

No. 14 of 1959*

PERSONAL TAX

AN ACT TO PROVIDE FOR THE LEVY OF A TAX COMPUTED
BY REFERENCE TO WEALTH, EXPENDITURE, AND GIFTS

Acts
Nos. 14 of 1959,
10 of 1962.

[Act No. 14 of 1959—15th May, 1959

1st April, 1959.]

[Act No. 10 of 1962—26th May, 1962.]

1. (1) This Act may be cited as the Personal Tax Act, No. 14 of 1959.

Short title.
and date of
operation.

(2) This Act shall come into operation on April 1, 1959.

CHAPTER I

PERSONS TO WHOM THIS ACT SHALL NOT APPLY AND
CHARGE OF THE PERSONAL TAX

2. This Act shall not apply to—

Persons to
whom this
Act shall not
apply.

(a) the Diplomatic Representative in Ceylon (by whatever name or title designated) of the Government of any foreign country and the High Commissioner in Ceylon of the Government of any part of Her Majesty's dominions :

(b) any such member of the staff of any Diplomatic Representative or High Commissioner referred to in paragraph (a) of this section as is a citizen or subject of the country represented by that Diplomatic Representative or High Commissioner, any Consul or Trade Commissioner who is a citizen or subject of the country represented by him, and any such member of the staff of any Consul or Trade Commissioner as is a citizen or a subject of the country represented by that Consul or Trade Commissioner ;

* The Personal Tax Act, No. 14 of 1959, shall not apply to any year of assessment commencing on or after April 1, 1963—See section 130 of the Inland Revenue Act, No. 4 of 1963.

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- (c) any expert, adviser, technician or official whose salary or principal emolument is not payable by the Government of Ceylon and who is brought to Ceylon by the Government of Ceylon through any Specialized Agency of the United Nations Organization, or under the Point Four Assistance Programme of the Government of the United States of America, or through the Colombo Plan Organization (including its Technical Assistance Bureau) or any similar organization approved by the Minister; or any scientist or technician who is not a citizen of Ceylon and who is brought to and employed in Ceylon on or after April 1, 1958, by the Government of Ceylon or by any corporation which is wholly financed by that Government; or any scientist or technician who is not a citizen of Ceylon and who is brought to and employed in Ceylon on or after April 1, 1958, by a corporation to which section 8 of the Income Tax Ordinance applies or by the proprietor of an undertaking, to which section 9 of that Ordinance applies, for the purposes of that undertaking, in so far as the first three years of employment in Ceylon of such scientist or technician are concerned;
- (d) any trainee from abroad who is sent to Ceylon under any of the Technical Co-operation Programmes of the United Nations Organization and its Specialized Agencies, or of the Colombo Plan Organization, or of any similar organization approved by the Minister;
- (e) any official of the United Nations Organization who is resident in Ceylon and who is not a citizen of Ceylon;
- (f) members of any naval, military or air forces of any country other than Ceylon who are in Ceylon at the request or with the concurrence of the Government of Ceylon;
- (g) persons employed in any civil capacity by the Government of any country other than Ceylon who, not being persons resident in Ceylon for

- a period exceeding three months immediately prior to the date of commencement of such employment, are so employed in, or visit, Ceylon for any purpose connected with such members of any naval, military or air forces as are referred to in paragraph (f) of this section ;
- (h) any local authority ;
- (i) the University of Ceylon established under the Ceylon University Ordinance and the Vidyodaya University of Ceylon and the Vidyalankara University of Ceylon established under the Vidyodaya University and the Vidyalankara University Act, No. 45 of 1958 ; Cap. 186.
- (j) any body of persons to which section 55 of the Income Tax Ordinance applies ; Cap. 242.
- (k) any institution or trust of a public character established by written law solely for the purposes of scientific research ;
- (l) any corporation established under the Government-Sponsored Corporations Act ; Cap. 146.
- (m) any corporation established under the State Industrial Corporations Act, No. 49 of 1957 ;
- (n) the Ceylon Institute of Scientific and Industrial Research established under the Ceylon Institute of Scientific and Industrial Research Act ; Cap. 164.
- (o) any co-operative society registered under the Co-operative Societies Ordinance ; Cap. 124.
- (p) the Co-operative Wholesale Establishment established under the Co-operative Wholesale Establishment Act ; Cap. 126.
- (q) the Ceylon State Plantations Corporation established under the Ceylon State Plantations Corporation Act, No. 4 of 1958 ;
- (r) the Milk Board established under the Milk Board Act ; Cap. 281.
- (s) the Ceylon Savings Bank and the Ceylon Post Office Savings Bank ;
- (t) the Central Bank of Ceylon and the Monetary Board established under the Monetary Law Act ; Cap. 422.

