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2nd Session 1966-67



National Housing (Amendment) Act, No. 36 of 1966

Date of Assent : November 3, 1966

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*National Housing (Amendment) Act,
No. 36 of 1966*

L. D.—O. 29/57.

AN ACT TO AMEND THE NATIONAL HOUSING ACT.

[Date of Assent: November 3, 1966]

Chapter 401,
Volume XII,
Page 118.

BE it enacted by the Queen's Most Excellent Majesty, by and with the advice and consent of the Senate and the House of Representatives of Ceylon in this present Parliament assembled, and by the authority of the same, as follows:—

1. This Act may be cited as the National Housing (Amendment) Act, No. 36 of 1966.

Short title.

2. (1) Section 7 of the National Housing Act, hereinafter referred to as the "principal Act", is hereby amended in sub-section (1) of that section as follows:—

Amendment c
section 7 of
Chapter 401.

(a) in paragraph (b) of that sub-section, by the substitution, for the words "of the fund; and", of the words "of the fund;" and

(b) by the insertion, immediately after paragraph (b) of that sub-section, of the following new paragraphs:—

" (ba) all sums either derived from sales, leases or other transactions effected by the Commissioner, or paid as deposits or damages to the Commissioner, in the exercise, discharge or performance of the powers, functions or duties assigned to or imposed on him by or under this Act;

(bb) all income derived by the Commissioner from any property made available to him under, or for the purposes of, this Act or from any property let by him on rent or on such terms as will enable the tenant to become the owner of such property after making a certain number of monthly payments as rent;

(bc) all income derived by the Commissioner from the operation of any utility service including the supply of electrical energy;

(bd) all sums otherwise accruing to the Commissioner in the exercise, discharge or performance of the powers, functions or duties assigned to or imposed on him by or under this Act; and ”.

(2) The amendment made in section 7 of the principal Act by sub-section (1) of this section shall be deemed to have come into force on the date on which that Act came into operation.

3. The following new sections are hereby inserted immediately after section 25, and shall have effect as sections 25A, 25B, 25C, 25D, 25E and 25F, of the principal Act:—

Insertion of
new sections
25A, 25B, 25C,
25D, 25E and
25F in the
principal Act.

Power of
Commissioner
to direct the
board of
directors of
a building
society to
summon a
meeting of
that society.

25A. (1) The Commissioner may, by order in writing, direct the board of directors of a building society to summon a meeting of that society for the purpose of discussing and deciding such matters relating to that society as he may specify in such order. Such meeting shall be held at such time and place as the Commissioner may determine.

(2) The Commissioner or any person authorized by him in that behalf may preside at any meeting of a building society summoned under sub-section (1) and may speak on any matter to be decided at such meeting but he shall not be entitled to vote upon any such matter.

(3) The preceding provisions of this section shall have effect notwithstanding anything in the instrument of association of a building society.

Power of
Commissioner
to call for
information
and to inspect
books, registers
and other
documents of a
building
society.

25B. (1) The Commissioner may, by written notice, direct any building society—

(a) to furnish before a date specified in the notice such information relating to that society as the Commissioner may require for the purposes of this Act, or

(b) to cause to be produced for inspection before a date specified in the notice any book, register or other document in the possession of that society.

(2) If default is made in complying with any direction given to a building society by the Commissioner under sub-section (1), every member of the board of directors of that society shall be guilty of an offence:

Provided that no such member shall be guilty of an offence under this section if he proves that such offence was committed without his knowledge or that he exercised all due diligence to prevent the commission of such offence.

(3) Every person who is guilty of an offence under this section shall, on conviction after summary trial before a Magistrate, be liable to a fine not exceeding five hundred rupees or to imprisonment of either description for a period not exceeding six months or to both such fine and imprisonment.

Power of
Commissioner
to inquire
into the
affairs of a
building
society.

25c. (1) The Commissioner may, of his own motion, and shall, on the application of a majority of the members of the board of directors of a building society or of not less than one-third of the members of a building society, hold an inquiry, or direct by order in writing an officer (hereafter in this section referred to as an "authorized officer") of the Department of National Housing to hold an inquiry, into the affairs of such society.

