



INLAND REVENUE (AMENDMENT) LAW,
No. 15 OF 1974
OF
THE NATIONAL STATE ASSEMBLY

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*Inland Revenue (Amendment) Law,
No. 15 of 1974*

L. D.—O. 67/73.

**A LAW TO AMEND THE INLAND REVENUE ACT,
No. 4 of 1963**

BE it enacted by the National State Assembly of the Republic of Sri Lanka as follows:—

1. This Law may be cited as the Inland Revenue (Amendment) Law, No. 15 of 1974.

Short title,

2. Section 12 of the Inland Revenue Act, No. 4 of 1963, hereinafter referred to as the “principal enactment”, is hereby amended as follows:—

Amendment of section 12 of Act No. 4 of 1963.

(1) by the repeal of subsection (2) of that section and the substitution therefor, of the following new subsection:—

“(2) Where the Commissioner is satisfied that any person usually makes up the accounts of a trade, business, profession, vocation, or employment carried on or exercised by him to some day other than the thirty-first day of March, he may direct that for any year of assessment commencing not later than April 1, 1973, the statutory income from that source be computed on the amount of the profits of the year ending on that day in the year preceding the year of assessment. Where, however, the statutory income of any person from a trade, business, profession, vocation, or employment has been computed by reference to an account made up to a certain day, and such person fails to make up an account to the corresponding day in the year following, then, subject to the provisions of subsection (4), the statutory income from that source both of the year of assessment in which such failure occurs and of the two years of assessment following shall be computed on such basis as the Commissioner in his discretion thinks fit:

Provided that the Commissioner may at any time revoke a direction given

under the preceding provisions of this subsection:

And provided further that where any such direction is revoked by the Commissioner, he may order that the statutory income for any year of assessment commencing not later than April 1, 1973, from the source in respect of which such direction was given be computed as if the accounts were made up to the thirty-first day of March immediately preceding such year of assessment." ; and

(2) by the addition, at the end of that section, of the following new subsections:—

" (3) Where for the year of assessment commencing on April 1, 1973, the statutory income of any person from any trade, business, profession or vocation, carried on or exercised by him has, under subsection (2), been computed on the amount of the profits of a year ending on a date other than March 31, 1973, or would have been so computed had there been a profit, then for the year of assessment commencing on April 1, 1974, the statutory income of that person from that trade, business, profession or vocation shall be computed either on the amount of the profits of the year immediately following the year in relation to which the statutory income from that source was computed for the year of assessment commencing on April 1, 1973, or on the amount of the profits of the year ending on March 31, 1974, whichever is the higher amount.

(4) Where any person who carries on or exercises any trade, business, profession or vocation, fails to make up the accounts of that trade, business, profession or vocation in accordance with the provisions of section 12A, the statutory income of that person from that source for the year of assessment commencing

on April 1, 1973, and for the two years of assessment following shall be computed on such basis as the Commissioner in his discretion thinks fit."

3. The following new section is hereby inserted immediately after section 12, and shall have effect as section 12A, of the principal enactment:—

Insertion of new section 12A in the principal enactment.

"Special provisions requiring accounts of trades, businesses, professions or vocations to be made up for certain periods.

12A. (1) Every person who carries on or exercises any trade, business, profession or vocation commenced prior to April 1, 1972, shall subject to the provisions of subsection (4) make up the accounts of that trade, business, profession or vocation in accordance with the following provisions:—

(a) where his statutory income from that trade, business, profession or vocation, for the year of assessment commencing on April 1, 1973, has been computed by reference to an account made up to March 31, 1973, or would have been so computed had there been a profit, he shall make up the accounts of that trade, business, profession or vocation for the successive periods of twelve months ending on March 31, 1974, and March 31, 1975, respectively and for the period of nine months ending on December 31, 1975;

(b) where his statutory income from that trade, business, profession or vocation for the year of assessment commencing on April 1, 1973, has been computed by reference to an account made up to December 31, 1972, or would have been so computed had there been a profit,

he shall make up the accounts of that trade, business, profession or vocation for the successive periods of twelve months ending on December 31, 1974, and December 31, 1975, respectively ; and

- (c) where his statutory income from that trade, business, profession or vocation for the year of assessment commencing on April 1, 1973, has been computed by reference to an account made up to a date other than the thirty-first day of December or thirty-first day of March in the year preceding that year of assessment, or would have been so computed had there been a profit, he shall make up the accounts of that trade, business, profession or vocation—
- (i) for the period commencing on the day immediately following the date between April 1, 1973, and March 31, 1974, up to which the accounts of that trade, business, profession or vocation were made, and ending on March 31, 1974,
 - (ii) for the period of twelve months commencing on April 1, 1974, and ending on March 31, 1975, and
 - (iii) for the period of nine months commencing on April 1, 1975, and ending on December 31, 1975.