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- Cap. 398. (u) the Ceylon State Mortgage Bank established under the Ceylon State Mortgage Bank Ordinance ;
- (v) any institution whose primary business is the business of a bank ;
- Cap. 439. (w) the Rubber Research Board established under the Rubber Research Ordinance ;
- Cap. 440. (x) the Coconut Research Board established under the Coconut Research Ordinance ;
- Cap. 438. (y) the Board of the Tea Research Institute of Ceylon established under the Tea Research Ordinance ;
- Cap. 315. (z) the corporation known as the Incorporated Victoria Home for Incurables and established by The Victoria Home for Incurables Ordinance ;
- Cap. 276. (aa) the corporation known as the Incorporated Council of Legal Education and established by the Council of Legal Education Ordinance ;
- (ab) the administrators of the Widows' and Orphans' Pension Fund of public officers of Ceylon ;
- (ac) the administrators of the Widows' and Orphans' Pension Fund or Scheme established for the Local Government Service ;
- (ad) the administrators of the Employees' Provident Fund established under the Employees' Provident Fund Act, No. 15 of 1958 ;
- Cap. 402. (ae) the Agricultural and Industrial Credit Corporation of Ceylon established under the Agricultural and Industrial Credit Corporation Ordinance ;
- Cap. 280. (af) Air Ceylon Limited established under the Air-Ceylon (Incorporation) Act ;
- Cap. 106. (ag) the Board of Indigenous Medicine constituted under the Indigenous Medicine Ordinance ;
- Cap. 400. (ah) the Commissioners of the Loan Board appointed under the Loan Board Ordinance ;

- (ai) the River Valleys Development Board established under the River Valleys Development Board Act ; Cap. 260.
- (aj) the administrators of the National Housing Fund established under the National Housing Act ; Cap. 401.
- (ak) the Hospitals Lotteries Board established under the Hospitals Lotteries Act ; Cap. 427.
- (al) the Board of Trustees of the Lady Lochore Loan Fund constituted under the Lady Lochore Loan Fund (Board of Trustees) Act ; Cap. 313.
- (am) the Ceylon Coconut Board established under the Coconut Products Ordinance ; Cap. 160.
- (an) the Ceylon Tea Propaganda Board established under the Tea Propaganda Ordinance ; Cap. 169.
- (ao) the Local Loans and Development Commissioners appointed under the Local Loans and Development Ordinance ; Cap. 404.
- (ap) the Ceylon Transport Board established under the Motor Transport Act, No. 48 of 1957 ;
- (aq) the Port (Cargo) Corporation established under the Port (Cargo) Corporation Act, No. 13 of 1958 ; and
- (ar) any other person who may be exempted from the provisions of this Act by Order made by the Minister of Finance, approved by the House of Representatives and published in the Gazette.

3. (1) There shall be charged for every year of assessment from every taxable person a tax which is hereafter in this Act referred to as the Personal Tax and which shall consist of—

Charge of the Personal Tax.

(a) the aggregate of—

- (i) a contribution computed in respect of taxable wealth in accordance with the provisions of Chapter II of this Act,
- (ii) a contribution computed in respect of taxable expenditure in accordance with the provisions of Chapter III of this Act, and

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- (iii) a contribution computed in respect of taxable gifts in accordance with the provisions of Chapter IV of this Act, or
- (b) the aggregate of any two of the aforesaid contributions, or
- (c) any one of the aforesaid contributions, according as such person is taxable in respect of all, any two, or any one of the following:—
- taxable wealth,
 - taxable expenditure,
 - taxable gifts.