(2) For the purposes of an inquiry under sub-section (1), the Commissioner or an authorized officer may—

(a) summon as a witness any person who, in the opinion of the Commissioner or such authorized officer, can give any material information,

(b) examine on oath or affirmation any person who has been summoned under paragraph (a) of this sub-section, and

(c) direct any person to furnish before a specified date such information or document as the Commissioner or such authorized officer may require.

(3) Every person who—

(a) on being summoned as a witness under sub-section (2), makes default in attending, or

(b) being in attendance as a witness summoned under sub-section (2), refuses to take any oath or affirmation which may be administered to him under that sub-section or to answer any question which may be put to him by the officer examining him under that sub-section, or

(c) on being examined under sub-section (2), makes any statement which is false and which he knows to be false, or

(d) fails to comply with any direction given to him under sub-section (2),

shall be guilty of an offence and shall, on conviction after summary trial before a Magistrate, be liable to a fine not exceeding five hundred rupees or to imprisonment of either description for a period not exceeding six months or to both such fine and imprisonment.

Power to
impound
documents.

25D. An officer holding an inquiry into the affairs of a building society under section 25c shall have the power to impound any document produced before him at the inquiry for such period as he may think fit and on the

expiry of such period he may return such document to the person who produced it or to any other person who, in the opinion of such officer, is entitled to have the custody of such document.

Powers of
Commissioner
to dissolve
a building
society.

25E. Where, after an inquiry into the affairs of a building society has been held under section 25c, the Commissioner is of the opinion that such society should be dissolved, he may, by order in writing, dissolve such society and appoint an officer of the Department of National Housing to wind up the affairs of such society in such manner as the Commissioner may direct.

Powers of
Commissioner
to remove from
office a member
of the board of
directors of a
building
society.

25F. (1) Notwithstanding anything to the contrary in the instrument of association of a building society, the Commissioner may, by order in writing, remove from office any person who is a member of the board of directors of such society if such person has done any act or thing which, in the opinion of the Commissioner, is of a fraudulent or illegal character or is manifestly opposed to the objects or interests of the society.

(2) Before an order under sub-section (1) is made against any person, the Commissioner shall give that person an opportunity of being heard and of showing cause why such an order should not be made.

4. Section 32 of the principal Act is hereby amended by the repeal of sub-section (1) thereof and the substitution, for that sub-section, of the following new sub-section:—

Amendment of
section 32 of
the principal
Act.

“(1) The occupier of any house to which this Part applies, his dependants and every other person occupying such house or any portion thereof shall not be entitled to occupy such house or portion thereof after the date of the lawful termination of the occupation of such house by the occupier; and accordingly the occupier shall on that date vacate the house, deliver possession thereof to his landlord and depart from the land or premises on which

such house is situated, together with his dependants, and every other person occupying such land or premises or any portion thereof shall on that date vacate such land or premises."

Amendment of
section 33 of
the principal
Act.

5. Section 33 of the principal Act is hereby amended as follows:—

(1) in sub-section (1) of that section, by the substitution, for the words "the ejection of the occupier and his dependants, if any, from the land or premises in which the house is situated.", of the words "the ejection from the land or premises on which the house is situated of the occupier, his dependants and every other person occupying such land or premises or any portion thereof."; and

(2) in sub-section (2) of that section, in paragraph (b) of that sub-section, by the substitution, for the words "together with his dependants, if any.", of the words "together with his dependants and every other person occupying such land or premises or any portion thereof."

Amendment of
section 35 of
the principal
Act.

6. Section 35 of the principal Act is hereby amended in sub-section (1) of that section as follows:—

(1) by the substitution, for the words "situated, together with his dependants, if any, the rule nisi", of the words "situated, together with his dependants and every other person occupying such land or premises or any portion thereof, the rule nisi";

(2) by the substitution, for the words "to eject the occupier and his dependants, if any, from the land or premises on which the house is situated.", of the words "to eject, from the land or premises on which the house is situated, the occupier, his dependants and every other person occupying such land or premises or any portion thereof.";

(3) by the substitution, for the words "to eject the occupier and his dependants, if any, from the house and from such land or premises:", of the words "to eject from the house and from

such land or premises the occupier, his dependants and every other person occupying such land or premises:”; and

- (4) in the proviso to that sub-section, by the substitution, for the words “ such land or premises, together with his dependants, if any, before ”, of the words “ such land or premises, together with his dependants and every other person occupying such land or premises or any portion thereof, before ”:

7. Section 45 of the principal Act is hereby amended as follows:—

Amendment of section 45 of the principal Act.