(2) Every person who carries on or exercises any trade, business, profession or vocation commenced on or

after April 1, 1972, but before April 1, 1975, shall, subject to the provisions of subsection (4), make up the accounts of that trade, business, profession or vocation in accordance with the following provisions:—

(a) where he makes up or has made up the first account of that trade, business, profession or vocation for a period ending on March 31 of any year, he shall make up the accounts of that trade, business, profession or vocation for each successive period of twelve months up to March 31, 1975, and for the period of nine months commencing on April 1, 1975, and ending on December 31, 1975 ;

(b) where he makes up or has made up the first account of that trade, business, profession or vocation for a period ending on December 31 of any year, he shall make up the accounts of that trade, business, profession or vocation for each successive period of twelve months up to December 31, 1975; and

(c) where he makes up or has made up the first account of that trade, business, profession or vocation for a period ending on a date other than March 31, or December 31, of any year he shall make up the accounts of that trade, business, profession or vocation—

(i) for the period commencing on the day following the

last day of the period for which the first account of that trade, business, profession or vocation was made up and ending on March 31 next succeeding and for each successive period of twelve months up to March 31, 1975, and

- (ii) for the period of nine months commencing on April 1, 1975, and ending on December 31, 1975.

(3) Every person who commences on or after April 1, 1975, to carry on or exercise any trade, business, profession or vocation shall, subject to the provisions of subsection (4), make up the first account of that trade, business, profession or vocation up to December 31, 1975.

(4) Where any person is unable to comply with the preceding provisions of this section in relation to any trade, business, profession or vocation carried on or exercised by him, he shall give notice in writing to the Commissioner setting out the reasons for his inability to comply with those provisions. The Commissioner may, if satisfied with the reasons set out, direct such person to make up the accounts of that trade, business, profession or vocation for such periods as may be specified in that direction and it shall be the duty of such person to comply with the direction:

Provided that the Commissioner may at any time vary or revoke any direction given by him under the preceding provisions of this subsection."

4. Section 15 of the principal enactment is hereby amended in subsection (1) thereof, by the substitution, for paragraph (b), of the following new paragraph :—

Amendment of
of section 15 of the
principal enactment.

“(b) in respect of any year of assessment commencing not later than April 1, 1974, the amount of a loss incurred by him during that year of assessment, and in respect of the year of assessment commencing on April 1, 1975; the amount of a loss incurred by him during the period of nine months commencing on April 1, 1975, in any trade, business, profession or vocation, which, if it had been a profit, would have been assessable under this Act :

Provided that no such deduction shall be made unless it is claimed by notice in writing within six months of the end of the year of assessment;”.

5. The following new section is hereby inserted immediately after section 15, and shall have effect as section 15A, of the principal enactment :—

Insertion of new
section 15A in the
principal enactment.

“ Grant of relief
for the years
of assessment
commencing on
April 1, 1974, and
on April 1, 1975,
in respect of
certain losses.

15A. Where the statutory income of any person from a trade, business, profession or vocation has, for the year of assessment commencing on April 1, 1973, been computed under subsection (2) of section 12 by reference to an account made up to a day other than the thirty-first day of March or would have been so computed had there been a profit, and such person incurs a loss in that trade, business, profession or vocation either during the year ending on March 31, 1974, or during the year immediately following the year in relation to which the statutory income for the year of assessment commencing on April 1, 1973, is computed, or during both such years, then, in respect of such part of that loss as has not been taken into account in computing the statutory income of that person for the year of assessment commencing

on April 1, 1974, or as has not been allowed as a deduction from his total statutory income for any year of assessment under the provisions of section 15, the Commissioner may grant that person for the two years of assessment commencing on the first day of April 1974, and the first day of April 1975, or for any one of those years of assessment, such relief as the Commissioner may deem to be equitable.”