(2) Where the Personal Tax in respect of a taxable person who is the head of a family cannot be collected from him, then, if his wife or child is included in such family, such portion of the Personal Tax as appears to the Commissioner to be attributable to the taxable wealth or assessable expenditure of such wife or child may be collected from such wife or child notwithstanding that no assessment has been made upon such wife or child, and the provisions of this Act as to collection and recovery of the Personal Tax shall apply accordingly.

(3) Where the property subject to a trust or deemed under subsection (2) of section 5 to be subject to a trust or any part of that property is included under this Act in the wealth of a person who is, or is deemed under subsection (2) of section 5 to be, a beneficiary under that trust, such part of that beneficiary's contribution in respect of his taxable wealth to the Personal Tax as appears to the Commissioner to be attributable to that property or that part of that property shall, if it cannot be recovered from that beneficiary or if the income from that property or from that part of that property is not paid to that beneficiary and is accumulated by the trustee of that trust for the benefit of that beneficiary, be recovered from that trustee notwithstanding that no assessment has been made upon that trustee, and the provisions of this Act as to collection and recovery of the Personal Tax shall apply accordingly.

(4) Where the aggregate of—

- (a) the contribution which a person is liable to make in respect of his taxable wealth to the Personal Tax for any year of assessment, and
- (b) the income tax to which he is liable for that year or assessment,

exceeds eighty *per centum* of his assessable income under the Income Tax Ordinance for that year of assessment and the whole or any part of such excess cannot, as required by section 80A of the Income Tax Ordinance, be set off against the income tax to which he is liable, the amount which cannot be so set off shall be set off against the contribution which he is liable to make in respect of his taxable wealth to the Personal Tax for that year of assessment.

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CHAPTER II

CONTRIBUTION IN RESPECT OF TAXABLE WEALTH TO THE PERSONAL TAX

4. Subject to the other provisions of this Chapter, there shall be charged for every year of assessment commencing on or after April 1, 1959, a contribution, at the appropriate rate or rates specified in Schedule I to this Act, to the Personal Tax in respect of the taxable wealth, on the corresponding valuation date, of every person (including a Hindu undivided family), other than a company.

Contribution
in respect of
taxable
wealth to the
Personal Tax.

5. (1) There shall be included in the wealth of a person—

- (a) any property in which he has only a life interest;
- (b) being the only beneficiary under a trust, the property subject to the trust;
- (c) being one of several beneficiaries under a trust the benefits from which to the beneficiaries can be ascertained from year to year, such part of the property subject to the trust as is proportionate to his share of the benefit from the trust;
- (d) being the trustee of a trust the benefits from which to all or any of the beneficiaries

Wealth to
include
certain
property.

under the trust cannot be ascertained from year to year, the property subject to the trust;

- (e) being the trustee of a trust of a public character, the property subject to the trust other than property excluded from such wealth under paragraph (e) of section 6; and
- (f) being a partner in a firm, the value of his interest in the firm determined in the prescribed manner:

Provided that nothing in the preceding provisions of this subsection shall apply to a pension or provident fund approved by the Commissioner.

(2) Where the estate of a deceased person is administered by an executor, then, for the purposes of subsection (1), the executor shall be deemed to be the trustee of the estate and every heir to the whole or any part of the estate shall be deemed to be a beneficiary and the estate shall be deemed to be the property subject to the trust.

Certain
property to
be excluded
from wealth.

