

PARLIAMENT OF CEYLON

4th Session 1968-69



Inland Revenue (Amendment) Act, No. 6 of 1969

Date of Assent : March 20, 1969

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*Inland Revenue (Amendment)
Act, No. 6 of 1969*

L. D.—O. 45/68.

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

[Date of Assent: March 20, 1969]

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. 6 of 1969.

Short title.

2. Section 3 of the Inland Revenue Act, No. 4 of 1963, hereafter in this Act referred to as the "principal Act", is hereby amended as follows:—

**Amendment of
section 3 of Act
No. 4 of 1968.**

(A) in sub-section (1) of that section, in paragraph (h) of that sub-section, by the substitution in sub-paragraph (iv) of that paragraph, for the word "employment," of the following:—

"employment where compensation for such loss is received prior to April 1, 1968,"; and

(B) in sub-section (4) of that section—

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

(a) in sub-paragraph (ii) of that paragraph—

(i) by the substitution, for the words "Ordinance, and any sum refunded", of the words "Ordinance, any sum refunded", and

(ii) by the substitution, for all the words and figures from "which corresponds" to the end of that sub-paragraph, of the following:—

"which corresponds to the aforesaid section 46 (1) or section 49 and any sum received on or after

April 1, 1968, as compensation for loss of any office or employment;'; and

- (b) in sub-paragraph (v) of that paragraph, by the substitution, for all the words and figures from "Provided that in the case of an entertainment allowance" to the end of that sub-paragraph, of the following:—

"Provided that—

- (a) in the case of an entertainment allowance granted to any person by his employer, such portion of the allowance as is equivalent to, or less than, ten *per centum* of the salary (excluding all allowances) payable to such person shall be deemed not to be profits from employment if it is proved to the satisfaction of the Assessor that such portion of that allowance had been utilized by such person in the course of his duties;
- (b) in the case of any person who is employed as an executive officer, any sum granted as an allowance for travelling which is in excess of the amount determined in accordance with section 11 (2) as expenditure for travelling of such officer shall, for any year of assessment, ending on or before March 31, 1965, be profits from employment;
- (c) in the case of any allowance granted by an employer to an employee for travelling in connection with any trade, business, profession or vocation carried on or exercised by such employer other than travelling from the place of residence of the employee to his place of employment and *vice versa*—
- (i) such allowance, if it does not exceed one hundred rupees for a month, shall be deemed, for the year of assessment commencing on April 1, 1965, and

for each of the three years of assessment next succeeding, not to be profits from employment, and

(ii) such allowance, if it does not exceed one thousand two hundred rupees for a year, or if it exceeds that amount, such portion of that allowance as is not in excess of that amount, shall for each year of assessment commencing on or after April 1, 1969, be deemed not to be profits from employment;

(d) any allowance for travelling, subsistence and lodging granted by an employer to an employee travelling outside Ceylon in connection with his employment shall, for any year of assessment commencing on or after April 1, 1969, be deemed not to be profits from employment if such allowance does not exceed the amount authorized for the purpose by the Controller of Exchange;" ;

(2) in paragraph (b) of that sub-section—

(a) by the substitution, for the words "subject to a deduction of twenty *per centum* for repairs", of the following:—

" subject to a deduction for any year of assessment ending on or before March 31, 1969, of twenty *per centum*, and for any year of assessment commencing on or after April 1, 1969, of twenty-five *per centum*, for repairs" ; and

(b) by the substitution, for the words "aforesaid deduction of twenty *per centum*", of the words "aforesaid deduction of twenty *per centum* or twenty-five *per centum*, as the case may be, " ;

(3) in paragraph (c) of that sub-section, by the substitution, for the words "and twenty-five *per centum* of such net annual value", of the following:—

"and for any year of assessment ending on or before March 31, 1969, of twenty-five *per centum*, and for any year of assessment commencing on or after April 1, 1969, of thirty-three and one-third *per centum*, of such net annual value"; and

(4) in paragraph (d) of that sub-section, by the substitution, for the words "twenty *per centum* of the balance", of the following:—

"twenty *per centum* of the balance for any year of assessment ending on or before March 31, 1969, and twenty-five *per centum* of the balance for any year of assessment commencing on or after April 1, 1969, ".

3. Section 4 of the principal Act is hereby amended as follows:—

(1) by the insertion, immediately after sub-section (2), of the following sub-section:—

"(2A) Where in the year preceding any year of assessment commencing on or after April 1, 1969, any person sells any property consisting of a land on which there is a house which was used by him for residential purposes at any time prior to the date of the sale and where, after the date of the sale and before the termination of a period of nine months after the expiry of the year preceding that year of assessment, such person utilizes at least fifty *per centum* of the proceeds of the sale of that property to acquire or construct a house to be used by him for residential purposes, then upon written request made by such person before the first day of October of that year of assessment or at any time before an assessment in respect of him is made for that year of assessment, the capital gain arising from the change of ownership of that property shall be deemed not to be that person's capital gain for that year of

assessment but to be capital gain occurring upon a change of ownership of the house so acquired or constructed by him and such capital gain shall be in addition to and not in lieu of any other capital gain which may arise upon the change of ownership of such house.”; and

- (2) by the insertion, immediately after sub-section (10), of the following sub-section:—

“ (10A) The provisions of sub-section (2A) shall not apply—

(a) to any capital gain in respect of which the provisions of section 90D of the National Housing Act apply; and

(b) to the capital gain of any person arising from the sale of any property described in sub-section (2A) if he has prior to the sale of such property but not prior to April 1, 1968, sold any property of that description.”.