- (1) by the renumbering of that section as sub-section (1) of section 45; and
(2) by the addition, at the end of that section, of the following new sub-section:—

“(2) Where a loan from the National Housing Fund is granted upon an application made under sub-section (1), the Commissioner may, until all sums due on such loan are repaid in full, retain in his custody the copies of the plans, estimates, specifications and other documents which accompanied such application.”.

8. Section 49A of the principal Act, inserted by Act No. 42 of 1958, is hereby amended as follows:—

Amendment of section 49A of the principal Act.

- (1) in sub-section (1) of that section—

(a) by the substitution, for paragraph (c) of that sub-section, of the following new paragraph:—

“(c) where any premises—

(i) consist of a land which is mortgaged to any person and in which there is a building occupied by the mortgagor; or

(ii) consist of a land on which there is a building and those premises have been sold in execution of a mortgage decree while

the mortgagor was residing in those premises; or

(iii) consist of a land on which there is a building and those premises have been transferred to any person and such person has, in the instrument whereby those premises were transferred to him or in any other instrument relating to those premises, agreed to retransfer those premises to the transferor on the payment by the transferor of a stipulated sum within a stipulated period;”,

(b) in paragraph (e) of that sub-section, by the substitution, for the words “should be used.”, of the words “should be used;”, and

(c) by the insertion, immediately after paragraph (e) of that sub-section, of the following new paragraph:—

“(f) where any premises consist of a land which is mortgaged as security for a loan granted from the National Housing Fund and on which any building or buildings has or have been constructed in the execution of a housing scheme and the mortgagor has not complied with any term or condition subject to which such loan was granted.”;

(2) in sub-section (3) of that section, by the substitution, for the words “the mortgagor”, of the words “the mortgagor, or the transferor, as the case may be, ”;

(3) by the insertion, immediately after sub-section (3), of the following new sub-section:—

“(3A) Where any premises referred to in paragraph (f) of sub-section (1) are acquired as provided in sub-section (2), the Commissioner may let any building constructed on such premises to any person for rent, and the letting may be on such terms as will enable the tenant to become the owner of such building after making a certain number of monthly payments as rent.”; and

(4) in sub-section (4) of that section, by the substitution, for the expression “sub-section (3)”, of the expression “sub-section (3) or sub-section (3A)”.

9. (1) Section 63 of the principal Act is hereby amended by the insertion, immediately after sub-section (3) of that section, of the following new sub-section:—

Amendment of section 63 of the principal Act.

“(4) The provisions of this Part shall apply to a land mortgaged to the Crown as security for a loan granted by the Commissioner under this Act in the same manner and to the same extent as they apply to a land mortgaged to the Commissioner as the appropriate authority, and accordingly the expression “appropriate authority” in this Part shall, in relation to a land so mortgaged to the Crown, be construed as the Commissioner.”

(2) The amendment made in section 63 of the principal Act by sub-section (1) of this section shall be deemed to have come into force on the date on which that Act came into operation.

10. The following new section is hereby inserted immediately after section 64, and shall have effect as section 64A, of the principal Act:—

Insertion of new section 64A in the principal Act.

“Power of appropriate authority to cancel the grant of a loan, &c.”

64A. (1) At any time after the grant of a loan is approved by the appropriate authority and before the entire amount of the loan is given to the applicant therefor, that authority may, at the discretion of that authority and without assigning any reason, cancel the grant of the loan or reduce the amount of the loan or modify the conditions applicable to

the loan or withhold payment of the whole or any part of the loan for such period as that authority may determine.

(2) Where the appropriate authority cancels under sub-section (1) the grant of a loan after a part of the loan has been given to the applicant therefor, such part shall be deemed to be the full amount of the loan granted to him and such authority may, by written order, direct such applicant to repay that loan and the interest due thereon within the time specified in such order. Where such order is not complied with within the time allowed therefor, default shall be deemed to be made in respect of the whole of the unpaid portion of the loan and the interest due thereon and where that loan was granted on the mortgage of any land, the provisions of sections 73 to 89 shall apply to and in relation to that loan."

Amendment of
section 66 of
the principal
Act.