6. (1) There shall be excluded from the wealth of a person for any year of assessment—

- (a) his immovable property which is outside Ceylon;
- (b) being a person not resident in Ceylon, or a person ceasing to be resident in Ceylon, in the year preceding that year of assessment, his movable property which is outside Ceylon;
- (c) being a member of a Hindu undivided family, his interest in the coparcenary property of such family;
- (d) any property of his the expenditure for the acquisition of which is assessable expenditure under Chapter III of this Act or would be such assessable expenditure if it were incurred after the coming into operation of this Act;
- (e) being a charitable institution within the meaning of the Income Tax Ordinance, any such income thereof as is income which, or any such property thereof as is property the

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- income from which or the annual value of which, is exempted from income tax under that Ordinance ;
- (f) any such interest in any property as is available to him for a period not exceeding six years ;
 - (g) his investments in securities of the Government of Ceylon ;
 - (h) the rights under any patent or copyright belonging to him, unless those rights are held by him as assets of a business, profession or vocation ;
 - (i) his right or interest in any life insurance policy before the moneys covered by that policy become due and payable to him ;
 - (j) his right to receive a pension or other life annuity ;
 - (k) any tools and instruments necessary for him to carry on his profession or vocation, subject to a maximum of twenty thousand rupees in value ;
 - (l) any instruments and other apparatus used by him for purposes of scientific research ;
 - (m) any works of art, archæological, scientific or art collections, books or manuscripts belonging to him and not intended for sale ;
 - (n) any drawings, paintings, photographs, and prints belonging to him and not intended for sale ;
 - (o) any heirlooms belonging to him and not intended for sale, but not including jewellery ;
 - (p) any jewellery belonging to him, subject to a maximum of twenty-five thousand rupees in value ;
 - (q) being an employee, the amount to his credit in any provident fund ; and
 - (r) any property donated to him subject to a life interest in the donor, so long as the life interest subsists.

(2) Where a person has any investment which is an approved investment within the meaning of section 47A of the Income Tax Ordinance, that investment

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shall be excluded from his wealth for the five years of assessment next succeeding the date on which that investment was made.

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(3) Where a person has any share in the capital of any company or undertaking specified in section 8 or section 9 of the Income Tax Ordinance, the amount of that share shall be excluded from his wealth so long as the profits and income of that company or undertaking are wholly or partly exempt from income tax.

Taxable
wealth of the
head of a
family.

7. * The values of the net wealth of the members of a family, other than the head of that family, for any year of assessment shall be aggregated. The aggregate of such values shall be deemed to form part of the value of the net wealth of the head of that family for that year of assessment. Such part of the net wealth of the head of that family for that year of assessment as is in excess of two hundred thousand rupees in value shall be his taxable wealth for that year of assessment, and he shall be liable to make the contribution in respect of such taxable wealth to the Personal Tax.

Taxable
wealth of a
person who is
not included
in a family.
[§ 21, 10 of 1962.]

8. † Such part of the net wealth for any year of assessment of a person (other than a person in the capacity of a trustee of a trust or a corporation or an unincorporate body of persons, who or which is a charitable institution within the meaning of the Income Tax Ordinance) who is not included in a family as is in excess of two hundred thousand rupees in value shall be his taxable wealth for that year of assessment, and he shall be liable to make the contribution in respect of such taxable wealth to the Personal Tax.

* In respect on each year of assessment commencing on or after April 1, 1961, section 7 shall have effect as if for all the words from "Such part" to "rupees in value", there were substituted the words "Where the net wealth of the head of that family for that year of assessment amounts to or exceeds two hundred thousand rupees, such net wealth".—See section 17 (a) of the Finance Act, No. 65 of 1961.

† In respect of each year of assessment commencing on or after April 1, 1961, section 8 shall have effect as if for all the words from "Such part" to "rupees in value", there were substituted the words "Where the net wealth for any year of assessment of a person who is not included in a family amounts to or exceeds two hundred thousand rupees, such net wealth"—See section 17 (b) of the Finance Act, No. 65 of 1961.

8A. (1) Where the net wealth for any year of assessment of a person in the capacity of a trustee of a trust or of a corporation or an unincorporate body of persons, who or which is a charitable institution within the meaning of the Income Tax Ordinance, exceeds twenty thousand rupees, the entirety of such net wealth shall be the taxable wealth of such person or corporation or unincorporate body of persons, as the case may be, for that year of assessment, and such person, corporation or unincorporate body of persons shall be liable to make the contribution in respect of such taxable wealth to the Personal Tax for that year of assessment.

