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EXTRAORDINARY

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PART I : SECTION (I) — GENERAL
Government Notifications

ECONOMIC SERVICE CHARGE ACT, No. 13 OF 2006

REGULATIONS made by the Minister of Finance under Section 12 of the Economic Service Charge Act, No. 13 of 2006 as last amended by the Economic Service Charge (Amendment) Act, No. 7 of 2017.

MANGALA SAMARAWEEA,
Minister of Finance and Mass Media.

Ministry of Finance,
Colombo,
12th September 2017.

Regulations

01. The Regulations made in relation to Section 2 of the Economic Service Charge Act, No. 13 of 2006, and published in the *Gazette Extraordinary* No. 1502/ 10 dated June 20, 2007, and as amended by the *Gazette Extraordinary* No. 1506/ 06 dated July 18, 2007, and *Gazette Extraordinary* No. 1546/ 9 dated April 22, 2008, are hereby rescinded, without prejudice, however, to anything previously done thereunder.
- 02 (1) Any person or partnership engaged in any trade or business referred to in any paragraph of regulation 03 or 04 may, opt to :
 - (i) ascertain the turnover for that quarter from that trade or business in accordance with that paragraph ;
 - (ii) disregard the provisions of sub- section (2), of Section 2 of the aforesaid Act ;
 - (iii) compute the Economic Service Charge at the rate specified in the item I of the Schedule IV to the aforesaid Act, in respect of the turnover so ascertained.
- (2) Any person or partnership who or which has so opted shall be deemed, for all purposes, to have acted in compliance with the Schedule to the aforesaid Act.



03. The turnover for any relevant quarter ascertained of the trade or business of any freight forwarder, in accordance with paragraph (b) of sub- section (3) of Section 2 of the aforesaid Act, shall be reduced by the sum payable in that quarter by such freight forwarder to any person on account of the carriage, by such person, of any cargo loaded into any ship or aircraft owned or chartered by such person.

04. The turnover for any quarter of the trade or business of -

- (i) export of cut and polished gems or diamonds from rough gems or diamonds imported into Sri Lanka in uncut form and which is carried on by any person or partnership shall be the excess for that quarter of the FOB value of such exports over the CIF value of such raw gems or diamonds ;
- (ii) export of garments manufactured from materials imported on NFE basis, and which is carried on by any person or partnership, shall be the excess for that quarter of the FOB value of such exports over the CIF value of such materials ;
- (iii) export of any article other than garments referred to in paragraph (ii) above manufactured in Sri Lanka out of materials imported on NFE basis, and which is carried on by any person or partnership, shall be the excess for that quarter of the FOB value of such exports over the CIF value of such materials;
- (iv) any primary dealer shall be the excess of proceeds of sale of securities held by such primary dealer over the aggregate of -
 - sum invested in that quarter in the purchase of securities ; and
 - the interest paid or the discount allowed by such primary dealer in relation to any repurchase transaction entered into in that quarter.

with due cognizance being taken of the deductions and the additions specified respectively in paragraph (a) and paragraph (b) of the definition of “turnover” in subsection (3) of section 2 of the aforesaid Act.

05. In these Regulations -

- (i) “freight forwarder” means a person or a partnership who or which is registered with the Central Bank of Sri Lanka under the Exchange Control Act, as a freight forwarder and who-
 - issues multi-modal documents of carriage covered by a Freight Forwarders “All Risk and Legal Liability Insurance Policy” and
 - furnishes, together with the return of relevant turnover for any relevant quarter, copies of the statements, furnished to the controller or Exchange in respects of each month comprised in such relevant quarter of turnover prepared in the form specified in the Third Schedule, and net collections prepared in the form specified in the Fourth, Fifth and Sixth Schedules to the Notification issued by the Controller of Exchange under Section 29B of the Exchange Control Act.
- (ii) “person” includes any person who has entered into an agreement with the BOI under Section 17 of the BOI Law No. 4 of 1978.
- (iii) “primary dealer” has the same meaning as in Section 217 of the Inland Revenue Act, No. 10 of 2006

(iv) “Security” means any -

- (a) Security or Treasury Bond issued under the Registered Stocks and Securities Ordinance (Chapter 420) ;
- (b) Treasury Bill issued under the Local Treasury Bills Ordinance (Chapter 417) ; or
- (c) Central Bank Security issued under the Monetary Law Act (Chapter 422), under Section 134.

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