



PARLIAMENT OF THE DEMOCRATIC
SOCIALIST REPUBLIC OF
SRI LANKA

TAX AMNESTY ACT,
No. 5 OF 1978

[Certified on 24th November, 1978]

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Tax Amnesty Act, No. 5 of 1978

[Certified on 24th November, 1978]

L. D.—O. 88/78.

AN ACT TO ENABLE THE DEPOSIT IN SPECIAL ACCOUNTS IN THE NATIONAL SAVINGS BANK OF MONEYS REPRESENTING ACCUMULATED PROFITS AND INCOME IN RESPECT OF WHICH A PERSON HAS NOT FURNISHED A RETURN OF INCOME OR WHICH HAVE NOT BEEN DISCLOSED IN A RETURN FURNISHED BY SUCH PERSON UNDER THE LAW RELATING TO THE IMPOSITION OF INCOME TAX ; TO IMPOSE AND LEVY A TAX ON THE MONEYS DEPOSITED IN SUCH SPECIAL ACCOUNTS ; TO ENABLE THE WITHDRAWAL OF THE MONEYS DEPOSITED IN SUCH SPECIAL ACCOUNTS FOR SPECIFIED PURPOSES ; TO INDEMNIFY PERSONS WHO DEPOSIT MONEYS IN SUCH SPECIAL ACCOUNTS AGAINST LIABILITY TO PAY CERTAIN TAXES IN RESPECT OF THE PROFITS AND INCOME REPRESENTED BY SUCH MONEYS AND AGAINST PROSECUTIONS FOR OFFENCES IN RELATION TO SUCH PROFITS AND INCOME ; AND 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 Tax Amnesty Act, No. 5 of 1978, and shall come into operation on December 1, 1978.

Short title and date of operation.

2. (1) Subject to the provisions of subsection (2), this Act shall apply to any person who under the law for the time being relating to the imposition of income tax was liable to pay such tax for any year of assessment commencing on or before April 1, 1977, in respect of any profits and income arising or accruing on or before March 31, 1977, and who has not furnished a return of income under the provisions of such law for any such year of assessment or who has failed to disclose such profits or income in any return furnished by him under the provisions of such law for any such year of assessment.

Persons to whom this Act applies.

(2) The provisions of this Act shall not apply to any person in relation to whom investigations have been commenced by the Commissioner-General or by any other officer of the Department of Inland Revenue for any alleged or suspected evasion of any tax payable under the provisions of the law for the time being relating to the imposition of income tax, in respect of any profits and income arising or accruing on or before March 31, 1977.

(3) Every person referred to in subsection (1), not being a person to whom the provisions of subsection (2) applies shall hereafter in this Act be referred to as a "person to whom this Act applies".

Persons to whom this Act applies may deposit moneys in special accounts in the Bank.

3. Where any person to whom this Act applies has moneys which represent accumulated profits or income which arose or accrued on or before March 31, 1977, and—

(a) in respect of which such person has failed to furnish a return of income; or

(b) which such person has failed to disclose in any return of income furnished by him,

under the law for the time being relating to the imposition of income tax, then such person may, on or before March 31, 1979, deposit such moneys to his credit in any such special account as may be opened by him for that purpose in the Bank.

Charge of a tax equal to 30 per centum of the moneys deposited in a special account in the Bank.

4. (1) Every person who deposits moneys in a special account in the Bank under the provisions of section 3 shall—

(a) make a declaration to the Bank in the Form set out in the Schedule to this Act; and

(b) be liable to pay to the Commissioner-General, a tax of an amount equal to 30 per centum of the moneys so deposited.

(2) The tax payable by any person under subsection (1) shall, notwithstanding anything in any written law, be paid to the Commissioner-General by the Bank on or before April 30, 1979, out of moneys lying to the credit of such person in any such special account as is referred to in section 3.

(3) The payment by the Bank of the tax to the Commissioner-General under subsection (2) from the moneys lying to the credit of any person in any such special account as is referred to in section 3 shall be deemed to be authorized by such person, and such tax shall be deemed to have been paid by such person to the Commissioner-General.

5. Notwithstanding anything in any other law, the Bank shall not permit any person who has deposited any moneys in any such special account as is referred to in section 3 to withdraw, prior to April 1, 1983, the whole or any part of the balance amount lying to the credit of such person in such special account after payment of the tax referred to in section 4 (other than the interest accruing on such balance amount), except for the purposes specified in section 6.

Restrictions on withdrawal of moneys deposited in special accounts.

6. (1) Any person who has deposited any moneys in any such special account as is referred to in section 3, may withdraw the balance amount lying to his credit in such special account after payment of the tax referred to in section 4, after March 31, 1983 :

Purposes for which moneys deposited in special accounts may be withdrawn.

Provided, however, that such person may withdraw, after April 30, 1979, the whole or a part of such balance amount for—

(a) the purchase of ordinary shares—

(i) in a company approved by the Minister under section 16CC of the Inland Revenue Act, No. 4 of 1963, or approved by the Minister under this section as being essential for the economic progress of Sri Lanka ;

(ii) in any company with which the Greater Colombo Economic Commission has entered into an agreement under section 17 of the Greater Colombo Economic Commission Law, No. 4 of 1978 ; or

(b) the purpose of making any approved expenditure within the meaning of section 16F of the Inland Revenue Act, No. 4 of 1963 ;

or

(c) the purchase or construction of a house, if such purchase or construction is approved by the Commissioner for National Housing by a certificate issued under his hand.

(2) Where for the purposes of paragraph (c) of subsection (1), the Commissioner for National Housing refuses to approve the purchase or construction of a house, any person aggrieved by such refusal may appeal therefrom to the Minister in charge of the subject of Housing. The decision of the Minister on any such appeal shall be final and conclusive.