Taxable wealth of a person in the capacity of a trustee of a trust or a corporation or unincorporate body of persons who or which is a charitable institution within the meaning of the Income Tax Ordinance.
[§ 21, 10 of 1962.]

(2) The contribution which a person in the capacity of a trustee of a trust or a corporation or an unincorporate body of persons referred to in subsection (1), is liable to make in respect of the taxable wealth of such person, corporation or unincorporate body to the Personal Tax for any year of assessment shall not be more than the amount by which the taxable wealth of such person, corporation or unincorporate body exceeds twenty thousand rupees.

9. (1) The value of any immovable property which constitutes wealth shall be computed in accordance with the following provisions:—

Value of property which constitutes wealth.

(a) Where any immovable property was acquired before April 1, 1957, its value for the year of assessment commencing on April 1, 1959, shall be an amount equal to the aggregate of its market value on March 31, 1957, and the cost of improvements and additions made to it after March 31, 1957.

(b) Where any immovable property was acquired on or after April 1, 1957, its value for the year of assessment commencing on April 1, 1959, shall—

(i) if it was acquired by purchase, be an amount equal to the aggregate of the cost of its purchase and the cost of improvements and additions made to it after its purchase, and

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- (ii) if it was acquired otherwise than by purchase, be an amount equal to the aggregate of its market value on the date of its acquisition and the cost of improvements and additions made to it after its acquisition.
- (c) The value of any immovable property for any year of assessment commencing on or after April 1, 1960, shall be its market value on the valuation date.
- (2) The value of any movable property, other than cash, which constitutes wealth shall be computed in accordance with the following provisions :—
- (a) Where any movable property was acquired before April 1, 1957, its value for the year of assessment commencing on April 1, 1959, shall be an amount equal to the aggregate of its market value on March 31, 1957, and the cost of improvements and additions made to it after March 31, 1957.
- (b) Where any movable property was acquired on or after April 1, 1957, its value for the year of assessment commencing on April 1, 1959, shall be an amount equal to its market value on March 31, 1959.
- (c) The value of any movable property for any year of assessment commencing on or after April 1, 1960, shall be its market value on the valuation date.
- (d) Where the movable property consists of shares (not being preference shares, in any company which by its articles restricts the right to transfer its shares, or which is a company in which more than half of the total shares issued is held by not more than five persons, their wives or minor children, either directly or through nominees, and the Commissioner is satisfied that the shares have not, within the period of twelve months immediately preceding the valuation date, been quoted in the official list of a recognized stock exchange in

the United Kingdom or in a list of a like nature issued in Ceylon by any association of brokers approved by the Secretary to the Treasury for the purposes of this paragraph, the value of such shares shall, if the Commissioner so directs, be ascertained not in the manner provided by the preceding provisions of this subsection but by reference to the market value of all the assets of the company as a going concern, including goodwill, on the valuation date, after deducting therefrom—

- (i) the par or redemption value, whichever is the greater, of any debentures, debenture stock and preference shares of the company ;
- (ii) all debts of the company incurred or created bona fide for consideration in money or money's worth ;
- (iii) such sum as on a just and fair computation represents any future or contingent liabilities of the company or any liabilities thereof which are uncertain in amount ; and
- (iv) the amount of any reserve fund separately invested which is bona fide intended to be applied in payment of pensions to employees or otherwise for the benefit of them or their dependants or relatives, and in no other manner.

(3) Where the assessee is carrying on a business for which accounts are maintained by him regularly, the Commissioner may, instead of determining separately the value of each property held by the assessee in such business and goodwill, determine the net value as a whole of the properties held by the assessee in such business and goodwill.

(4) Where the value of any property is, according to the preceding provisions of this section, an amount equal to its market value, then, if such market value cannot be ascertained because such property is not saleable in the open market, the value of such property shall be determined in the prescribed manner.

CHAPTER III

CONTRIBUTION IN RESPECT OF TAXABLE EXPENDITURE
TO THE PERSONAL TAX

Contribution
in respect of
taxable
expenditure
to the
Personal Tax.