4. Section 5 of the principal Act, as amended by Act No. 26 of 1968, is hereby further amended in sub-section (1) of that section as follows:—

Amendment of
section 5 of
the principal
Act.

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

“ (g) the emoluments, and any income not arising in Ceylon, of any scientist, technician, expert or adviser, who is not a citizen of Ceylon and who is brought to and employed in Ceylon on or after April 1, 1958, by a corporation to which section 6 applies or by the proprietor of an undertaking to which that section applies, for the purposes of that undertaking, but so however that such exemption shall end on the date of the cessation of employment of such scientist, technician, expert or adviser in such corporation or undertaking or on the date on which the exemption from tax granted by section 6 in respect of that corporation or undertaking ends, whichever is the earlier;”;

(2) by the insertion, immediately after paragraph (gg), of the following paragraph:—

“ (ggg) the emoluments, and any income not arising in Ceylon, of any scientist, technician, expert or adviser, who is not a citizen of Ceylon and who is brought to and employed in Ceylon on or after April 1, 1968, by the proprietor of any such industrial undertaking as is, on the recommendation of the Minister for the time being in charge of the subject of industries, declared by the Minister by notice published in the *Gazette* to be an approved industrial undertaking for the purposes of this section for such period as may be specified in the notice, but so however that such exemption shall end on the date of the cessation of employment of such scientist, technician, expert or adviser in such approved undertaking or on the date on which that undertaking ceases to be an approved industrial undertaking, whichever is the earlier; ”; and

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

“ (y) the profits and income of any University which is established or deemed to be established under the Higher Education Act, No. 20 of 1966: ”.

5. Section 6 of the principal Act, as amended by Act No. 26 of 1968, is hereby amended as follows:—

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

(a) in paragraph (i) of that sub-section, by the substitution in sub-paragraph (b) of that paragraph, for the words “ which is declared ”, of the words and figures “ which prior to August 2, 1968, is declared ”;

(b) in paragraph (iii) of that sub-section, by the substitution, for the words “ of deep sea fishing; ”, of the words and figures “ of deep sea fishing commenced prior to August 2, 1968; ”;

- (c) in paragraph (iv) of that sub-section, by the substitution, for the words "in the *Gazette*"; of the words and figures "in the *Gazette* if the lease of such land was sanctioned upon an application made for that purpose prior to August 2, 1968";
- (d) in paragraph (v) of that sub-section, by the substitution, for the words "published in the *Gazette*; and", of the words "published in the *Gazette*";
- (e) in paragraph (vi) of that sub-section, by the substitution, for the words "published in the *Gazette*. ", of the words "published in the *Gazette*; and";
- (f) by the insertion, immediately after paragraph (vi) of that sub-section, of the following paragraph:—

"(vii) to any such undertaking as is considered by the Minister for the time being in charge of the subject appropriate to the trade or business of that undertaking to be of a pioneering nature and is at the request of such Minister declared by the Minister of Finance by notice published in the *Gazette* to be an undertaking to which this section shall apply: ";
- (g) by the addition, at the end of that sub-section, of the following proviso:—

"Provided that this section shall not apply to any industrial undertaking (other than an undertaking referred to in paragraph (vii)) which on or after April 1, 1969, commences the production or manufacture in Ceylon of goods or commodities unless the Commissioner is satisfied that the conditions

set out in paragraph (ii) are fulfilled in respect of that undertaking and unless such undertaking—

(a) is an undertaking—

(i) which, if it is a company, has its ordinary shares held wholly or partly by, or if it is not a company, has a capital provided wholly or partly by, any company, partnership or body of persons being a company, partnership or body of persons outside Ceylon,

(ii) which was approved by the Director of Industrial Development upon application made to the Ministry of Planning and Economic Affairs through the Permanent Secretary prior to August 2, 1968, and

(iii) which commenced the production or manufacture in Ceylon of goods or commodities on or before a date fixed by the Director of Industrial Development; or

(b) is an undertaking—

(i) which was approved by the Director of Industrial Development prior to August 2, 1968,

(ii) in respect of which the Commissioner is satisfied that any land, plant, machinery, fixtures or building was acquired for the purposes of that undertaking prior to August 2, 1968, or that prior to that date a contract was entered into for the purchase of any land.

plant, machinery or fixtures for the purposes of that undertaking or for the purchase or erection of any building for the use of that undertaking, and

(iii) which commenced the production or manufacture in Ceylon of any goods or commodities on or before a date fixed by the Director of Industrial Development. ”; and

(2) in sub-section (2) of that section—

(a) in paragraph (v) of that sub-section, by the substitution, for the words “carry on business, and ”, of the words “ carry on business,”;

(b) in paragraph (vi) of that sub-section, by the substitution, for the expression “ paragraph (v) of that sub-section, ”, of the expression “ paragraph (v) of that sub-section, and ”; and

(c) by the insertion, immediately after paragraph (vi), of the following paragraph:—

“ (vii) any undertaking referred to in paragraph (vii) of sub-section (1), being the profits and income of that undertaking for a period of five years reckoned from the date on which that undertaking commences to carry on business.”.