11. Section 66 of the principal Act is hereby amended as follows:—

- (1) by the renumbering of that section as sub-section (1) of section 66; and
- (2) by the insertion, immediately after the renumbered sub-section (1), of the following new sub-sections:—

(2) Where a person to whom a loan has been granted by the appropriate authority on the security of a land mortgaged to that authority repays a part of that loan and that authority is satisfied that a portion (hereafter in this sub-section referred to as an "adequate portion") of that security is sufficient for the purpose of ensuring the recovery of the balance due on that loan by way of principal and interest, that authority may release and discharge from the mortgage such portion of that security as is in excess of the adequate portion.

(3) Where any person to whom a loan has been granted by the appropriate authority on the security of a land

mortgaged to that authority has transferred or transfers a portion of that land to any other person, that authority may, upon a request made therefor by the transferee, release and discharge from the mortgage that portion of that land if—

(a) an apportionment among the transferor and the transferee of the amount outstanding on the loan is made to the satisfaction of the appropriate authority,

(b) the transferee undertakes to pay to that authority such amount of the loan as is apportioned to him and executes a mortgage bond to the satisfaction of that authority to secure the payment of such amount, and

(c) such steps as are necessary in the opinion of the appropriate authority for the purpose of releasing and discharging from the mortgage that portion of the land transferred to the transferee are taken by the transferor and transferee.

For the purposes of this Act the amount of the loan which is so apportioned to each such person shall be deemed to be the amount of a loan granted to each such person by the appropriate authority and accordingly the provisions of this Act and of any regulation made thereunder shall apply to and in respect of the amount of such loan and the security furnished therefor.

12. Section 71 of the principal Act, as amended by Act No. 42 of 1958, is hereby further amended as follows:—

Amendment of
section 71 of
the principal
Act.

- (1) by the renumbering of that section as sub-section (2) of section 71;

- (2) by the insertion, immediately before sub-section (2), of the following new sub-section:—

“ (1) Every mortgage of land executed in favour of the appropriate authority as security for any loan shall be substantially in such one of the prescribed forms as may be appropriate in that behalf.”;

- (3) in the renumbered sub-section (2) by the substitution, for the expression “ Any mortgage of land executed in favour of the appropriate authority as security for any loan ”, of the expression “ Any such mortgage as is referred to in sub-section (1) ”; and

- (4) by the substitution, for the marginal note to that section, of the following new marginal note:—

“ Form of mortgage of land ”.

Insertion of
new section 71A
in the principal
Act.

13. The following new section is hereby inserted immediately after section 71, and shall have effect as section 71A, of the principal Act:—

“ Rectification
of errors in
mortgage bonds
and amendment
of such bonds.

71A. Where the bond mortgaging any land to the appropriate authority as security for a loan granted from the National Housing Fund contains any clerical or other error or requires amendment or alteration in respect of any provision contained therein, such error may be rectified or such amendment or alteration may be made by an endorsement on such bond signed by the mortgagor and the appropriate authority or any officer authorized in that behalf by that authority. Such an endorsement shall, upon registration in the office of the Registrar of Lands, be sufficient for all purposes to rectify the error or to effect the amendment or alteration, and the bond on which any such endorsement is made shall, when it is registered in the office of the Registrar of Lands, have effect as though it had been originally executed as so rectified or amended or altered.”.

14. Section 78 of the principal Act is hereby amended as follows:—

Amendment of section 78 of the principal Act.

- (1) by the substitution, for the words “in the Gazette and in a daily newspaper printed in English,”, of the words “in the Sinhala language in the Gazette and in a daily newspaper,”; and
- (2) by the substitution, for the expression “section 68.”, of the following:—

“section 68. Where the language of any person on whom a copy of such notice is required to be served is the Tamil language or the English language then, in addition to a copy of such notice, a translation thereof in the language of that person shall be served on him.”.

15. Section 83 of the principal Act is hereby amended as follows:—

Amendment of section 83 of the principal Act.

- (1) by the renumbering of that section as sub-section (1) of section 83; and
- (2) by the insertion, immediately after the re-numbered sub-section (1), of the following new sub-section:—

“(2) Where the Commissioner as the appropriate authority purchases the mortgaged land, he shall pay out of the National Housing Fund the moneys and costs referred to in paragraphs (a) and (b) of sub-section (1) and he shall, after such moneys and costs are recovered from the borrower under that sub-section, credit to that Fund the amount so recovered.”.

