

CHAPTER 401

NATIONAL HOUSING (AMENDMENT)

AN ACT TO AMEND THE NATIONAL HOUSING ACT.

[Act No. 42 of 1958—3rd November, 1958.]

[Act No. 36 of 1966—3rd November, 1966.]

Acts
Nos. 42 of 1958
36 of 1966

1. This Act may be cited as the National Housing (Amendment) Act.

Short title.

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

Amendment
of section 7
of Chapter
401.
[§ 2, 36 of 1966.]

(a) in paragraph (b) of that subsection, 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 subsection, 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 subsection (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.
(13. 3. 1966.)

‘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 subsection (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 subsection (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 subsection (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 subsection, 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 subsection (2) makes default in attending, or
- (b) being in attendance as a witness summoned under subsection (2), refuses to take any oath or affirmation which may be administered to him under that subsection or to answer any question which may be put to him by the officer examining him under that subsection, or
- (c) on being examined under subsection (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 subsection (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.

Power 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 subsection (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.'

Amendment
of section 32
of the
principal
Act.
[§ 4, 36 of 1966.]

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

“(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 princi-
pal Act.
[§ 5, 36 of 1966.]

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

(1) in subsection (1) of that section, by the substitution, for the words “the ejectment of the occupier and his dependants, if any, from the land or premises in which the house is situated.”, of the words “the ejectment 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 subsection (2) of that section, in paragraph (b) of that subsection, 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 princi-
pal Act.
[§ 6, 36 of 1966.]

6. Section 35 of the principal Act is hereby amended in subsection (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 subsection, 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:—

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

“ (2) Where a loan from the National Housing Fund is granted upon an application made under subsection (1), the Commissioner may,

Amendment
of section 45
of the principal
Act.
[§ 7, 36 of 1966.]

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.”.

Insertion of new sections 45A, 45B and 45c in the principal Act.

[§ 2, 42 of 1958.]

8. The following new sections are hereby inserted immediately after section 45, and shall have effect as sections 45A, 45B and 45c, of the principal Act :—

“Permission of Commissioner required in certain circumstances for alienation of security for a loan granted from the National Housing Fund.

45A. (1) No property which is security for a loan granted from the National Housing Fund shall, where the construction of the building or buildings for the construction of which the loan was granted is not completed, be sold, gifted, leased or otherwise alienated except with the written permission of the Commissioner and in accordance with such conditions as he may impose.

(2) Notwithstanding anything to the contrary in any other written law, any disposition of any property to which subsection (1) applies shall, if it is in contravention of that subsection, be invalid.

In certain circumstances security for a loan from the National Housing Fund not to be seized or sold in execution of a decree which is not in favour of the Commissioner.

45B. Notwithstanding anything to the contrary in any other written law, no property which is security for a loan granted from the National Housing Fund shall, where the construction of the building or buildings for the construction of which the loan was granted is not completed, be seized or sold in execution of a decree of any court other than a decree in favour of the Commissioner.

Security for a loan from the National Housing Fund not to be alienated to a person who is not a citizen of Ceylon.

45c. No property which is security for a loan granted from the National Housing Fund shall be sold, gifted, leased or otherwise alienated to any person who is not a citizen of Ceylon.”.

9. Section 48 of the principal Act is hereby amended by the substitution, for the word "Commissioner.", of the words "Commissioner, whether the loan or each loan was granted before, on or after the date of the publication of such Order in the Gazette."

Amendment of section 48 of the principal Act. [§ 3, 42 of 1966.]

10. The title of Part VIII of the principal Act is hereby amended by the substitution, for the word "OBJECTS", of the words "OBJECTS AND OF CERTAIN PREMISES".

Amendment of the title of Part VIII of the principal Act. [§ 4, 42 of 1958.]

11. The following new section is hereby inserted immediately after section 49, and shall have effect as section 49A, of the principal Act:—

Insertion of new section 49A in the principal Act. [§ 5, 42, of 1958.]

'Acquisition of certain premises under the Land Acquisition Act.

49A. (1) The Minister may, by notification published in the Gazette, declare that it is necessary to acquire for the purposes of this section the premises referred to in any of the following cases:—

- (a) where any premises consist of a land on which a building or only part of a building has been constructed and the owner of those premises voluntarily consents in writing to the acquisition of those premises by the Crown ;
- (b) where any premises consist of a land which belongs to an estate and on which there is a building constructed and occupied by a lessee of that land ; for the purposes of this paragraph, "estate" means any land or group of lands which is wholly or partly cultivated and which is not less than twenty acres in extent and forms a separate and distinct property ;
- (c) where any premises—
 - (i) consist of a land which is mortgaged to any person and in which there is a

[§ 8, 36 of 1966.]