6. Section 10 of the principal Act is hereby amended as follows:—

**Amendment of
section 10 of the
principal Act.**

(1) in sub-section (1) of that section, by the substitution, in paragraph (g) of that sub-section, for the words “ expended by such person ”, of the following:—

“ expended prior to April 1, 1968, by such person ”; and

- (2) in sub-section (4) of that section, by the substitution, in paragraph (b) of that sub-section, for the words "in the case of a discard", of the words "in the case of a sale or discard".

7. The following new sections are hereby inserted immediately after section 16, and shall have effect as sections 16A, 16B and 16C, of the principal Act:—

Allowances
for approved
donations to be
deducted from
assessable
income in arriv-
ing at taxable
income.

16A (1) In this section "approved donation" means a donation not less in amount than one thousand rupees—

- (a) made in money or otherwise to the Government of Ceylon, or
- (b) made in money to any approved charity within the meaning of section 67 or to any such public charitable trust or institution as is declared by the Minister by notice published in the *Gazette* to be an approved charity for the purposes of this section.

For the purposes of this section, the amount of a donation made to the Government of Ceylon otherwise than in money shall be the value of such donation, and such value shall—

- (i) be the actual cost to the donor of the property donated, or
- (ii) where the actual cost cannot be ascertained, be the market value of the property donated.

(2) Where the entirety of the assessable income of a wife or a child for any year of assessment is aggregated with the assessable income of the head of the family of which such wife or child is a member, any approved donation made by such wife or child shall, for the purposes of this section, be deemed to be an approved donation made by the head of the family.

(3) Where in the year preceding any year of assessment commencing on or

after April 1, 1969, any person has, or is deemed to have, made an approved donation, then—

- (a) one-half of the actual amount of the donation; or
- (b) an amount representing one-twentieth of the assessable income of that person for that year of assessment or if that person is a company an amount representing one-fortieth of the assessable income of that company for that year of assessment; or
- (c) twenty-five thousand rupees, whichever amount is the least, shall be the allowance in relation to that donation and such allowance shall be deducted from the assessable income of that person for that year of assessment in arriving at his taxable income for that year of assessment.

(4) Where a person has, or is deemed to have, made in the year preceding any year of assessment two or more donations, whether to the same approved charity or to different such charities, or to the Government of Ceylon, or to one or more approved charities and to the Government of Ceylon, the aggregate amount of the donations, if such amount is not less than one thousand rupees, shall for the purposes of this section in relation to that year of assessment be treated as one approved donation.

16B (1) Where an individual during the year preceding any year of assessment commencing on or after April 1, 1969—

- (a) has paid or is deemed to have paid any premia on a life insurance policy or for the purchase of an annuity; or
- (b) makes any contributions to any such provident fund or pension fund as is approved by the

Allowances for
premia on life
insurance
policies and
annuities and
provident or
pension fund
contributions of
employees to be
deducted from
assessable
income in arriv-
ing at taxable
income.

Commissioner or to a regulated provident fund,
then—

- (i) a sum equal to one-half of such premia or contributions or one-half of such premia and contributions, as the case may be, or
- (ii) an amount representing one-eighth of the assessable income of that individual for that year of assessment, or
- (iii) five thousand rupees,

whichever amount is the least, shall be the allowance in relation to such premia or contributions or premia and contributions and such allowance shall be deducted from the assessable income of that individual for that year of assessment in arriving at his taxable income for that year of assessment:

Provided that no allowance under the preceding provisions of this subsection shall be granted in relation to—

(a) any premia paid outside Ceylon on any life insurance policy issued outside Ceylon after July 4, 1957, and

(b) any premia paid outside Ceylon for the purchase of an annuity outside Ceylon after July 4, 1957.

(2) Where the entirety of the assessable income of a wife or child for any year of assessment is aggregated with the assessable income of the head of the family of which such wife or child is a member, any premia paid or contributions made by the wife or child shall for the purposes of this section, be deemed to be premia paid or contributions made by the head of the family.

Allowances in
respect of
approved
investments
to be deducted
from assessable
income in
arriving at
taxable income.

16c (1) In this section—

“ approved investment ” means—

- (a) an investment in an approved undertaking;
- (b) any investment which is an approved investment within the meaning of paragraph (b) or paragraph (c) of the definition of “approved investment” for the purposes of paragraph (g) of sub-section (2) of section 69A;
- (c) an investment in an approved project within the meaning of section 69,

but does not include—

- (i) an investment for the purpose of purchasing an existing investment, or
- (ii) an investment for the purpose of purchasing shares in a company, being an investment so made after the expiry of six years commencing from the date of the incorporation of that company; or
- (iii) an investment for the purpose of purchasing shares in a company which are not ordinary shares;

“approved undertaking” means any new undertaking which is a company and which—

- (a) if such undertaking is an industrial undertaking, is considered by the Minister for the time being in charge of the subject of industries to be essential for the economic progress of Ceylon and is at the request of such Minister declared by the Minister of Finance by notice

published in the *Gazette* to be an approved undertaking for the purposes of this section, and

(b) if such undertaking is an undertaking other than an industrial undertaking, is considered by the Minister of Finance to be essential for the economic progress of Ceylon and is declared by him by notice published in the *Gazette* to be an approved undertaking for the purposes of this section.

(2) Where the entirety of the assessable income of a wife or child for any year of assessment is aggregated with the assessable income of the head of the family of which such wife or child is a member, any approved investment made by such wife or child shall be deemed to be an approved investment made by the head of the family.