16. (1) Section 85 of the principal Act is hereby amended as follows:—

Amendment of section 85 of the principal Act.

- (a) by the repeal of sub-section (1) of that section and the substitution therefor of the following new sub-section:—

“(1) Where the mortgaged land is sold, the appropriate authority shall sign a certificate of sale and thereupon all the right, title and interest of the borrower to and in the land shall vest in the purchaser.”; and

(b) in sub-section (4) of that section—

(i) by the substitution, for the full stop at the end of that sub-section, of a colon, and

(ii) by the addition, at the end of that sub-section, of the following proviso:—

“ Provided, however, that where the Commissioner as the appropriate authority is the purchaser, the certificate of sale issued to him shall not be liable to stamp duty or to the registration charge referred to in the preceding provisions of this sub-section.”

(2) The amendment made in the principal Act by sub-paragraph (ii) of paragraph (b) of sub-section (1) shall be deemed to have taken effect on the date of commencement of the principal Act and accordingly the Commissioner shall be entitled to a refund of all stamp duties and registration charges paid by him before the date of commencement of this Act in respect of certificates of sale issued to him under section 85 of the principal Act.

Insertion of
new section 85A
in the principal
Act.

17. The following new section is hereby inserted immediately after section 85, and shall have effect as section 85A, of the principal Act:—

“ Limitations
of actions
to invalidate
sale, &c.

85A. Where the mortgaged land is sold, no action or other proceeding shall, after the expiry of three months after the date of sale, be commenced in any court for the purpose—

(a) of invalidating the sale for any cause whatsoever; or

(b) of maintaining any right, title or interest to or in the land as against the purchaser.”

Amendment of
section 86 of
the principal
Act.

18. Section 86 of the principal Act is hereby amended as follows:—

(1) in sub-section (2) of that section, by the substitution, for the words “ documents filed for the purpose of each such application and on all proceedings held thereupon,” of the

words "documents filed by any person other than the Commissioner for the purpose of each such application and on all proceedings held in consequence of any application made under that sub-section by any person other than the Commissioner,"; and

- (2) in sub-section (4) of that section by the substitution, for the words "English, Sinhalese and Tamil languages", of the words "Sinhala, Tamil and English languages".

19. (1) The following new section is hereby inserted immediately after section 90, and shall have effect as section 90A, of the principal Act:—

Insertion of
new section 90A
in the principal
Act.

Exemption
from income
tax of income
from certain
houses con-
structed on or
after April 1,
1956.

90A. (1) This section shall apply to any house—

(a) the construction of which is completed on or after the first day of April, 1956, and

(b) which is used solely for residential purposes, and

(c) which—

(i) are premises to which the Rent Restriction Act applies, or

(ii) is occupied by the owner thereof, or

(iii) has a floor area (inclusive of the thickness of the walls) not exceeding two thousand square feet.

(2) Subject to the provisions of sub-section (3), the income accruing from any house to which this section applies to the owner of such house shall, in respect of the year of assessment which commences on the first day of April immediately following the date of completion of the construction of that house and the six subsequent years of assessment, be exempt from income tax.

(3) Where under section 90 the income accruing to any person from any new house had not been exempt from income

tax for seven successive years of assessment, then, if such house is a house to which this section applies, the income accruing from such house to its owner shall, notwithstanding anything to the contrary in sub-section (2), be exempt from income tax for such number of years of assessment as is equal to the difference between seven years of assessment and the number of years of assessment for which the income accruing to such owner, had been exempt from income tax under section 90.

(4) (a) A certificate issued by the Commissioner upon application made in that behalf by the owner of any house and specifying—

- (i) the date of completion of the construction of that house, and
- (ii) the floor area (exclusive of the thickness of the walls) of that house,

shall be conclusive evidence of the matters specified in the certificate.

(b) The decision of the Commissioner on any application for a certificate under this sub-section in respect of a house shall be final and conclusive.

