



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

**GOODS AND SERVICES TAX (AMENDMENT)
ACT, No. 5 OF 2001**

[Certified on 11th April, 2001]

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Goods and Services Tax (Amendment)

Act No. 5 of 2001

[Certified on 11th April, 2001]

L. D.—O. 20/2001.

AN ACT TO AMEND THE GOODS AND SERVICES TAX ACT, NO. 34 OF 1996; AND TO PROVIDE FOR MATTERS CONNECTED THEREWITH OR INCIDENTAL THERETO.

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

• 1. This Act may be cited as the Goods and Services Tax (Amendment) Act, No. 5 of 2001. Short title.

2. Section 7 of the Goods and Services Tax Act, No. 34 of 1996 (hereinafter referred to as the “principal enactment”) as last amended by Act No. 26 of 2000, is hereby further amended in subsection (1) of that section as follows :— Amendment of section 7 of Act No. 34 of 1996.

(1) in paragraph (c) of that subsection, by the substitution for the words “shall be zero rated.” of the words “shall be zero rated;” and

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

“(d) any of the following services shall be zero rated—

(i) the services of a computer software developer, in respect of software developed by him for use wholly outside Sri Lanka, and for which payment is received in foreign currency through a bank, if and only if, documentary evidence is produced to the satisfaction of the Commissioner-General, of the supply of such service;

(ii) client support services provided over the internet or the telephone by an enterprise set up on or after April 1, 2001, exclusively for the provision of such services to one or more identified clients outside Sri Lanka, for which payment is received in foreign currency, through a bank.”.

Amendment of
section 22 of the
principal
enactment.

3. Section 22 of the principal enactment as last amended by Act No. 26 of 2000, is hereby further amended in subsection (4) of that section, as follows :—

- (1) by the substitution for the words "the end of such taxable period in which such refund became due, and", of the words "the end of the taxable period in which the application for the refund was made, and";
- (2) by the substitution, in paragraph (d) of the proviso to that subsection, for the words "falls immediately before", of the words "falls before".

Amendment of
section 58 of the
principal
enactment.

4. Section 58 of the principal enactment as last amended by Act No. 11 of 1998, is hereby further amended in subsection (1) of that section by the repeal of the proviso to that subsection and the substitution therefor of the following proviso :—

"Provided however, that any such amount paid in excess by a registered person referred to in paragraphs (a), (b), (c) or (d) of subsection (4) of section 22, shall be refunded to such person within one month from the end of the taxable period, or from the date of the receipt of the return for the taxable period, in which the excess arose, whichever is later."

Amendment of
section 76 of the
principal
enactment.

5. Section 76 of the principal enactment as last amended by Act No. 26 of 2000 is hereby further amended in paragraph (a) of the definition of the expression "taxable period" as follows :—

- (1) in sub-paragraph (v) of that paragraph, by the substitution for the words "of the Schedule.", of the words "of the Schedule, prior to April 1, 2001."; and
- (2) by the addition, at the end of that paragraph, of the following sub-paragraph :—
 - (vii) where any person has entered into any such agreement with the Board of Investment of Sri Lanka, as referred to in item (XXVIII) of

the Schedule and such person could not commence making taxable supplies under the project to which the agreement relates, by March 31, 2001.”.

6. The Schedule to the principal enactment as last amended by Act, No. 26 of 2000, is hereby further amended as follows :—

Amendment of the
Schedule to the
principal
enactment.

- (1) in item (XXIII) of that Schedule, by the substitution for the words “not less than thirty passenger seats”, of the words “not less than twenty eight passenger seats”;
- (2) in item (XXVIII) of that Schedule, by the substitution for all the words from “specified in the agreement,” to the end of that item, of the following :—

“specified in the agreement.—

(a) for —

- (i) a period of three years from the appointed date, in the case of any person making supplies liable to the tax, after completion of the project;
- (ii) a period of four years from the appointed date, in the case of any person making only exempt supplies after completion of the project; or

(b) until the completion of the project,

whichever is earlier”;

- (3) by the repeal of item (XXXII) of that Schedule, and the substitution therefor of the following item :—

“(XXXII) the supply, lease or rent of residential accommodation other than the supply, lease or rent of residential accommodation by an enterprise which has entered into

an agreement with the Board of Investment of Sri Lanka, under section 17 of the Board of Investment of Sri Lanka Law, No. 4 of 1978, on or after April 1, 2001 and the total cost of the project to which such agreement relates is not less than ten million United States dollars or its equivalent in any other currency and the project relates exclusively to the aforesaid supply, lease or rental.”; and

- (4) by the repeal of item (XXXIV) of that Schedule, and the substitution thereof of the following item :—

“(XXXIV) The supply of all health care services provided by medical institutions or professionally qualified persons providing such care, other than the supply of health care services by a medical institution which has entered into an agreement with the Board of Investment of Sri Lanka under section 17 of the Board of Investment of Sri Lanka Law, No. 4 of 1978, on or after April 1, 2001, and the total cost of the project to which such agreement relates is not less than ten million United States dollars or its equivalent in any other currency.”.

Retrospective effect.

7. (1) The amendment made to section 7 of the principal enactment by section 2 (2) of this Act, shall, insofar as such amendment relates to computer software developers be deemed to have come into force on April 1, 1998.

(2) The amendment made to the Schedule to the principal enactment by section 6 (1) of this Act shall be deemed to have come into force on July 13, 2000.

Sinhala text to prevail in case of inconsistency.

8. In the event of any inconsistency between the Sinhala and Tamil texts of this Act, the Sinhala text shall prevail.

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