(3) Where any person who withdraws after April 30, 1979, any moneys lying to his credit in any such special account as is referred to in section 3 for any of the purposes specified in the proviso to section 6, fails to apply such moneys for the purpose for which such moneys were withdrawn, such person shall be guilty of an offence under this Act and shall, on conviction after summary trial before a Magistrate, be liable to a fine of an amount equal to the moneys withdrawn and an amount not exceeding twenty thousand rupees.

(4) Notwithstanding anything in any other law, in computing the taxable income for any year of assessment commencing on or after April 1, 1979, of any person who withdraws after April 1, 1979, moneys lying to his credit in any such special account as is referred to in section 3 and applies such moneys to any of the purposes specified in the proviso to section 6, no deduction shall be allowed from the assessable income of that person for that year of assessment, in respect of the moneys so applied.

Interest on
moneys
deposited in
special accounts.

7. The Bank shall pay interest on the balance amount lying to the credit of any person in any such special account as is referred to in section 3, after payment of the tax referred to in section 4, at the current rate of interest payable by the Bank on moneys lying to the credit of savings accounts. The interest so accruing may be withdrawn by such person after April 30, 1979.

8. Any person to whom this Act applies, who has deposited moneys in any such special account as is referred to in section 3 and who is deemed under section 4, to have paid the tax referred to in that section, shall not be liable—

Indemnification of a person deemed to have paid the tax referred to in section 4 from certain taxes and prosecutions.

(a) to pay for any year of assessment commencing on or before April 1, 1977—

(i) any income tax or wealth tax under the law for the time being relating to the imposition of income tax; or

(ii) capital levy under the Capital Levy Act, No. 51 of 1971,

in respect of the profits or income or wealth represented by such moneys or to pay, for any quarter ending on or before March 31, 1977, any business turnover tax under the Finance Act, No. 11 of 1963, on the turnover from which such profits or income arose; or

(b) to a prosecution for any offence under the law for the time being relating to the imposition of income tax or the Capital Levy Act, No. 51 of 1971, or the Finance Act, No. 11 of 1963, in relation to any year of assessment commencing on or before April 1, 1977, or to any period prior to April 1, 1977, in respect of, or in connection with, the profits or income or wealth represented by such moneys or the turnover from which such profits or income arose.

9. Nothing in the preceding provisions of this Act shall be read and construed as authorizing the revision of any assessment made prior to November 15, 1978, under the provisions of the law for the time being relating to the imposition of income tax or any other matter which has become final and conclusive under the aforesaid provisions.

The preceding provisions of this Act not to be construed as authorizing the revision of any assessment previously made.

10. (1) Every officer or employee of the Bank and every officer or employee of the Department of Inland Revenue shall preserve and aid in preserving secrecy with regard to all matters that may come to his knowledge in the operation of this Act :

Maintenance of secrecy.

Provided, however, that an officer or employee of the Bank may communicate to the

Commissioner-General or to any officer of the Department of Inland Revenue or to a court of law for the purpose of complying with the provisions of this Act, the following particulars relating to any such special account as is referred to in section 3 :—

- (a) name of the holder of the account and income tax file number ;
- (b) name of business, if any, and income tax file number ;
- (c) date of deposit or withdrawal ;
- (d) amount deposited or withdrawn ;
- (e) such other particulars as are referred to in any declaration made under section 4(1)(a) in relation to such special account.

(2) Any officer or employee of the Bank or of the Department of Inland Revenue who acts in contravention of the provisions of subsection (1) shall be guilty of an offence under this Act, and shall, on conviction after summary trial before a Magistrate, be liable to a fine not exceeding two thousand rupees.

Interpretation.

11. In this Act, unless the context otherwise requires—

the expressions “ Commissioner-General ”, “ profits ”, “ income ” and “ year of assessment ” shall have the same meanings respectively as in the Inland Revenue Act, No. 4 of 1963 ;

“ Bank ” means the National Savings Bank established by the National Savings Bank Act, No. 30 of 1971 ;

“ person ” includes a company, a body of persons and a partnership ;

“ the law for the time being relating to the imposition of income tax ” means the Income Tax Ordinance or the Inland Revenue Act, No. 4 of 1963.

SCHEDULE

[Section 4 (1)(a)]

TAX AMNESTY ACT, NO. OF 1978

DECLARATION UNDER SECTION 4 (1) (a)

Income Tax File No. Special Amnesty Savings Deposit Account No. if any.....

Name of business if any..... Date

I Mr./Mrs./Miss/We..... (full name)

of do hereby :— (Address)

(1) request you—

(a) to accept in terms of the Tax Amnesty Act, No. of 1978, a sum of Rupees..... (Rs.) to be placed in a Special Amnesty Savings Deposit Account in the name of..... of

(b) to remit direct to the Commissioner-General of Inland Revenue the tax due, on this amount amounting to Rupees..... (Rs.).

(c) to hold the balance in that account, to wit—

Amount Tendered Rs.....

Less 30% Tax deductible Rs.....

Balance to be held in Special Amnesty Savings Deposit Account by the National Savings Bank

(2) undertake not to withdraw any part of this balance amount before April 1, 1983, except for the purposes specified in section 6 of the aforementioned Act ;

(3) agree to my/our Special Amnesty Savings Deposit Pass Book being kept in the safe custody of your Bank ;

(4) further agree to be bound by the rules pertaining to Savings Deposits in your Bank for the time being, and which may come into effect from time to time.

.....
Signature of Depositor.

Signed in my presence.

.....
Signature of Branch Manager.