(5) In this section—

“ income ”, when used in relation to any house, means—

- (a) if such house is let, such income accruing from such house to its owner by way of rent as is equivalent to the rent which such owner is authorized to receive under the provisions of the Rent Restriction Act; and

(b) if such house is not let but is occupied by its owner, such income accruing from such house to its owner as is liable to income tax under any written law relating to the imposition of income tax for the time being in force;

“ income tax ” means the income tax chargeable under any written law for the time being in force;

“ owner ”, when used in relation to any house in respect of which there is more than one owner, includes any co-owner.’.

(2) The new section 90A inserted in the principal Act by sub-section (1) of this section shall be deemed to have come into force on April 1, 1956, and accordingly, notwithstanding anything to the contrary in any written law relating to the imposition of income tax, an assessment of assessable income made prior to the date of commencement of this Act in respect of any person for any year of assessment shall, if such assessment included any income from a house to which that section applies, be revised in accordance with the provisions of that section and any sum paid by such person as income tax on such income shall, after such revision, be refunded to him.

Insertion of
new sections
90a, 90c, 90d
and 90e in the
principal Act.

20. The following new sections are hereby inserted immediately after section 90A, and shall have effect as sections 90B, 90C, 90D and 90E, of the principal Act:—

Further exemption from income tax of income from certain houses constructed on or after October 1, 1966.

90B. (1) Where the certificate issued under section 90A in respect of a house to which that section applies specifies—

- (a) the first day of October, 1966 or a later date as the date on which the construction of that house is completed, and
- (b) one thousand square feet or less as the extent of the floor area of that house,

then, notwithstanding anything to the contrary in that section, the income accruing from that house to the owner thereof, shall be exempt from income tax under the Inland Revenue Act, No. 4 of 1963, in respect of the year of assessment which commences on the first day of April immediately following the date of completion of the construction of that house and the nine subsequent years of assessment.

(2) (a) In this section and in section 90c—

“ income ”, when used in relation to any house or place of residence, means—

(i) if such house or place of residence is let, such income accruing from such house or place of residence to its owner by way of rent as is equivalent to the rent which such owner is authorized to receive under the provisions of the Rent Restriction Act; and

(ii) if such house or place of residence is not let but is occupied by its owner,

such income accruing from such house or place of residence to its owner as is liable to income tax under the Inland Revenue Act, No. 4 of 1963.

(b) In this section and in sections 90c, 90d and 90e, "owner", when used in relation to any house or place of residence in respect of which there is more than one owner, includes a co-owner.

Exemption
from income
tax of income
from certain
places of
residence.

90c. (1) Where—

(a) any house, other than a house to which the provisions of section 90 or section 90A or section 90B apply, is on or after the first day of October, 1966, converted into two or more places of residence; and

(b) each such place of residence is separately assessed for the purpose of rates, the income accruing from each such place of residence to the owner thereof shall—

(i) if the floor area of such place does not exceed one thousand square feet, be exempt for the year of assessment which commences on the first day of April immediately following the date of such conversion and for the five subsequent years of assessment from income tax under the Inland Revenue Act, No. 4 of 1963; and

(ii) if the floor area of such place exceeds one thousand square feet but does not exceed two thousand square feet, be exempt for the year of

assessment which commences on the first day of April immediately following the date of such conversion and for the three subsequent years of assessment from income tax under the Inland Revenue Act, No. 4 of 1963.

(2) (a) A certificate issued by the Commissioner upon application made by the owner of any house which is converted into more than one place of residence and specifying—

- (i) the date of conversion of that house into more than one place of residence, and
- (ii) the floor area of each of the places of residence obtained by the conversion of such house,

shall be conclusive evidence of the matters specified in the certificate.

(b) The decision of the Commissioner on any application for a certificate under this sub-section in respect of a house shall be final and conclusive.

Exemption from income tax of certain capital gains arising from the change of ownership of certain houses and the lands on which such houses are situated.