(3) Where in the year preceding any year of assessment commencing on or after April 1, 1969, an individual has made or is deemed to have made an approved investment, then—

(a) an amount equal to one-half of the actual amount of that investment, or

(b) an amount representing one-tenth of the assessable income of that individual, or

(c) twenty-five thousand rupees,

whichever amount is the least, shall be the allowance in relation to that approved investment and such allowance shall be deducted from the assessable income of that individual for that year of assessment in arriving at his taxable income for that year of assessment:

Provided, however, that the preceding provisions of this sub-section shall not apply to an approved investment made or deemed to have been made by an individual with any money withdrawn or realized by that individual on or after August 2, 1968, and before April 1, 1970, from an approved saving specified in paragraph (b) or paragraph (c) or paragraph (g) of sub-section (2) of section 69A and accordingly no deduction under this sub-section shall be made from the assessable income of that individual in relation to that approved investment.

(4) Where an individual has, or is deemed to have, made in any year of assessment two or more approved investments, the aggregate amount of such investments shall be treated as one approved investment for the purposes of this section.

(5) Where an allowance has been granted to an individual under sub-section (3) in respect of an approved investment and where, within a period of six years after the date of such investment, the ownership of that investment changes otherwise than by the death of the individual who made that investment or any sum of money in that investment is withdrawn or realized by the individual who made that investment, then in respect of the year of assessment in which such allowance was granted an additional assessment consisting of the difference between the amount of income tax to which the individual who has been granted the allowance would have been liable if such allowance had not been granted and the amount of tax charged for that year of assessment shall, notwithstanding anything in this Act, be made in respect of that individual and the provisions of this Act relating to notice of assessment, appeal and other proceedings shall apply in relation to such additional assessment.'

*Amendment of
section 17 of the
principal Act.*

8. Section 17 of the principal Act is hereby amended in sub-section (3) of that section by the insertion, immediately after paragraph (c) of that sub-section, of the following paragraph:—

“(cc) any sum received on or after April 1, 1968, as compensation for loss of office or employment, or ”.

*Amendment of
section 21 of the
principal Act.*

9. Section 21 of the principal Act, as amended by Act No. 18 of 1965, is hereby further amended as follows:—

(1) in sub-section (1) of that section, by the substitution, for the words “ year of assessment a family ”, of the words and figures “ year of assessment ending on or before March 31, 1969, a family ”;

(2) by the insertion, immediately after sub-section (1) of that section, of the following sub-section:—

“(1A) Where for any year of assessment commencing on or after April 1, 1969, a family consists of a husband and wife and no child or dependent relative, an allowance of three thousand six hundred rupees in respect of such husband and wife shall be deducted from the assessable income of the head of such family for that year in arriving at his taxable income for that year.”;

(3) in sub-section (2) of that section, by the substitution, for the words “ year of assessment a family ”, of the words and figures “ year of assessment ending on or before March 31, 1969, a family ”;

(4) by the insertion, immediately after sub-section (2) of that section, of the following sub-section:—

“(2A) Where for any year of assessment commencing on or after April 1, 1969, a family consists of a husband and wife and one or more children or dependent

relatives or one or more children and dependent relatives, an allowance of three thousand six hundred rupees in respect of the husband and wife, and—

- (a) if there is one child or dependent relative, an allowance of six hundred rupees in respect of such child or dependent relative,
- (b) if there are two children, or two dependent relatives or one child and one dependent relative, an allowance of six hundred rupees in respect of such children or such dependent relatives or such child and such dependent relative,
- (c) if there are three or more children, or three or more children and dependent relatives or three or more dependent relatives, in respect of such children or such children and dependent relatives or such dependent relatives, as the case may be, an allowance of one thousand two hundred rupees,

shall be deducted from the assessable income of the head of such family for that year in arriving at his taxable income for that year.”;

(5) in sub-section (3) of that section, by the substitution, for the words “year of assessment a family”, of the words and figures “year of assessment ending on or before March 31, 1969, a family”;

(6) by the insertion, immediately after sub-section (3) of that section, of the following sub-section:—

“(3A) Where for any year of assessment commencing on or after April 1, 1969, a family consists of an individual and one child or dependent relative, or an individual and two children or dependent relatives or an individual and one child and one dependent relative, an allowance of three

thousand rupees in respect of such individual and an allowance of six hundred rupees in respect of such child or dependent relative or such children or dependent relatives or such child and such dependent relative, as the case may be, shall be deducted from the assessable income of the head of such family for that year in arriving at his taxable income for that year.”;

- (7) in sub-section (4) of that section, by the substitution, for the words “any year of assessment a family”, of the words and figures “any year of assessment ending on or before March 31, 1969, a family”;
- (8) in sub-section (4A) of that section, by the substitution, for the words and figures “in respect of each year of assessment commencing on or after April 1, 1965,”, of the words and figures “in respect of the year of assessment commencing on April 1, 1965, and each of the three years of assessment immediately succeeding,”;
- (9) by the insertion, immediately after sub-section (4A) of that section, of the following sub-section:—

“(4B) Where for any year of assessment commencing on or after April 1, 1969, a family consists of an individual and three or more children or three or more dependent relatives or three or more children and dependent relatives, an allowance of three thousand rupees in respect of such individual and an allowance of one thousand two hundred rupees in respect of such children or dependent relatives or such children and dependent relatives shall be deducted from the assessable income of the head of such family for that year in arriving at his taxable income for that year.”;

(10) by the insertion, immediately after sub-section (6) of that section, of the following sub-section:—

‘(6A) Sub-section (6) shall, in its application in respect of each year of assessment commencing on or after April 1, 1969, have effect as though for the words “five hundred rupees”, there were substituted the words “nine hundred rupees”;

(11) in sub-section (7) of that section, by the substitution, for the expression “under sub-section (2) or sub-section (3) or sub-section (4) or sub-section (6)”, of the expression “under sub-section (2) or sub-section (2A) or sub-section (3) or sub-section (3A) or sub-section (4) or sub-section (4B) or sub-section (6) or sub-section (6A)”;

(12) in the marginal note to that section, by the substitution, for the words “Allowances to be deducted”, of the words “Allowances for members of a family, individuals not included in a family, and earned income to be deducted”.