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10. (1) Subject to the other provisions of this Chapter, there shall be charged for every year of assessment commencing on or after April 1, 1959, a contribution, at the appropriate rate or rates specified in Schedule II to this Act, to the Personal Tax in respect of the taxable expenditure of the head of a family who is resident in Ceylon in the year preceding that year of assessment, and of every individual not included in a family who is resident in Ceylon in such preceding year, other than an individual who is deemed under subsection (6) of section 33 of the Income Tax Ordinance to be resident in Ceylon :

Provided that—

- (a) the amount of such contribution for the year of assessment commencing on April 1, 1959, shall be reduced by one-half of that amount ; and
 - (b) an individual who ceases to be resident in Ceylon on or before March 31, 1959 shall not be liable to make such contribution for the year of assessment commencing on April 1, 1959.
- (2) Where an individual is chargeable to the contribution in respect of taxable expenditure to the Personal Tax as a resident for a part only of the year preceding any year of assessment—
- (a) he shall be entitled for that year of assessment to the same proportion only of the allowances under section 15 as the number of days during which he is resident bears to the number of days in that preceding year, and
 - (b) the provisions of Schedule II to this Act shall, in their application to that individual, have effect as if each of the sums mentioned in those provisions were reduced in the proportion which the number of days during which he is resident bears to the number of days in that preceding year.

11. The expenditure of an assessee shall be deemed to include the following :—

Amounts deemed to be included in expenditure.

- (a) Any expenditure incurred by any person other than the assessee in respect of any obligation or personal requirement of the assessee or any member of the assessee's family which, but for the expenditure having been incurred by that person, would have been incurred by the assessee or such member and would be part of the assessable expenditure of the assessee.
- (b) Any donation or benefit made or provided by any person other than the assessee to, and enjoyed by, the assessee or any member of the assessee's family, the expenditure incurred in making or providing the donation or benefit being expenditure which, if incurred by the assessee or such member, would be part of the assessable expenditure of the assessee.
- (c) The rental value of any house owned and used for occupation by the assessee or any member of his family, or provided free of rent by any other person for and used for occupation by the assessee or any member of the assessee's family.
- (d) The rental value of any place of residence provided free of rent for the assessee by his employer.
- (e) Where a place of residence is provided for the assessee by his employer at a rent less than the rental value of that place of residence, the excess of such rental value over such rent.

12. (1) Subject to the provisions of subsection (3), the expenditure of an assessee shall be deemed not to include the following, proof of which shall be adduced by the assessee to the satisfaction of the Commissioner :—

Amounts deemed not to be included in expenditure.

- (a) Expenditure incurred by any other person for or on behalf of the assessee by way of customary hospitality or which is of a trivial or inconsequential nature.

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- (b) Any such expenditure incurred by the assessee in the production of profits or income from any trade, business, profession, vocation or employment carried on or exercised by him as is allowed by the Income Tax Ordinance to be deducted for the purpose of ascertaining his profits or income, and any capital expenditure incurred by him in the production of such profits or income.
- (c) Any such expenditure incurred by the assessee for travelling in connection with any trade, business, profession or vocation carried on or exercised by him as is allowed by the Income Tax Ordinance to be deducted for the purpose of ascertaining his profits or income.
- (d) Any expenditure incurred by or on behalf of the assessee wholly and necessarily in connection with the discharge of any duties assigned to him by the Government.
- (e) Any expenditure incurred by the assessee wholly and exclusively for advertising in connection with any trade, business, profession, vocation or employment carried on or exercised by him.
- (f) Any expenditure incurred by the assessee by way of the acquisition of any immovable property or the construction, repair or improvement of any immovable property.
- (g) Any expenditure incurred by the assessee by way of investment in deposits, loans, shares or securities.
- (h) Any expenditure incurred by the assessee by way of paying premiums in respect of any policy of insurance on his life or for insuring his health or covering any accident which may befall him or any disability to which he may become subject, or of paying premiums for the purchase of an annuity.
- (i) Any expenditure incurred by the assessee by way of the acquisition of any bullion, precious stones or jewellery.