90D. (1) Notwithstanding anything to the contrary in any other written law, where a change of ownership occurs for the first time of any house and the land on which such house is situated, such house being a house which is used solely for residential purposes and the construction of which is certified by the Commissioner was completed on or after the first day of October 1966, and where any capital gain arises to the person who was the owner of such house and land from such change of ownership, then—

- (a) if the floor area (inclusive of the thickness of the walls) of such house does not exceed one thousand square feet and if the extent of the land on which such house is situated does not exceed twenty perches, the

- entirety of the capital gain arising from such change of ownership shall be exempt from income tax under the Inland Revenue Act, No. 4 of 1963,
- (b) if the floor area (inclusive of the thickness of the walls) of such house does not exceed one thousand square feet and if the extent of land on which such house is situated exceeds twenty perches, such portion of the amount of the capital gain arising from such change of ownership as bears to such amount the same proportion as twenty perches bears to the extent of that land shall be exempt from income tax under the Inland Revenue Act, No. 4 of 1963,
- (c) if the floor area (inclusive of the thickness of the walls) of such house exceeds one thousand square feet but does not exceed two thousand square feet and if the extent of land on which such house is situated does not exceed twenty perches, one-half of the amount of the capital gain arising from such change of ownership shall be exempt from income tax under the Inland Revenue Act, No. 4 of 1963, and
- (d) if the floor area (inclusive of the thickness of the walls) of such house exceeds one thousand square feet but does not exceed two thousand square feet and if the extent of land on which such house is situated exceeds twenty perches, one-half of such portion of the amount of the capital gain arising from such change of ownership as bears to such amount the same proportion as twenty perches

bears to the extent of that land shall be exempt from income tax under the Inland Revenue Act, No. 4 of 1963.

(2) In this section "capital gain" has the same meaning as in the Inland Revenue Act, No. 4 of 1963.

Certain houses to be excluded from wealth for the purpose of computing wealth tax.

90E. Notwithstanding anything to the contrary in the Inland Revenue Act, No. 4 of 1963, where the certificate issued under section 90A in respect of a house to which that section applies specifies—

(a) the first day of October, 1966 or a later date as the date on which the construction of that house is completed, and

(b) five hundred square feet or less as the extent of the floor area of that house,

then such house shall, for the purposes of computing the wealth tax payable under that Act by the owner of that house, be excluded from his wealth for the year of assessment which commences on the first day of April immediately following the date of completion of that house and for the six subsequent years of assessment.

Amendment of section 91 of the principal Act.

21. Section 91 of the principal Act is hereby amended by the substitution, for the expression "a certificate under sub-section (2) of section 90", of the expression "any certificate under this Part".

Insertion of new sections 91A, 91B, 91C and 91D in the principal Act.

22. (1) The following new sections are hereby inserted after section 91, and shall have effect as sections 91A, 91B, 91C and 91D, of the principal Act:—

Restrictions as to sub-letting of certain buildings.

91A. (1) Notwithstanding anything in any other law, a building provided by the Commissioner or by a building society for occupation by any person or any part of such building shall not be

sublet by such person to any other person except with the prior written permission of the Commissioner and except in accordance with such conditions as the Commissioner may impose.

(2) Where a building referred to in sub-section (1) or any part of such building is sublet in contravention of that sub-section by the person to whom such building was provided, the authority by whom such building was provided to that person shall be entitled to terminate his occupation thereof.

Liability to pay compensation for damage caused to any building maintained by the appropriate authority.

91B. (1) Every person who, by himself or by his agent, does any act which causes damage to any building maintained by the appropriate authority or to any part of the equipment of such building shall be liable to pay to that authority such expenses as that authority may incur in repairing such damage.

(2) If any person who is liable to pay any sum of money under sub-section (1) fails to pay that sum of money within such period as may be notified in that behalf to that person in writing by the appropriate authority, that authority may report the default to the Magistrate of the division in which that person resides and such sum of money shall be recovered in the same manner as if it were a fine imposed by such Magistrate.

(3) In this section, the expression "appropriate authority"—

- (a) in relation to a building maintained by the Commissioner means the Commissioner;
- (b) in relation to a building maintained by a building company, means that company;
- (c) in relation to a building maintained by a building society, means that society; and

(d) in relation to a building maintained by a housing body, means that body.

Inspection.

91c. (1) The Commissioner or any officer authorized by him in writing in that behalf may, at any time between sunrise and sunset, enter and inspect any building let by the Commissioner or any property which is security for a loan granted from the National Housing Fund, for the purpose of ascertaining the state of such building or property, as the case may be, and it shall be the duty of the occupier of such building or property to give admittance to the Commissioner or such authorized officer and to permit him to inspect such building or property.

(2) Where the Commissioner or any officer referred to in sub-section (1) is obstructed in the exercise of his powers under that sub-section, the person obstructing him shall be guilty of an offence and shall, on conviction after summary trial before a Magistrate, be liable to a fine not exceeding five hundred rupees or to imprisonment of either description for a period not exceeding three months or to both such fine and imprisonment.