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

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

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

(b) by the substitution, in paragraph (b) 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, 1965, and each of the three years of assessment next succeeding, shall be computed in

Amendment of
section 23A of
the principal
Act.

accordance with the appropriate provisions of Part III of the Second Schedule to this Act, and " ; and

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

" (c) income tax for any year of assessment commencing on or after April 1, 1969, shall be computed in accordance with the provisions of Part IV of the Second Schedule to this Act. " ;

(2) in sub-section (3) of that section, by the substitution, for the words and figures " for any year of assessment commencing on or after April 1, 1965, " , of the words and figures " for the year of assessment commencing on April 1, 1965, and each of the three years of assessment next succeeding, " ; and

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

" (4) For the purposes of the computation of the income tax payable for any year of assessment commencing on or after April 1, 1969, on the taxable income of any person who is the head of a family, the first slab of Rs. 1,800 and the second slab of Rs. 1,800 specified in Part IV of the Second Schedule to this Act shall—

(a) if such family consists of—

(i) a husband and wife, or

(ii) an individual and not more than two children who are not in receipt of any occupational income, or

(iii) an individual and not more than two dependent relatives, or

(iv) an individual and one child who is not in receipt of any occupational income and one dependent relative,

be increased by Rs. 600;

(b) if such family consists of—

- (i) a husband and wife and not more than two children who are not in receipt of any occupational income, or
- (ii) a husband and wife and not more than two dependent relatives, or
- (iii) a husband and wife and one child who is not in receipt of any occupational income and one dependent relative, or
- (iv) an individual and three or more children who are not in receipt of any occupational income, or
- (v) an individual and three or more dependent relatives, or
- (vi) an individual and three or more children who are not in receipt of any occupational income and dependent relatives,

be increased by Rs. 1,200; and

(c) if such family consists of—

- (i) a husband and wife and three or more children who are not in receipt of any occupational income, or
- (ii) a husband and wife and three or more dependent relatives, or
- (iii) a husband and wife and three or more children who are not in receipt of any occupational income and dependent relatives,

be increased by Rs. 1,800. ”.

11. Section 24 of the principal Act, as amended by Act No. 12 of 1964 and Act No. 18 of 1965, is hereby further amended as follows:—

Amendment
of section
24 of the
principal
Act.

(1) in paragraph (c) of that section—

- (i) by the substitution, for the words “any year of assessment commencing on or after”, of the words “the year of assessment commencing on”, and

- (ii) by the substitution, for the words "in such preceding year, and", of the words "in such preceding year, ";
- (2) in paragraph (d) of that section—
- by the substitution, for the words and figures "any year of assessment commencing on or after April 1, 1965, ", of the following:—
 - "for the year of assessment commencing on April 1, 1965, and for each of the three years of assessment next succeeding, ", and
 - by the substitution, for the words "in such preceding year.", of the words "in such preceding year, and "; and
- (3) by the addition, at the end of that section, of the following paragraph:—
- "(e) the provisions of Part IV of the Second Schedule to this Act shall, in their application to that individual for any year of assessment commencing on or after April 1, 1969, have effect as if each of the sums mentioned in that Part of that Schedule, or the aggregate of the sums computed in the manner mentioned in sub-section (4) of section 23A, as the case may be, were reduced in the proportion which the number of days which he is resident bears to the number of days in such preceding year. ".

12. Section 28 of the principal Act is hereby amended as follows:—

- (1) in paragraph (c) of that section, by the substitution, for all the words from "in so far as the first three years" to the end of that paragraph, of the following:—

"but so however that the exemption from wealth tax granted to such scientist, technician, expert or adviser by this paragraph shall end on the date on which his employment in such corporation or undertaking ceases or on the date on which the

exemption from income tax granted by section 6 in respect of that corporation or undertaking ends, whichever is the earlier;”;

- (2) by the insertion, immediately after paragraph (c), of the following paragraph:—

“(cc) any scientist, technician, expert or adviser who is not a citizen of Ceylon and who is brought to and employed in Ceylon on or after April 1, 1968, by the proprietor of any such industrial undertaking as is referred to in paragraph (ggg) of sub-section (1) of section 5, but so however that the exemption from wealth tax granted to such scientist, technician, expert or adviser by this paragraph shall end on the date on which his employment in such industrial undertaking ceases or on the date on which the exemption from income tax granted by section 6 in respect of that industrial undertaking ends, whichever is the earlier;”;

- (3) by the substitution, for paragraph (i) of that section, of the following paragraph:—

“(i) any University which is established or deemed to be established under the Higher Education Act, No. 20 of 1966;”.