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- (j) Any expenditure incurred by the assessee by way of the purchase of any undertaking or by way of contribution as capital to a firm in consideration of a share in the profits of the firm or by way of the purchase of the share of a partner of a firm in the capital of the firm.
- (k) Any expenditure incurred by the assessee by way of repayment of any debt or by way of payment of interest thereon.
- (l) The excess of the aggregate amount of the expenditure incurred by the assessee in any year by way of giving gifts over the sum of two thousand rupees.
- (m) Any ground rent payable by the assessee.
- (n) Any annuity or other sum which the assessee is legally bound to pay.
- (o) Any expenditure incurred by the assessee by way of the payment of estate duty, income tax, excess profits duty, profits tax, or Personal Tax or any rates or tax levied on immovable property, or any stamp duty under the Stamp Ordinance, or such other tax or levy charged or imposed by the law for the time being in force as the Minister may, with the approval of the House of Representatives, declare by Order published in the Gazette. Cap. 247.
[§ 21, 10 of 1962.]
- (p) Any expenditure incurred by the assessee by way of the payment of any sum under an order of any court.
- (q) Lawyers' fees paid and other expenses incurred in connection with any proceedings in any court or before any tribunal or before any arbitrator whose award is enforced by a judgment of any court.
- (r) Any expenditure, not exceeding two thousand rupees, incurred by the assessee in connection with the funeral of any member of his family.
- (s) Any expenditure, not exceeding two thousand rupees, incurred by the estate of the assessee, if he is dead, in connection with his funeral.

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- (t) Any expenditure, not exceeding two thousand rupees, incurred by the assessee in connection with the birth of any member of his family.
 - (u) Any expenditure, not exceeding three thousand rupees, incurred by the assessee in connection with his marriage.
 - (v) Any expenditure, not exceeding three thousand rupees, incurred by the assessee in connection with the marriage of any member of his family.
 - (w) Any expenditure actually incurred by the assessee in obtaining for himself, or in providing to any member of his family, medical treatment, such expenditure being that in respect of hospital or nursing home charges, doctors' fees, cost of drugs, and nurses' and attendants' charges.
 - (x) Any expenditure incurred by the assessee in making good any loss of his or of any member of his family arising from theft or from fire, flood or other elemental cause.
 - (y) Any expenditure, not exceeding eight thousand rupees, incurred by the assessee in providing technical or university education abroad to each of his children.
 - (z) Where the assessee is not a citizen of Ceylon, any expenditure incurred by him in educating his children abroad.
 - (aa) Where the assessee is not a citizen of Ceylon, the cost of his passage and the passage of any member of his family in proceeding to and back from his home abroad.
 - (ab) Where the assessee is a candidate at an election of a Member of the House of Representatives, any expenditure incurred by him which is authorized by any written law to be incurred by him as such candidate.
 - (ac) Any expenditure incurred by the assessee by way of making donations which are approved donations within the meaning of section 46 of the Income Tax Ordinance.

- (ad) Any expenditure incurred by the assessee by way of paying any bonus, gratuity or pension not exceeding three thousand rupees per annum to any person or to any dependant of that person in respect of that person's past services to the assessee.
- (ae) Any contribution made by the assessee as an employer or employee to any pension or provident fund.
- (af) Any expenditure, not exceeding five thousand rupees, incurred by the assessee in making not more than one pilgrimage abroad in his life time.

(2) Where any expenditure referred to in paragraph (y) or paragraph (z) of subsection (1) is excluded from the expenditure of an assessee, no allowance in respect of the child for whom that expenditure was incurred shall be allowed under section 15 :

Provided that a child to whom the preceding provisions of this subsection apply shall, for the purposes of such of the provisions of Schedule II to this Act as relate to the contribution in respect of the taxable expenditure of the head of a family to the Personal Tax, be deemed to be a child in respect of whom an allowance is allowed under section 15.

(3) Where any expenditure falls within two or more paragraphs of subsection (1), that expenditure as specified in only one of those paragraphs shall be deemed under that subsection not to be included in the expenditure of the assessee.

