



**FINANCE (AMENDMENT) LAW,**

**No. 26 OF 1978**

**OF**

**THE NATIONAL STATE ASSEMBLY**

[Certified on 3rd July, 1978]

*Printed on the Orders of Government*

PRINTED AT THE DEPARTMENT OF GOVERNMENT PRINTING, SRI LANKA, (CEYLON)

TO BE PURCHASED AT THE GOVT. PUBLICATIONS BUREAU, COLOMBO

**Price : 55 cents**

**Postage : 15 cents**

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L. D.—O. 14/78.

A LAW TO AMEND THE FINANCE ACT, No. 11 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 Finance (Amendment) Law, No. 26 of 1978.

Short title.

2. Section 120 of the Finance Act, No. 11 of 1963, (hereinafter referred to as the "principal enactment"), as last amended by Act No. 55 of 1971, is hereby further amended as follows:—

Amendment of section 120 of Act No. 11 of 1963.

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

"(1) A person shall, in respect of any business carried on by him in Sri Lanka, be chargeable with business turnover tax—

(a) for any year of assessment ending on or before September 30, 1969, if—

(i) in the case of a business carried on by him for a period of not less than one year prior to the date of commencement of that year of assessment, the turnover made by him from that business for the accounting period immediately preceding that year of assessment is not less than one hundred thousand rupees, or

(ii) in the case of a business carried on by him for a period of less than one year prior to the date of commencement of that year of assessment, the turnover made by him from that business during that period is not less than a sum which bears to one

hundred thousand rupees .  
the same proportion as  
the number of days in  
that period bears to three  
hundred and sixty-five ;

(b) for the year of assessment commencing on October 1, 1969, and for the next subsequent year of assessment if—

(i) in the case of a business carried on by him for a period of not less than one year prior to the date of commencement of that year of assessment, the turnover made by him from that business for the accounting period immediately preceding that year of assessment is not less than seventy-five thousand rupees, or

(ii) in the case of a business carried on by him for a period of less than one year prior to the date of commencement of that year of assessment, the turnover made by him from that business during that period is not less than a sum which bears to seventy-five thousand rupees the same proportion as the number of days in that period bears to three hundred and sixty-five;

(c) for each quarter in any year of assessment commencing on or after October 1, 1971, but prior to October 1, 1977, if—

(i) in the case where that business is carried on by that person during the entirety of that quarter, the turnover of that

business for that quarter is not less than eighteen thousand seven hundred and fifty rupees, or

(ii) in the case where that business is carried on by that person for only a part of that quarter, the turnover of that business for that part of that quarter is not less than a sum which bears to eighteen thousand seven hundred and fifty rupees the same proportion as the number of days in that part of that quarter bears to ninety-one; and

(d) for each quarter in any year of assessment commencing on or after October 1, 1977, if—

(i) in the case where that business is carried on by that person during the entirety of that quarter, the turnover of that business for that quarter is not less than twenty-five thousand rupees, or

(ii) in the case where that business is carried on by that person for only a part of that quarter, the turnover of that business for that part of that quarter is not less than a sum which bears to twenty-five thousand rupees the same proportion as the number of days in that part of that quarter bears to ninety-one.

For the purposes of paragraph (c) and paragraph (d), the sum realised by any person carrying on a business from the sale of any article declared to be an excepted article under section 121 shall form part of the turnover of that business. ” ; and

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

“ (1B) (a) Where any person commences to carry on any business on a day within any year of assessment commencing on or after October 1, 1969, but prior to October 1, 1971, or during the year of assessment commencing on October 1, 1969, begins to make, in the course of carrying on any business started by him prior to that date, regular sales of goods or commodities, such person shall, notwithstanding anything to the contrary in subsection (1), be chargeable with business turnover tax in respect of the turnover made by him during that year of assessment from the business commenced by him, or from the business in the course of which such sales of goods or commodities were made, or, where the business commenced by him or in the course of which such sales of goods or commodities were made together with any other business carried on by him is deemed to be one business for the purposes of this Part of this Act, from the business so deemed to be one :

Provided, however, that such person shall not be liable to pay business turnover tax—

(i) for the quarter in which he commenced such business or began to make such sales of goods or commodities if the turnover made by him for that quarter

from the business commenced by him, or from the business in the course of which such sales of goods or commodities were made or, where that business together with any other business is deemed to be one business, from the businesses so deemed to be one business, is less than the sum which bears to eighteen thousand seven hundred and fifty rupees the same proportion as the number of days in the period beginning on the date on which he commenced such business or such sales of goods or commodities, as the case may be, and ending on the last day of that quarter bears to ninety-one, or

- (ii) for any subsequent quarter of that year of assessment if the turnover for that quarter is less than eighteen thousand seven hundred and fifty rupees.