13. Section 31 of the principal Act is hereby amended as follows:—

- (1) by the insertion, immediately after sub-section (1) of that section, of the following sub-section:—

“(1A) Notwithstanding anything in paragraph (g) of sub-section (1), there shall not be excluded from the wealth of any person—

(a) for any year of assessment commencing on or after April 1, 1973, any investment made by him prior to August 2, 1968, in securities of the Government of Ceylon; and

Amendment of
section 31 of the
principal Act.

- (b) for any year of assessment commencing on or after April 1, 1969, any investment made by him on or after August 2, 1968, in securities of the Government of Ceylon.”; and
- (2) in sub-section (2) by the substitution, for all the words and figures from “a person” to “that investment”, of the following:—

“a person has any investment which is an approved investment within the meaning of section 16c or section 69 or section 69A of this Act or section 47A of the Income Tax Ordinance, that investment”.

**Amendment of
section 39 of the
principal Act.**

14. Section 39 of the principal Act is hereby amended as follows:—

- (1) by the insertion, immediately after sub-section (3), of the following sub-section:—

“ (3A) The individual chargeable with gifts tax in respect of taxable gifts shall be the donor but the donee shall be liable to gifts tax in like manner and to the like amount as the donor—

(a) if the donor dies and he does not leave any property in Ceylon or the property he leaves in Ceylon is in the opinion of the Assessor not sufficient to permit the recovery of the gifts tax; or

(b) if the donor ceases to be resident in Ceylon and he has no property in Ceylon or the property he has in Ceylon is in the opinion of the Assessor not sufficient to permit the recovery of the gifts tax; or

(c) if the Assessor having regard to the circumstances of the case is of the opinion that it is not practical to make an assessment on the donor:

Provided that the liability of the donee shall be limited to that portion of the gifts tax which appears to the Assessor to be

attributable to the value of the gift made to the donee by the donor as at the date of the gift."; and

- (2) in sub-section (4) of that section, by the substitution, for all the words from "The individual" to "from the donor,", of the words "Where the gifts tax cannot be recovered from the donor,".

15. Section 41 of the principal Act is hereby amended in sub-section (1) of that section by the substitution in paragraph (d) of that sub-section, for the expression "section 67 (1) (b)," , of the expression "section 16A or section 67 (1) (b),".

Amendment of
section 41 of the
principal Act.

16. Section 44 of the principal Act is hereby amended as follows:—

- (1) by the insertion, immediately after sub-section (1) of that section, of the following sub-section:—

"(1A) The net wealth of the wife of any non-resident individual for any year of assessment shall be deemed to be part of the net wealth of her husband for that year.";

- (2) in sub-section (2) of that section—

(a) in paragraph (a) of that sub-section, by the substitution, for the words "as the number of days in that year of assessment during which the marriage subsists bears", of the words "as the number of days in the period during which the marriage subsists in the year preceding that year of assessment bears", and

(b) in paragraph (b) of that sub-section, by the substitution, for the words "as the number of days in that year of assessment during which the marriage subsists bears", of the words "as the number of days in the period during which the marriage subsists in the year preceding that year of assessment bears"; and

Amendment of
section 44 of the
principal Act.

- (3) in sub-section (3) of that section, by the substitution, for the expression "for the purposes of this section," , of the expression "for the purposes of this Act,".

**Amendment of
section 65 of the
principal Act.**

17. (1) Section 65 of the principal Act is hereby amended as follows:—

- (a) in sub-section (1), in the proviso to that sub-section, by the substitution, for the words “expenses in Ceylon (including commission) and”, of the words “expenses in Ceylon (including commission), the amount of any dividend which under sub-section (5) does not form part of the investment income of the company and”;
- (b) in sub-section (4) of that section, by the substitution, for the words ‘For the purposes of this section, “investment income of the Life Insurance Fund” means,’ of the following:—

‘Subject to the provisions of sub-section (5), the expression “investment income of the Life Insurance Fund” in this section means,’; and

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

“(5) Where a dividend is paid by any resident company to any company carrying on the business of life insurance and either—

- (a) a deduction has been made under section 27 (1) in respect of that dividend by such resident company; or
- (b) that dividend consists of any part of the amount of a dividend received by such resident company from another resident company,

that dividend shall not form part of the investment income of the Life Insurance Fund of the company carrying on the business of life insurance.”.

(2) The amendments made in the principal Act by sub-section (1) of this section shall come into force on April 1, 1969, and shall apply to every year of assessment commencing on or after that date.

18. (1) Section 65A of the principal Act (inserted therein by Act No. 18 of 1965), is hereby amended as follows:—

(a) in sub-section (2) of that section, by the substitution, for the words ‘For the purposes of this section, “investment income of the Life Insurance Fund” means’, of the following:—

‘Subject to the provisions of sub-section (3), the expression “investment income of the Life Insurance Fund” in this section means’; and

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

“(3) Where a dividend is paid by any resident company to the Insurance Corporation of Ceylon and either—

(a) a deduction has been made under section 27 (1) in respect of that dividend by such resident company; or

(b) that dividend consists of any part of the amount of a dividend received by such resident company from another resident company,

that dividend shall not form part of the investment income of the Life Insurance Fund of the Insurance Corporation of Ceylon.”.

(2) The amendments made in the principal Act by sub-section (1) of this section shall come into force on April 1, 1969, and shall apply to every year of assessment commencing on or after that date.