Power of
Commissioner
to call for
information,
&c.

91d. (1) The Commissioner may, by written direction, require any person—

(a) who is the tenant or subtenant of any building let by the Commissioner or by a building society; or

(b) who is the owner or tenant of any building for the construction of which a loan has been granted from the National Housing Fund,

to furnish to the Commissioner before the date specified in the direction such written information as he may require in respect of that house or building, as

the case may be, or to appear before the Commissioner or any officer specified in the direction by the Commissioner on such date and at such time as may be specified therein for the purpose of being examined on oath or affirmation in respect of matters relating to that house or building, as the case may be.

(2) Every person who furnishes any written information required by the Commissioner under sub-section (2) shall verify such information by a declaration that the particulars contained in such information are true and accurate.

(3) Every person who, being a person to whom a direction under sub-section (1) has been given—

(a) refuses to perform any act, or to give any information, required of him by that direction; or

(b) gives to any question put to him, when he in compliance with that direction appears before the Commissioner or an officer specified therein, an answer which to his knowledge is false or incorrect; or

(c) furnishes any written information containing any particulars which to his knowledge are false or inaccurate,

shall be guilty of an offence and shall, on conviction after summary trial before a Magistrate, be liable to a fine not exceeding five hundred rupees or to imprisonment of either description for a period not exceeding three months or to both such fine and imprisonment.

(4) No prosecution for an offence under this section shall be instituted except by, or with the written sanction of, the Commissioner.

(5) The Commissioner may accept from any person who is reasonably suspected of having committed any offence under this section a sum of money not exceeding five hundred rupees by way of compensation for the offence which may have been committed and, on the payment of such sum, no further proceedings shall be taken against such person. Any sum received under this section by the Commissioner shall be paid into the National Housing Fund.'

(2) The provisions of the new section 91A, inserted in the principal Act by sub-section (1) of this section, shall not apply in any case where any building or part thereof has been sublet prior to the commencement of this Act to any person so long as that person continues to be the subtenant of such building or part thereof.

Amendment of
section 94 of
the principal
Act.

23. Section 94 of the principal Act is hereby amended in sub-section (1) of that section by the substitution, for the words "the court shall direct", of the words "the court shall issue an injunction restraining that person from removing any movable property owned by that person from the place where such property is kept or from causing or permitting the removal therefrom of such property and shall direct".

Amendment of
section 97 of
the principal
Act.

24. Section 97 of the principal Act is hereby amended as follows:—

- (1) by the renumbering of sub-section (2) of that section as sub-section (3); and
- (2) by the insertion, immediately after sub-section (1) of that section, of the following new sub-section:—

'(2) Any person who wilfully does or causes to be done any damage to any building maintained by the appropriate authority or to any part of the equipment of such building or to any property which is security for a loan granted from the National Housing Fund shall be guilty of an offence and shall, on conviction after summary trial before a Magistrate, be

liable to a fine not exceeding one thousand rupees or to imprisonment of either description for a period not exceeding six months or to both such fine and imprisonment.

For the purposes of this sub-section, the expression "appropriate authority",—

- (a) in relation to a building maintained by the Commissioner, means the Commissioner;
- (b) in relation to a building maintained by a building company, means that company;
- (c) in relation to a house maintained by a building society, means that society; and
- (d) in relation to a house maintained by a housing body, means that body.'

25. Section 100 of the principal Act is hereby amended in sub-section (1) of that section, as follows:—

Amendment of
section 100 of
the principal
Act.

- (a) by the insertion, immediately after the definition of "instrument of disposition", of the following new definition:—

" "land" includes any building, flat or any other erection on land, anything attached to the earth or permanently fastened to any other thing attached to the earth and any right or interest in or over land; "

- (b) in the definition of "person", by the omission of the word "and";
- (c) in the definition of "proper authority", by the substitution, for the words "Housing and Town Improvement Ordinance.", of the words "Housing and Town Improvement Ordinance; and"; and

(d) by the insertion, immediately after the definition of "proper authority", of the following new definition:—

' "residential purposes", in relation to any house, means the purposes of being occupied wholly or mainly as a residence.'