under section 38 is made by the company in respect of its dividends, the amount of the dividend before such deduction is made;

(ii) in any case where no such deduction is made by the company in respect of its dividends, the amount of the dividend increased by—

(a) fifty per centum thereof, if the dividend is payable on or before March 31, 1980; or

(b) twenty-five per centum thereof, if the dividends is payable on or after April 1, 1980.'

Amendment
of section
34 of the
principal
enactment.

26. Section 34 of the principal enactment is hereby amended in paragraph (a) of subsection (1) of that section by the substitution, for the words and figure "specified in Part V of the Second Schedule" of the words and figures "specified in Part VII of the Second Schedule".

Replacement
of section
37 of the
principal
enactment.

27. Section 37 of the principal enactment is hereby repealed and the following new section substituted therefor:—

'Resident company to deduct tax on dividends payable to non-resident company.

37. Every resident company shall deduct from the amount of any dividend which becomes payable to any non-resident company during any year of assessment (in this section referred to as "the relevant dividend") :—

(a) if the relevant dividend consists of any part of the amount of a dividend received by such resident company from another resident company, not being part of the amount of a dividend exempt from income tax

under this Act, income tax equivalent to five *per centum* of the amount of such relevant dividend increased by fifty *per centum* where the dividend is payable on or before March 31, 1980, and increased by twenty-five *per centum* where the dividend is payable on or after April 1, 1980 ;

(b) if the relevant dividend is not a dividend exempt from income tax under this Act, and does not consist of any part of the amount of a dividend received by such resident company from another resident company, income tax equivalent to five *per centum* of such relevant dividend ;

(c) if the relevant dividend is paid out of the amount of a dividend received by such resident company, being a dividend exempt from income tax under this Act, income tax equivalent to five *per centum* of the amount of such relevant dividend ; and

(d) if the relevant dividend is paid out of the amount of a dividend received by such resident company from a quoted public company, income tax equivalent to five *per centum* of the amount of such relevant dividend :

Provided however, that where the Commissioner-General is satisfied that such non-resident company is not liable to pay income tax for the year of assessment in which it receives such relevant dividend or is liable to pay income tax for that year of assessment, of an amount lower than the amount required to be deducted from such relevant dividend under the preceding provisions of this section, he may, having regard to the amount of income tax that such non-resident company is liable to pay for that year of assessment, direct such resident company to deduct from the amount of such relevant dividend, income tax at a rate lower

than the rate at which it is required to deduct income tax from such relevant dividend under the preceding provisions of this section,

and the amount of the income tax which a resident company is under this section, required to deduct shall be a debt due from such resident company to the Republic and shall be recoverable forthwith as such or may be assessed and charged upon such company in addition to any income tax otherwise payable by it.

Amendment
of section
42 of the
principal
enactment.

28. Section 42 of the principal enactment is hereby amended by the insertion, immediately after paragraph (f) of that section, of the following paragraphs:—

“(ff) the Institute of Fundamental Studies, Sri Lanka, established by the Institute of Fundamental Studies, Sri Lanka, Act, No. 55 of 1981;

“(fff) the International Winged Bean (Dambala) Institute established by the International Winged Bean (Dambala) Institute Act, No. 7 of 1982.”

Amendment
of section
48 of the
principal
enactment.

29. Section 48 of the principal enactment is hereby amended in subsection (2) of that section by the addition, at the end of that section, of the following:—

“For the purpose of this subsection, the profits and income arising to a non-resident company from a unit of accommodation constructed with the approval of the Urban Development Authority (established by the Urban Development Authority Law, No. 41 of 1978) and comprised in a registered Condominium Property, within the meaning of the Apartment Ownership Law, No. 11 of 1973, shall be deemed not to be profits and income derived by that company from immovable property.”

Amendment
of section
54 of the
principal
enactment.

30. Section 54 of the principal enactment is hereby amended in subsection (1) of that section, by the repeal of paragraphs (d) and (e) of that subsection and the substitution, of the following paragraphs therefor:—

“(d) to a charity which is an approved charity within the meaning of section 31(9) of this Act, or section 16A of the Inland Revenue Act, No. 4 of 1963 or to

any institute, foundation or commission referred to in paragraph (k) of subsection (2) of section 31, each such gift being over one thousand rupees in value, subject to a maximum of five hundred thousand rupees in value for the lifetime of such individual in respect of gifts made on or after July 18, 1958;

(e) to the Government or to any local authority or to any Higher Educational Institution, established or deemed to be established under the Universities Act, No. 16 of 1978;".

31. The following section is inserted immediately after section 81, and shall have effect as section 81A, of the principal enactment:—

Insertion
of new
section 81A
in the
principal
enactment.

'Deduction of
income
tax from
payments
made to
foreign
entertainers
and
artists.

81A (1) Every person who makes a payment to any other person who—

(a) is not a citizen of Sri Lanka; and

(b) carries on or exercises the profession or vocation of entertainer or artiste,

in respect of services rendered by such other person in Sri Lanka in the course of carrying on or exercising such profession or vocation, shall deduct from such payment, income tax equal to thirty-three and one third *per centum* of the amount of such payment.