19. Section 67 of the principal Act, as amended by Act No. 18 of 1965, is hereby further amended as follows:—

(1) in sub-section (2) of that section, by the substitution, for the words “has been made by any person,”, of the following:—

“has been made by any person in the year preceding any year of assessment ending on or before March 31, 1969,”; and

(2) in sub-section (3) of that section, by the substitution, for the words "made an approved donation,", of the following:—

"made an approved donation in the year preceding any year of assessment ending on or before March 31, 1969,".

20. Section 68 of the principal Act, as amended by Act No. 18 of 1965, is hereby amended as follows:—

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

(a) in paragraph (a) of that sub-section, by the substitution, for the words "any year of assessment pays", of the following:—

"any year of assessment ending on or before March 31, 1969, pays"; and

(b) in paragraph (b) of that sub-section, by the substitution, for the words "any year of assessment makes", of the following:—

"any year of assessment ending on or before March 31, 1969, makes"; and

(2) in sub-section (1A) of that section, by the substitution, for the words and figures "for each year of assessment commencing on or after April 1, 1965, ", of the following:—

"for the year of assessment commencing on or after April 1, 1965, and for each of the three years of assessment next succeeding,".

21. Section 68A of the principal Act (inserted therein by Act No. 26 of 1968) is hereby amended in sub-section (1) of that section, by the substitution, for the expression "March 31, 1969,", of the expression "March 31, 1970,".

22. Section 69A of the principal Act (inserted therein by Act No. 18 of 1965), is hereby amended as follows:—

(1) in sub-section (1) of that section, by the substitution, for the words and figures "In respect of any year of assessment commencing on or after April 1, 1965—", of the

words and figures " Subject to the provisions of sub-section (1A), in respect of any year of assessment commencing on or after April 1, 1965, and ending on or before March 31, 1969—";

- (2) by the insertion, immediately after sub-section (1), of the following sub-section:—

" (1A) The provisions of sub-section (1) shall not apply in respect of any approved saving made on or after August 2, 1968.";

- (3) by the substitution, for sub-section (3) of that section, of the following sub-section:—

" (3) Where any sum of money in an approved saving specified in paragraph (b) or paragraph (c) or paragraph (g) of sub-section (2) is withdrawn or realized by the individual who made that saving—

(a) before the expiry of a period of one year after the date of making that saving, in a case where the sum of money is withdrawn or realized prior to August 2, 1968, or

(b) before April 1, 1970, in a case where the sum of money is in an approved saving on August 2, 1968,

that sum of money shall be deemed not to be an approved saving for the purposes of sub-section (2) and accordingly, where any deduction from income tax was granted to that individual under sub-section (1) in respect of that approved saving, then in respect of the year of assessment in which such deduction was granted, an additional assessment consisting of the amount of income tax to which that individual, or if that individual is a member of a family, the head of that family, would have been liable if such deduction had not been granted, shall notwithstanding anything in this Act, be made in respect of that individual or the head of the family, and the provisions of this Act relating to

notice of assessment, appeal and other proceedings shall apply in relation to such additional assessment:

Provided that the preceding provisions of this sub-section shall not apply to the amount of any approved saving withdrawn or realized after August 1, 1968, but before April 1, 1970—

(a) if, not later than ninety days after the date on which that amount was withdrawn or realized, it is utilized by the individual who made that approved saving to make an approved investment within the meaning of section 16c and if the investment so made is not realized prior to April 1, 1970; or

(b) if, not later than ninety days after the date on which that amount was withdrawn or realized, it is utilized by the individual who made that approved saving to make a gift to his son or daughter in consideration of the marriage of such son or daughter; or

(c) if that amount is withdrawn or realized—

(i) not earlier than one year after the date of making of that approved saving, and

(ii) after the death, on or after April 1, 1968, of the individual who made that approved saving; or

(d) if the Assessor is satisfied—

(i) that the individual who made that approved saving has ceased or will cease to be resident in Ceylon on or after April 1, 1968, and

(ii) that a period of not less than two years has elapsed after the date of the making of that approved saving.”.

23. Section 73A of the principal Act (inserted therein by Act No. 26 of 1968), is hereby amended by the substitution, for the expression “April 1, 1969,” of the expression “April 1, 1970,”.

Amendment of
section 73A
of the
principal
Act.

24. Section 76 of the principal Act is hereby amended by the substitution, for the words “liable to United Kingdom income tax, or Commonwealth tax”, of the words “liable to Commonwealth tax”.

Amendment of
section 76 of the
principal Act.

25. Section 97 of the principal Act is hereby amended as follows:—

Amendment of
section 97 of the
principal Act.

(1) in sub-section (9) of that section—

(a) in paragraph (a) of that sub-section, by the substitution, for the words “require the appellant”, of the words “require the appellant within the period specified in the notice”; and

(b) by the addition, immediately after paragraph (b) of that sub-section, of the following paragraph:—

“(c) require the appellant within the period specified in the notice to furnish the written evidence, on affidavit or in such other manner as may be specified in the notice, of any person mentioned in the list transmitted to the Commissioner by the appellant.”; and

(2) by the insertion, immediately after sub-section (11), of the following sub-section:—

“(11A) Before making his determination on any appeal, the Commissioner may, if he considers it necessary so to do, by notice given in writing to any person require that person to produce for examination, or to transmit to the Commissioner within the period specified in such notice, any such deeds, plans,

instruments, books, accounts, trade lists, stock lists, registers, cheques, paying-in-slips, auditors' reports or other documents in his possession as may be specified in such notice.”.