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 ;
- (d) where any premises consist of a land on which a building or only part of a building has been constructed and which is mortgaged as security for a loan granted from the National Housing Fund and the mortgagor has not complied with any condition or covenant set out in the mortgage bond ;
- (e) where any premises consist of a land on which there is a building for the construction of which a loan from the National Housing Fund has been granted

and such loan or any part thereof has not been repaid by the borrower and such building is mainly used for a purpose which, in the opinion of the Minister, is not that for which it was intended, when the loan was granted, that such building should be used ;

- (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. [§ 8, 36 of 1966.]

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(2) Where a notification under subsection (1) is published in the Gazette, the premises to which such notification relates shall, for the purposes of the Land Acquisition Act, be deemed to be land needed for a public purpose and may be acquired under that Act.

(3) Where any premises referred to in paragraph (c) of subsection (1) are acquired as provided in subsection (2), the Commissioner shall let those premises to the person referred to in that paragraph as the mortgagor, or the transferor, as the case may be, of those premises on such terms as will enable him to become the owner thereof after making a certain number of monthly payments as rent. [§ 8, 36 of 1966.]

(3A) Where any premises referred to in paragraph (f) of subsection (1) are acquired as provided in subsection (2). [§ 8, 36 of 1966.]

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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.

(4) Where any premises other than those referred to in subsection (3) or subsection (3A) are acquired as provided in subsection (2), the Commissioner may let such premises to any person for rent for the purpose of residence or for a commercial purpose or partly for the purpose of residence and partly for a commercial purpose, and the letting may be on such terms as will enable the tenant to become the owner of such premises after making a certain number of monthly payments as rent.'

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

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' (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 subsection (1) of this section shall be deemed to have come into force on the date on which that Act came into operation.

13. The following new section is hereby inserted immediately after section 64, and shall have effect as section 64A, of 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 subsection (1) the grant of a loan after a part of the loan has been given to 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."

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

- (1) by the renumbering of that section as subsection (1) of section 66 ; and

Insertion of new section 64A in the principal Act.

[§ 10, 36 of 1966.]

Amendment of section 66 of the principal Act.

[§ 11, 36 of 1966.]

(2) by the insertion, immediately after the re-
numbered subsection (1), of the following
new subsections:—

' (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 (hereinafter
in this subsection 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 auth-
ority 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 out-
standing 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.’

15. Section 71 of the principal Act is hereby amended as follows:—

Amendment of section 71 of the principal Act. [§ 6, 42 of 1958.] [§ 12, 36 of 1966.]

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

“ (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.”; and

(2) by the substitution, in subsection (2) of that section, for the word “date.”, of the words “date, or in such other circumstances as may be prescribed.”.

[§ 6, 42 of 1958.]

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

Insertion of new section 71A in 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

[§ 13, 36 of 1966.]

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.”.

Insertion of new section 76A in the principal Act.
[§ 7, 42 of 1958.]

17. The following new section is hereby inserted immediately after section 76, and shall have effect as section 76A, of the principal Act :—

“ Appropriate authority may bid for and purchase property mortgaged to him and sold by public auction. 76A. The appropriate authority may, at a sale by public auction of any land mortgaged to him as security for any loan, bid for and purchase that land.”.

Amendment of section 78 of the principal Act.
[§ 14, 36 of 1966.]

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

(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.”.

Amendment of section 83 of the principal Act.
[§ 15, 36 of 1966.]

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

(1) by the renumbering of that section as subsection (1) of section 83 ; and

(2) by the insertion, immediately after the renumbered subsection (1), of the following new subsection :—

“ (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 subsection (1) and he shall, after such moneys and costs are recovered from the borrower under that subsection, credit to that Fund the amount so recovered.”.

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

Amendment
of section 85
of the
principal
Act.
[§ 18, 36 of 1966.]

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

“ (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 subsection (4) of that section—

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

(ii) by the addition, at the end of that subsection, 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 subsection.”.

(2) The amendment made in the principal Act by sub-paragraph (ii) of paragraph (b) of subsection (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 Act No. 36 of 1966 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, 36 of 1966.]

21. 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, 36 of 1966.]

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

- (1) in subsection (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 subsection (4) of that section by the substitution, for the words “English, Sinhalese and Tamil languages”, of the words “Sinhala, Tamil and English languages”.

Amendment
of section 90
of the
principal Act.
[§ 8, 42 of 1958.]

23. Section 90 of the principal Act is hereby amended, in subsection (2) of that section, by the substitution, in paragraph (a) of that subsection, for the words “in respect of which”, of the words “which is used solely for the purpose of residence and in respect of which”.

24. (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.
[§ 19, 38 of 1966.]

‘Exemption from income tax of income from certain houses constructed 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 subsection (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 subsection (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 subsection 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 subsection (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 Act No. 36 of 1966 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 90B, 90c, 90D and 90E in the principal Act. [§ 20, 36 of 1966.]

25. 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 subsection 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.’

26. Section 91 of the principal Act is hereby amended by the substitution, for the expression “a certificate under subsection (2) of section 90”, of the expression “any certificate under this Part”.

