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SOCIALIST REPUBLIC OF  
SRI LANKA**

**Part II of November 15, 2019**

**SUPPLEMENT**

*(Issued on 20.11.2019 )*



**ECONOMIC SERVICE CHARGE (AMENDMENT)**

**A**

**BILL**

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

*Ordered to be published by the Minister of Finance*

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*STATEMENT OF LEGAL EFFECT*

*Clause 2* : This clause amends section 2 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 revise the service charge applicable on the importation of certain articles or goods.

*Clause 3* : This clause amends section 9 of the principal enactment and is consequential to the provisions of the Inland Revenue Act, No. 24 of 2017.

*Clause 4* : This clause amends section 11 of the principal enactment and is consequential to the provisions of the Inland Revenue Act, No. 24 of 2017.

*Clause 5* : This clause amends section 13 of the principal enactment and the legal effect of the section as amended is to amend the definitions of the terms “distributor” and “Inland Revenue Act”.

*Economic Service Charge (Amendment)*

L.D.—O 16/2019

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.** (1) This Act may be cited as the Economic Service Charge (Amendment) Act, No. of 2019.

Short title  
and date of  
operation.

5 (2) The provisions of sections 3, 4 and 5 shall be deemed  
to have come into operation on April 1, 2018.

**2.** Section 2 of the Economic Service Charge Act, No. 13 of 2006 (hereinafter referred to as the “principal enactment”) is hereby amended as follows:—

Amendment  
of section 2  
of Act,  
No. 13 of  
2006.

10 (1) in subsection (1) of that section—

(a) in paragraph (b) of that subsection by the  
substitution for the words “of such person or  
partnership”, of the words and figures “of such  
person or partnership, on or prior to the date  
15 of commencement of this Amendment Act”;

(b) in paragraph (c) of that subsection by the  
substitution for the words “on or after the date  
of commencement of this Act”, of the words  
and figures “on or after October 4, 2018, but  
20 prior to the date of commencement of this  
Amendment Act”;

(c) by the addition immediately after paragraph  
(c) of that subsection, of the following new  
paragraph:-

5                            “(d) on or after the commencement of this  
Amendment Act, on the aggregate of  
Cost, Insurance and Freight (CIF) value  
certified by the Director-General of  
Customs and the amount of any custom  
import duty payable under the Customs  
Ordinance (Chapter 235), special  
commodity levy payable under the  
Special Commodity Levy Act, No. 48  
10 of 2007, excise duty payable under the  
Excise (Special Provisions) Act, No. 13  
of 1989, Cess payable under Sri Lanka  
Export Development Act, No. 40 of  
1979 and ports and airports  
development levy payable under the  
Ports and Airports Development Levy  
Act, No. 18 of 2011, in respect of every  
consignment of imports of any article  
or good, other than any article or good  
20 prescribed by the Minister,”; and

                          (d) in the proviso to that subsection by the  
substitution for the words and figures “but  
prior to April 1, 2016”, of the words and figures  
“but prior to April 1, 2016 and on or after  
25 October 1, 2019”.

(2) the proviso to paragraph (b) of subsection (3) of  
that section is hereby amended as follows:-

30                            (a) in paragraph (b) thereof by the substitution  
for the words “turnover of such person; and”,  
of the words “turnover of such person;”;

                          (b) in paragraph (c) thereof by the substitution  
for the words “Central Bank of Sri Lanka.”,  
of the words “Central Bank of Sri Lanka;  
and”; and

- (c) immediately after paragraph (c) thereof by the addition of the following new paragraph:-

5 “(d) in the case of a tea factory owner carrying on the business of tea manufacturing, the share of proceed paid to the tea smallholders who supplied green tea leaf from the proceed of sale of tea manufactured in the tea factory shall be deemed not to form part of the turnover of such tea factory owner.”.

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**3.** Subsection (4) of section 9 of the principal enactment is hereby amended as follows:-

Amendment of section 9 of the principal enactment.

15 (1) in sub paragraph (ii) of paragraph (a) of that subsection by the substitution for the words and figures “relevant quarter commencing on or after April 1, 2014”, of the words “relevant quarter commencing on or after April 1, 2014, but prior to April 1, 2018,”;

20 (2) in paragraph (b) of that subsection by the substitution for the words “within which such relevant quarter falls.”, of the words “within which such relevant quarter falls;”; and

(3) by the addition immediately after paragraph (b) of that subsection, of the following new paragraphs:-

25 “(c) who or which has made a return for any relevant quarter in any year of assessment on or before the dates referred to in subsection (2) of section 7, where such relevant quarter is any relevant quarter commencing on or after April 1, 2018, after the expiry of thirty months from the thirtieth day of November of the year of assessment immediately succeeding the year of assessment within which such relevant quarter falls, subject to subsection (3) of

30

section 135 of the Inland Revenue Act, No. 24 of 2017, if his or its return of income has been made under subsection (1) of section 93 of the Inland Revenue Act, No. 24 of 2017;

- 5 (d) who or which has failed to make a return on  
or before such date as referred to in  
paragraph (c) after the expiry of a period of  
thirty months (subject to subsection (3) of  
section 135 of the Inland Revenue Act, No.  
10 24 of 2017) from the date on which the notice  
of assessment served to the tax payer in terms  
of section 133 or 134 of the Inland Revenue  
Act, No. 24 of 2017.”.

15 **4.** Section 11 of the principal enactment is hereby further amended as follows:-

Amendment  
of section 11  
of the  
principal  
enactment.

- (1) by renumbering that section as subsection (1) of that section;
- (2) in the renumbered subsection (1) by the substitution for the words and figures “The provisions of Chapter XXIII, XXIV, XXV, XXVI, XXVII, XXVIII, XXIX, XXX and XXXI of the Inland Revenue Act,”, of the words and figures “ (1) The provisions of Chapter XXIII, XXIV, XXV, XXVI, XXVII, XXVIII, XXIX, XXX and XXXI of the Inland Revenue Act, No. 10  
25 of 2006, for the relevant quarter or year of assessment prior to April 1, 2018,”;
- (3) by the addition immediately after subsection (1) of that section, of the following new subsection:-

30 “(2) The provisions of Chapter IX, X, XII, XIII, XIV, XVI, XVII, XVIII, XIX and XX of the Inland Revenue Act, No. 24 of 2017, for the relevant year of assessment commencing

on or after April 1, 2018, relating respectively to administration provisions, record keeping and information collection, assessments, objection and appeals, liability for and payment of tax, recovery of tax, penalties, criminal proceedings, regulations and interpretation shall *mutatis mutandis*, apply respectively to administration provisions, record keeping and information collection, assessment, objection and appeals, liability for and payment of tax, recovery of tax, penalties, criminal proceedings, regulations and interpretation under this Act.”.

5. Section 13 of the principal enactment is hereby amended as follows:-

Amendment of section 13 of the principal enactment.

- (1) by the repeal of the definition of the expression “distributor” and the substitution therefor of the following definition:-

““distributor” in relation to any manufacturer or producer or importer of any goods in Sri Lanka means any person or partnership, appointed by such manufacturer or producer or importer for the sale in the wholesale market, of such goods, at such price as may be determined by such manufacturer or producer or importer, from time to time;” and

- (2) by the repeal of definition of the expression “Inland Revenue Act” and the substitution therefor, of the following definition:-

““Inland Revenue Act” means the Inland Revenue Act, No. 24 of 2017 as the case may be or any successor thereto providing for the taxation of income;”.

6. 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 case of inconsistency.