(b) Where the turnover made by any person for any year of assessment commencing on or after October 1, 1969, but prior to October 1, 1971, from any business commenced by him, or from the sales of goods or commodities made in the year of assessment commencing on October 1, 1969, in the course of carrying on any business is less than the sum which bears to seventy-five thousand rupees the same proportion as the number of days in the period beginning on the date of commencement of such business or sales of goods or commodities and ending on the last day of that year of assessment bears to three hundred and sixty-five, such person shall,

upon an application made within three years after the expiry of that year of assessment, be entitled to a refund of the tax paid by him under the preceding provisions of this subsection. ”.

Replacement  
of section  
123 of the  
principal  
enactment.

3. Section 123 of the principal enactment is hereby repealed and the following new section substituted therefor:—

“ Returns.

123. (1) Every person who carries on any business in Sri Lanka in any year of assessment commencing on or after October 1, 1971, but prior to October 1, 1977, shall—

(a) if such business is carried on by him during the entirety of any quarter in any such year of assessment and the turnover of that business for that quarter is not less than eighteen thousand seven hundred and fifty rupees, or

(b) if such business is carried on by him during a part of a quarter in any such year of assessment and the turnover of that business for that part of that quarter is not less than a sum which bears to eighteen thousand seven hundred and fifty rupees the same proportion as the number of days in that part of the quarter bears to ninety-one,

furnish to the Commissioner-General not later than fifteen days after the expiry of that quarter, a return setting out the turnover of that business for that quarter. Every such return shall be in the prescribed form and shall contain all such particulars as may be required to be set out in such form.

(2) Every person who carries on any business in Sri Lanka in any year of assessment commencing on or after October 1, 1977, shall—

(a) if such business is carried on by him during the entirety of any quarter in any such year of assessment and the turnover of that business for that quarter is not less than twenty-five thousand rupees, or

(b) if such business is carried on by him during a part of a quarter in any such year of assessment and the turnover of that business for that part of that quarter is not less than a sum which bears to twenty-five thousand rupees the same proportion as the number of days in that part of the quarter bears to ninety-one,

furnish to the Commissioner-General not later than fifteen days from the expiry of that quarter, a return setting out the turnover of that business for that quarter. Every such return shall be in the prescribed form and shall contain all such particulars as may be required to be set out in such form.”.

4. The following new section is hereby inserted immediately after section 125A, and shall have effect as section 125B, of the principal enactment:—

“ Assessor to give reasons for not accepting a return.

125B. Where an Assessor does not accept a return furnished by any person under section 123 or under section 126 for any quarter in any year of assessment and makes an assessment or additional assessment on that person for that quarter under section 124 or under section 125, he shall communicate to such person in writing his reasons for not accepting the return.”.

Insertion of new section 125B in the principal enactment.



Amendment of  
Section 152 of  
the principal  
enactment.

5. Section 152 of the principal enactment is hereby amended as follows:—

(1) by the repeal of subsection (3) of that section and the substitution therefor of the following new subsection:—

“(3) Where any person carrying on a business has paid the business turnover tax in respect of that business for one or more of the quarters in any year of assessment commencing on or after October 1, 1971, but prior to October 1, 1977, and the turnover of that business tax for that year of assessment—

(a) in the case where that business was carried on during the entirety of that year of assessment, is less than seventy-five thousand rupees, or

(b) in the case where that business was carried on for only a part of that year of assessment, is less than the sum which bears to seventy-five thousand rupees the same proportion as the number of days in the period during which he carried on that business in that year of assessment bears to three hundred and sixty-five,

such person shall, upon application made within three years after the expiry of that year of assessment, be entitled to a refund of the business turnover tax paid by him in respect of such quarter or quarters.”; and

(2) by the insertion, immediately after subsection (3) of that section, of the following new subsection:—

“(4) Where any person carrying on a business has paid the business turnover tax in respect of that business for one or more of the quarters in any year of assessment commencing on or after October 1, 1977, and the turnover of that business for that year of assessment—

(a) in the case where that business was carried on during the entirety of that year of assessment, is less than one hundred thousand rupees, or

(b) in the case where that business was carried on for only a part of that year of assessment, is less than the sum which bears to one hundred thousand rupees the same proportion as the number of days in the period during which he carried on that business in that year of assessment bears to three hundred and sixty-five,

such person shall, upon application made within three years after the expiry of that year of assessment, be entitled to a refund of the business turnover tax paid by him in respect of such quarter or quarters."

6. Section 159 of the principal enactment (as last amended by Law No. 3 of 1978) is hereby amended in subsection (1) of that section by the substitution, for the definition of "manufacturer", of the following definition:—

Amendment of section 159 of the principal enactment.

"manufacturer" means any person who—

- (a) makes an article,
- (b) assembles or joins any article whether by chemical process or otherwise,
- (c) adapts for sale any article,
- (d) packages, bottles, puts up in boxes, cuts into pieces, cleans, polishes, wraps, labels or in any other way whatsoever prepares for sale any article, otherwise than in a retail store for the purpose of sale in such store exclusively and directly to the consumer.
- (e) purchases from any enterprise with which an agreement has been entered into by the Greater Colombo Economic Commission under section 17 of the Greater Colombo Economic Commission Law, No. 4 of 1978, any article manufactured in Sri Lanka by such enterprise;