(2) Every person who deducts income tax, in accordance with subsection (1), from any payment made by him to any other person shall issue a statement to such other person setting out the following particulars:—

(a) the gross amount of the payment due;

(b) the rate and amount of the tax deducted;

(c) the net amount actually paid.

(3) Where the assessable income of a person for any year of assessment includes a payment referred to in this section, then,—

(a) if such person is liable to pay income tax for that year of assessment, he shall be entitled, on production of a statement relating to such payment made in accordance with sub-

section (2), to deduct from the (8) income tax payable by him, the amount of tax set out in such statement;

(b) if such person is not liable to pay income tax for that year of assessment, he shall be entitled, on production of a statement relating to such payment made in accordance with subsection (2) and subject to the provisions of Chapter XXIII, to a refund of the amount of tax set out in such statement.

(4) Where any person who is required by subsection (1) to deduct income tax in accordance with that subsection from any payment made by him fails to deduct such tax, then,—

(a) if such person is an individual, such individual;

(b) if such person is a company or a body of persons, whether corporate or unincorporate, the secretary, manager or other principal officer of such company or body,—

shall be personally liable to pay the tax he was required to deduct under that subsection, and such tax may be recovered from such individual, secretary, manager or other principal officer, as the case may be, by all the means provided in this Act.

(5) In this section, the expression "profession or vocation of entertainer or artiste" includes the profession or vocation of actor, musician, athlete or acrobat.

Amendment
of section
113 of the
principal
enactment.

32. Section 113 of the principal enactment is hereby amended by the substitution, for all the words from "5. A non-resident person The agent or attorney of such person in Sri Lanka" to "appointed by the President or by a Minister;" of the words "5. A non-resident person The agent or attorney of such person in Sri Lanka."

33. Section 118 of the principal enactment is hereby amended in subsection (1) of that section by the substitution, for all the words from "The members of the Board" to the end of that subsection, of the words "Every member of the Board so appointed shall hold office for a term not exceeding three years but shall be eligible for reappointment."

Amendment
of section
118 of the
principal
enactment.

34. Section 129 of the principal enactment is hereby amended in paragraph (c) of subsection (2) of that section as follows:—

Amendment
of section
129 of the
principal
enactment.

(a) in sub paragraph (i) of that paragraph, by the substitution for all the words from "such cash" to "in default;", of the following:—

"such cash shall be first applied in the payment of the costs and charges of seizing and any balance applied in satisfaction of the tax in default;" and

(b) in sub paragraph (ii) of that paragraph by the substitution for all the words from "and the proceeds" to "in default;", of the following:—

"and the proceeds therefrom applied in the payment of the costs and charges of seizing and any balance applied in satisfaction of the tax in default; and".

35. The Second Schedule to the principal enactment is hereby repealed and the following Schedule substituted therefor:—

Replacement
of the
Second
Schedule to
the
principal
enactment.

"SECOND SCHEDULE"

(Section 33)

RATES OF INCOME TAX—COMPANIES

PART I

Company resident in Sri Lanka other than a company referred to in Parts II to VI.

The rate of income tax for every year of assessment commencing on or after April 1, 1979.

On the taxable income of the company 50 per centum

PART II

Small company the taxable income of which does not exceed Rs. 250,000.

The rate of income tax for every year of assessment commencing on or after April 1, 1979.

On the first Rs. 50,000 of the taxable income of the company ..	20 per centum
On the next Rs. 100,000 of the taxable income of the company ..	30 per centum
On the balance of the taxable income of the company ..	40 per centum

PART III

Small company which is also a quoted public company the taxable income of which exceeds Rs. 250,000.

The rates of income tax for every year of assessment commencing on or after April 1, 1979 shall be the rates specified in Part II.

PART IV

Small company which is not a quoted public company the taxable income of which exceeds Rs. 250,000.

(a) The rates of income tax for every year of assessment commencing on or after April 1, 1979 but ending on or before March 31, 1982 shall be the rates specified in Part II.

(b) The rates of income tax for every year of assessment commencing on or after April 1, 1982

On the first Rs. 50,000 of the taxable income of the company ..	20 per centum
On the next Rs. 100,000 of the taxable income of the company ..	30 per centum
On the next Rs. 100,000 of the taxable income of the company ..	40 per centum
On the balance of the taxable income of the company ..	50 per centum

PART V

Quoted public company.

The rate of income tax for the year of assessment commencing on April 1, 1979.

On the taxable income of the company ..	50 per centum
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The rate of income tax for every year
of assessment commencing on or after
April 1, 1980.

On the taxable income of the company .. 40 per centum

PART VI

People's company

The rate of income tax for every year of
assessment commencing on or after
April 1, 1979.

On the taxable income of the company .. 40 per centum

PART VII

(Section 34)

Company not resident in Sri Lanka

The rate of income tax for every year of
assessment commencing on or after April
1, 1979.

On the taxable income of the company .. 50 per centum".