Amendment of section 91 of the principal Act.
[§ 21, 36 of 1966.]

27. (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:—

Insertion of new sections 91A, 91B, 91c and 91d in the principal Act.
[§ 22, 36 of 1966.]

‘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 subsection (1) or any part of such building is sublet in contravention of that subsection 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 subsection (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 the Commissioner, 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 subsection (1) is obstructed in the exercise of his powers under that subsection, 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 subsection (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 subsection (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 subsection (1) of this section, shall not apply in any case where any building or part thereof has been sublet prior to the commencement of Act No. 36 of 1966, to any person so long as that person continues to be the subtenant of such building or part thereof.

28. Section 93 of the principal Act is hereby amended by the substitution, for all the words and figures from "issued" to "shall, if it", of the words "issued by the Commissioner under any provision of this Act or of any regulation made under this Act shall, if it".

Amendment
of section
93 of the
principal Act.
[§ 9, 42 of 1958.]

29. Section 94 of the principal Act is hereby amended in subsection (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
94 of the
principal
Act.
[§ 23, 36 of 1966.]

Insertion of
new section
94A in the
principal Act.
[§ 10, 42 of 1958.]

30. The following new section is hereby inserted immediately after section 94, and shall have effect as section 94A, of the principal Act :—

“Recovery of sums liable to be paid to the Commissioner by persons out of the remuneration of such persons.

94A. (1) Any person who is liable to pay any sum under this Act to the Commissioner may, by written notice, inform the Commissioner that he desires that such sum shall be recovered out of his remuneration from employment.

(2) Where the Commissioner receives a notice from any person under subsection (1), he shall, if he is of the opinion that the method of recovery referred to in that subsection is a satisfactory method of recovery, direct in writing the employer of that person to deduct and pay to the Commissioner out of the remuneration payable by that employer to that person such amount, in such manner, and at such intervals, as may be specified in the direction.

(3) Every employer who receives a direction under subsection (2) shall forthwith comply with that direction.

(4) Where any person in respect of whom a direction under subsection (2) is in force is about to leave, or leaves, the employment of his employer, the employer shall forthwith—

(a) if the remuneration due to such person exceeds the sum liable to be paid under such direction to the Commissioner, deduct that sum from such remuneration and pay that sum to the Commissioner ; and

(b) if such remuneration does not exceed that sum, pay the amount of such remuneration to the Commissioner.

(5) Where for any reason an employer of any person is unable to comply with a direction given under subsection (2), he shall inform the Commissioner forthwith in writing of his inability to do so and the reason therefor.

(6) Every employer who deducts an amount from the remuneration of any person by virtue of the preceding provisions of this section shall, on written request made by such person, issue to him a certificate to the effect that such deduction has been made.

(7) Every employer who contravenes any of the preceding provisions of this section 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 one year or to both such fine and such imprisonment.

(8) Where any offence under the preceding provisions of this section is committed by a body of persons, then—

(a) if the body of persons is a body corporate, every director and officer of that body corporate, and

(b) if the body of persons is a firm, every partner of that firm,

shall be deemed to be guilty of such offence :

Provided that no such director, officer or partner shall be deemed to be guilty of such offence 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.

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

(10) Nothing in the preceding provisions of this section shall affect, or be deemed or construed to affect, the right of the Commissioner to recover in any other manner or by any other procedure applicable in that behalf, any sum which is liable to be paid to him under this Act and in respect of which he has given a direction under subsection (2).”.

Amendment
of section
96 of the
principal Act.
[§ 11, 42 of 1958.]

31. Section 96 of the principal Act is hereby amended as follows :—

(1) in subsection (1) of that section—

(a) by the substitution, for the words “ before entering ”, of the words “ before, on, or after entering ” ; and

(b) in paragraph (a) of that subsection by the addition, at the end of that paragraph, of the following :—

“ (iv) by the Minister ; or

(v) at a meeting of the Cabinet by the Prime Minister or any other Minister presiding at that meeting ; or ” ; and

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

“ (3) Every officer or servant who fails to sign the declaration, or to observe the pledge, referred to in subsection (1) 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 such imprisonment.”.

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

Amendment
of section 97
of the
principal
Act.
[§ 24, 36 of 1966.]

(1) by the renumbering of subsection (2) of that section as subsection (3); and

(2) by the insertion, immediately after subsection (1) of that section, of the following new subsection :—

‘ (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 subsection, 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.’

Amendment
of section 100
of the
principal
Act.

[§ 25, 36 of 1966.]

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

(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.’.

Validation of
certain rates
of interest.

[§ 12, 42 of 1958.]

34. Where, before the commencement of Act No. 42 of 1958, interest in respect of any loan granted by the Commissioner for National Housing under the principal Act has been charged at a rate different from such of the rates determined by the Minister under regulation 9 of the National Housing (No. 1) Regulations, 1954, as is applicable to such loan, the interest so charged shall, notwithstanding such difference, be deemed to have been validly charged.