



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

ECONOMIC SERVICE CHARGE (AMENDMENT)

A

BILL

to amend the Economic Service Charge Act, No. 13 of 2006

*Presented by the Prime Minister and Minister of Buddha Sasana and
Religious Affairs on 21st March, 2014*

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Ordered by Parliament to be printed

[Bill No. 295]

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STATEMENT OF LEGAL EFFECT

Clause 2 : This clause amends section 3 of the Economic Service Charge Act, No. 13 of 2006 (hereinafter referred to as the “principal enactment”) and the legal effect of the section as amended is to allow the insurer carrying on the general insurance business to deduct the service charge levied from the income tax payable by such insurer.

Clause 3 : This clause amends section 9 of the principal enactment and the legal effect of the section as amended is to bring the time bar provision to make assessment or additional assessment in line with section 106 of the Inland Revenue Act, No. 10 of 2006.

Economic Service Charge (Amendment)

L. D.—O. 7/2014.

AN ACT TO AMEND THE ECONOMIC SERVICE CHARGE
ACT, NO. 13 OF 2006

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

1. This Act may be cited as the Economic Service Charge (Amendment) Act, No. of 2014 and shall come into
5 operation on April 1, 2014.

Short title
and date of
operation.

2. Section 3 of the Economic Service Charge Act, No. 13 of 2006 (hereinafter referred to as the “principal enactment”) as last amended by Act, No. 11 of 2008 is hereby further amended by the insertion, immediately after
10 subsection (3) of that section, of the following new subsection—

Amendment
of section 3
of Act, No.
13 of 2006.

15 “(3A) Where an insurer engaged in carrying on both long term insurance business and general Insurance business segregates such business into long term insurance business and the general insurance business to be carried on by two separate companies, as required by section 53 of the Regulation of Insurance Industry (Amendment) Act, No. 3 of 2011, the balance, if any, as at the date of such segregation
20 of the amount levied as service charge after the deduction in accordance with subsection (1), (2) or (3) shall notwithstanding anything to the contrary in any other provisions of this Act, but subject to the preceding provisions of this section, be deducted
25 from income tax payable by the company that is carrying on the general insurance business after such segregation as if the same company were continuing to carry on the business.”.

2 *Economic Service Charge (Amendment)*

3. Section 9 of the principal enactment as last amended by Act, No. 15 of 2007 is hereby further amended by the repeal of subsection (4) of that section and the substitution therefor of the following:—

Amendment
of section 9
of the
principal
enactment.

5 “(4) No assessment or additional assessment shall be made under this Act in respect of a person or partnership—

10 (a) who or which has made a return for any relevant quarter in any year of assessment on or before the dates referred to in section 7,

15 (i) where such quarter is any relevant quarter ending on or before March 31, 2014 after the expiry of eighteen months from the end of the year of assessment within which such relevant quarter falls; or

20 (ii) where such quarter is any relevant quarter commencing on or after April 1, 2014 after the expiry of eighteen months from the thirtieth day of November of the year of assessment immediately succeeding the year of assessment within which such relevant quarter falls,

25 if his or its return of income has been made under subsection (1) or subsection (7) of section 106 of the Inland Revenue Act, No. 10 of 2006; or

30 (b) who or which has failed to make a return on or before such date as referred to in paragraph (a) after the expiry of a period of four years from the thirtieth day of

November of the year of assessment
immediatly succeeding the year of
assessment within which such relevant
quarter falls.”.

- 5 **4.** In the event of any inconsistency between the Sinhala and Tamil texts of this Act, the Sinhala text shall prevail.
- Sinhala text
to prevail in
the case of
inconsistency.

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