Amendment of
section 99 of the
principal Act.

26. Section 99 of the principal Act is hereby amended by the substitution, for all the words and figures from “ Any appellant,” to “ may, by petition ”, of the following:—

“ Where notice of a determination on an appeal is given under sub-section (8) of section 97 to the appellant, such appellant or his authorized representative, if he is dissatisfied with the determination, may, by petition ”.

Amendment of
section 103 of
the principal
Act.

27. Section 103 of the principal Act, as amended by Act No. 18 of 1965, is hereby further amended by the substitution, for the words “ thereby, or where agreement ”, of the following:—

“ thereby or where an appeal lodged against such an assessment is dismissed under sub-section (10) of section 97, or where agreement ”.

Amendment of
section 124 of
the principal
Act.

28. Section 124 of the principal Act is hereby amended as follows:—

(1) in sub-section (4) of that section, by the substitution, in paragraph (a) of that sub-section, for the words “ any duty under this Act,”, of the words “ any duty under this Act or such other written law, ”; and

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

“ (7) Where, for the purposes of prosecuting any director, manager, or other officer or employee of an insurance business who has acted in a manner prejudicial to the interests of the holders of policies issued in respect of that business, the Attorney-General by written notice requires the Commissioner to furnish such information relating to the assets of such director, manager, other officer or employee as is in the possession of the Commissioner, the Commissioner shall, notwithstanding anything in the preceding provisions of this section, furnish such information to the Attorney-General.”.

Amendment of
section 129 of
the principal
Act.

29. Section 129 of the principal Act, as amended by Act No. 26 of 1968, is hereby further amended in sub-section (1) by the substitution, for the definition of "regulated provident fund", of the following definition:—

"regulated provident fund" means any provident fund—

- (a) which is established by a body corporate whose profits and income are exempt from income tax under any written law, and
- (b) which is regulated and maintained under the written law by which such body corporate is constituted; .

30. The First Schedule to the principal Act is hereby amended as follows:—

(1) in the item relating to "Non-resident individuals"—

(a) in paragraph (c) of that item, by the substitution, for all the words and figures from "each year" to "1965—", of the following:—

"the year of assessment commencing on April 1, 1965, and each of the three years of assessment immediately succeeding";

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

"(d) For each year of assessment commencing on or after April 1, 1969—

On the first
Rs. 15,000 of the
taxable income 15 per centum

On the next
Rs. 6,000 of the
taxable income 20 per centum

On the next
Rs. 6,000 of the
taxable income 25 per centum

On the next
Rs. 6,000 of the
taxable income 30 per centum

On the next
Rs. 6,000 of the
taxable income 40 per centum

Amendment of
the First
Schedule to the
principal Act.

On the next Rs. 6,000 of the taxable income	<i>50 per centum</i>
On the next Rs. 10,000 of the taxable income	<i>60 per centum</i>
On the balance of the taxable in- come	<i>65 per centum.</i> "

(2) by the substitution, for the item relating to "Hindu-undivided Families", of the following item:—

"*Hindu-undivided families*—

(a) *For any year of assessment ending on or before March 31, 1969*—

On the first Rs. 20,000 of the taxable income	<i>31 per centum</i>
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On the next Rs. 10,000 of the taxable income	<i>36 per centum</i>
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On the next Rs. 10,000 of the taxable income	<i>46 per centum</i>
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On the next Rs. 10,000 of the taxable income	<i>51 per centum</i>
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On the next Rs. 10,000 of the taxable income	<i>56 per centum</i>
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On the next Rs. 20,000 of the taxable income	<i>66 per centum</i>
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On the next Rs. 20,000 of the taxable income	<i>76 per centum</i>
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On the balance of the taxable income	<i>86 per centum</i>
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(b) *For any year of assessment commencing on or after April 1, 1969*—

On the first Rs. 25,000 of the taxable income	<i>31 per centum</i>
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On the next Rs. 10,000 of the taxable income	<i>36 per centum</i>
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On the next Rs. 10,000 of the taxable income	<i>46 per centum</i>
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On the next Rs. 20,000 of the taxable income	<i>56 per centum</i>
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On the next Rs. 20,000 of the taxable income	66 per centum
On the balance of the taxable income	71 per centum."

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

Amendment of
the Second
Schedule to the
principal Act.

(1) in Part III of that Schedule—

(a) by the substitution, in item (A) of that Part, for the words and figures "for any year of assessment commencing on or after April 1, 1965," of the following:—

"for the year of assessment commencing on April 1, 1965, and each of the three years of assessment next succeeding,";

(b) by the substitution, in item (B) of that Part, for the words and figures "for any year of assessment commencing on or after April 1, 1965," of the following:—

"for the year of assessment commencing on April 1, 1965, and each of the three years of assessment next succeeding,";

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

" PART IV

The rates of income tax for any year of assessment commencing on or after April 1, 1969, shall be as follows:—

On the first Rs. 1,800 of the taxable income	7½ 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	12½ per centum
On the next Rs. 2,400 of the taxable income	15 per centum

On the next Rs. 3,600 of the taxable income	17½ per centum
On the next Rs. 3,600 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. 4,800 of the taxable income	40 per centum
On the next Rs. 9,600 of the taxable income	50 per centum
On the next Rs. 9,600 of the taxable income	60 per centum
On the balance of the taxable income	65 per centum."