

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

Part II of August 16, 2019

SUPPLEMENT

(Issued on 22. 08. 2019)



FINANCE

A

BILL

**to amend the Finance Act, No. 35 of 2018; to provide for the imposition of a
Foreign Commercial Transactions Levy; and to provide for the matters
connected therewith and incidental thereto**

Ordered to be published by the Minister of Finance

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Finance

L.D.—O. 15/2019

AN ACT TO AMEND THE FINANCE ACT, NO. 35 OF 2018; TO PROVIDE
FOR THE IMPOSITION OF A FOREIGN COMMERCIAL TRANSACTIONS
LEVY; AND TO PROVIDE FOR THE MATTERS CONNECTED THEREWITH
AND 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 Finance Act, No. of Short title.
2019.

PART I

AMENDMENT OF PART VII OF THE FINANCE ACT, NO. 35 OF 2018

2. Section 23 of the Finance Act, No. 35 of 2018 is hereby amended by the substitution for the definition of the expression “specified motor vehicle” of the following definition:—

“ “specified motor vehicle”—

(a) in relation to a vehicle of which the first registration falls prior to July 1, 2019, means any assembled or unassembled diesel motor vehicle of which the cylinder capacity exceeds 2,300 CC or a petrol motor vehicle of which the cylinder capacity exceeds 1,800 CC or an electric vehicle of which motor power of the engine exceeds 200 Kw, but shall not include a dual purpose petrol motor vehicle the cylinder capacity of which does not exceed 2,200 CC, a dual purpose electric motor vehicle, a van, a single cab or a wagon;

- (b) in relation to a vehicle of which the first registration falls on or after July 1, 2019, means any assembled or unassembled motor vehicle, but does not include a van, a single cab, a motor cycle, a motor tricycle, a motor ambulance, a motor hearse, a lorry, a tractor, a hand tractor, a trailer or any motor vehicle for transport of goods (other than a double cab), as identified under the harmonized commodity description and coding system numbers provided in terms of the Customs Ordinance (Chapter 235).”.

PART II

IMPOSITION OF A LEVY ON FOREIGN COMMERCIAL TRANSACTIONS

- 3.** (1) This Part of this Act shall come into operation on such date as the Minister may by Order published in the *Gazette* appoint (hereinafter in this Part referred to as the “appointed date”).

Date of
operation of
this Part.

- (2) The Order under subsection (1) shall, not later than three months from the date of publication in the *Gazette*, be placed before Parliament for its approval.

- (3) Notification of the date of the approval under subsection (2) shall be published in the *Gezette*.

- 4.** (1) From and after the appointed date, there shall be charged, a levy to be called the “Levy on Foreign Commercial Transactions” (hereinafter in this Part referred to as the “Levy”) from every person who has completed a transaction through a payment card with a person outside Sri Lanka, to purchase any goods or services from such person outside Sri Lanka.

Imposition of
a Levy on
foreign
commercial
transactions.

- (2) The rate of the Levy shall be 3.5 *per centum* on the sum remitted outside Sri Lanka for any transaction under subsection (1).

(3) The levy shall be collected at the time of the remittance of the sum outside Sri Lanka for a transaction referred to in subsection (1), by every financial institution which transfers any such sum.

5 (4) The aggregate of the sums so collected under subsection (3), by any financial institution within any month shall be remitted to the Commissioner-General on or before the twentieth day of the month succeeding the relevant month.

10 (5) A financial institution shall in respect of each financial year of such financial institution, furnish a return to the Commissioner-General within a period of six months from the end of that financial year, in such form, manner and containing such information together with such attachments,
15 as may be specified by the Commissioner-General.

(6) The provisions which may be necessary for the implementation of the provisions of this Part and collection of the levy shall be prescribed by regulations made under this Act.

20 **5.** The Minister may, having regard to the economic development of the country, by Order published in the *Gazette*, exempt any transaction specified in such Order, subject to such conditions as may be specified in such Order, from the application of the provisions of section 4.

Exemption from the payment of the Levy.

25 **6.** (1) Where any financial institution, which is liable to pay the levy under this Part fails to pay the levy as provided for in section 4, such financial institution shall be deemed to be a defaulter under this Act.

Default in payment of the Levy.

(2) The provisions of Chapter IX, Chapter XI, Chapter
30 XII, Chapter XIII, Chapter XIV, Chapter XV, Chapter XVI, Chapter XVII and Chapter XVIII of the Inland Revenue Act, No. 24 of 2017 shall, *mutatis mutandis*, apply to and in relation to any such defaulter.

7. In this part of this Act, unless the context otherwise requires— Interpretation.

5 “Commissioner-General” means the Commissioner-General of Inland Revenue appointed or deemed to be appointed under the Inland Revenue Act, No. 24 of 2017;

10 “charge card” means, a payment card which involves a line of credit granted by the issuer to the cardholder where the credit utilized by the cardholder must be settled fully on or before a date specified by the issuer, without any extended credit;

15 “credit card” means, a payment card which involves a line of credit granted by the issuer to the cardholder where the credit utilized can be settled in full or in part on or before a specified date. The issuer may charge interest or other charges on any amount not settled on the specified date;

20 “debit card” means, a payment card that may be used to withdraw cash or execute payments for purchase of goods and services, or for both such purposes, by directly debiting from the cardholder’s account;

25 “finance company” means, a finance company licensed under the Finance Business Act, No. 42 of 2011;

30 “financial institution” means, a licensed commercial bank, a licensed specialized bank, or a finance company engaged in the business as an issuer of payment cards or financial acquirer of payment cards under the authority of a licence issued by Central Bank of Sri Lanka;

5 “financial acquirer” means, any person who makes arrangements with third parties to accept payment cards of cardholders as a means of payment and reimburses those third parties with the value of the goods or services purchased by the cardholder, or who reimburses such third parties for cash advances obtained by the card holders or performs both such functions;

10 “issuer” means, an entity that issues a payment card and thereby enters into a contractual relationship with the cardholder;

“licensed commercial bank” means, a commercial bank licensed under the Banking Act, No. 30 of 1988;

15 “licensed specialized bank” means, a specialized bank licensed under the Banking Act, No. 30 of 1988;

“payment card” means, a debit card, credit card, charge card or stored-value card;

20 “person” shall have the same meaning assigned to such expression under the Inland Revenue Act, No. 24 of 2017;

25 “stored-value card” means, a payment card or any other device with access to a stored value that can be used as a means of payment and does not include a card that can be used only to settle payment obligations to the issuer of such card.

PART III

GENERAL

30 **8.** (1) The Minister may make regulations in respect of Regulations.
all matters which are required to be prescribed or for which regulations are authorized to be made under this Act.

(2) Every regulation made by the Minister under subsection (1) shall be published in the *Gazette* and shall come into operation on the date of its publication or on such later date as may be specified therein.

5 (3) Every regulation made by the Minister shall within three months from its publication in the *Gazette*, be brought before Parliament for approval. Every regulation which is not so approved shall be deemed to be rescinded from the date of disapproval but without prejudice to anything duly
10 done thereunder.

(4) Notification of the date on which any regulation is deemed to be rescinded shall be published in the *Gazette*.

9. 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.