(4) Any Order made by the Minister under paragraph (o) of sub section (1) may be declared to take effect from a date earlier than the date on which such Order is made.

[§ 21, 10 of 1962.]

13. (1) The assessable expenditure of an individual for any year of assessment shall be the expenditure incurred by him in the year preceding such year of assessment.

Assessable
expenditure.

(2) Any expenditure for the spending or disbursing of which a liability has been incurred by an assessee and which is included in his assessable expenditure for any year of assessment shall not be included in his assessable expenditure for any subsequent year of assessment.

Non-recurrent expenditure may be spread over five years of assessment.

14. Where an assessee incurs any non-recurrent expenditure other than any expenditure which is for a purpose specified in subsection (1) of section 12 and which is above such maximum expenditure for that purpose as is deemed under that subsection to be not his expenditure, then, if he so desires, the amount of that expenditure shall, for the purpose of the ascertainment of his assessable expenditure, be spread over a period not exceeding five years of assessment :

Provided that the preceding provisions of this section shall not apply to any item of non-recurrent expenditure of less than one thousand rupees.

Deductions to be made from assessable expenditure in arriving at taxable expenditure.

15. The following allowances shall be deducted from the assessable expenditure of an assessee for any year of assessment in arriving at his taxable expenditure for that year of assessment :—

(a) where the assessee is the head of a family, an allowance of eleven thousand rupees in respect of him, an allowance of eight thousand rupees in respect of his wife, and, if he has children or dependent relatives, an allowance of four thousand rupees in respect of each of not more than four of them, and, if he has both children and dependent relatives, an allowance of four thousand rupees in respect of each of not more than four out of the total number of such children and dependent relatives ;

(b) where the assessee is the head of a family consisting of him and only one child or dependent relative, an allowance of eleven thousand rupees in respect of him and an allowance of seven thousand rupees in respect of such child or dependent relative ;

- (c) where the assessee is not included in a family, an allowance of seventeen thousand rupees in respect of him ;
- (d) where the assessee is a Senator or Member of Parliament, an allowance equal to the amount of any salary and allowance paid by the Government to him in his capacity as such Senator or Member or by virtue of any office held by him in such capacity, in addition to any allowance to which he is entitled under the preceding provisions of this section.

16. The assessable expenditure of the members of a family, other than the head of that family, for any year of assessment shall be aggregated. The aggregate amount of such assessable expenditure shall be deemed to form part of the assessable expenditure of the head of that family for that year of assessment. The assessable expenditure of the head of that family for that year of assessment less the allowances to which the members of that family are entitled under section 15 shall be his taxable expenditure for that year of assessment, and he shall be liable to make the contribution in respect of such taxable expenditure to the Personal Tax.

Taxable expenditure of the head of a family.

17. The assessable expenditure for any year of assessment of an individual who is not included in a family less the allowance to which he is entitled under section 15 shall be his taxable expenditure for that year of assessment, and he shall be liable to make the contribution in respect of such taxable expenditure to the Personal Tax.

Taxable expenditure of an individual who is not included in a family.

18. For the purposes of Schedule II to this Act—

- (a) the head of a family shall be deemed to be one and a half units ;
- (b) the wife of the head of a family shall be deemed to be one-half of a unit ;
- (c) a child, or a dependent relative, who is included in a family shall be deemed to be one-half of a unit ; and
- (d) an individual who is not included in a family shall be deemed to be one and a half units.

Units and fractions of units.

CHAPTER IV

CONTRIBUTION IN RESPECT OF TAXABLE GIFTS TO THE
PERSONAL TAX

Contribution
in respect of
taxable gifts
to the
Personal Tax.

19. (1) Subject to the other provisions of this Chapter, there shall be charged for every year of assessment commencing on or after April 1, 1959, a contribution, at the rate or rates specified in Schedule III to this Act, to the Personal Tax in respect of the taxable gifts made by every individual.

(2) Such part of the contribution of an assessee in respect of his taxable gifts to the Personal Tax for any year of assessment as is attributable to the value of any one of his taxable gifts shall be deemed to be a sum which bears to the value of that gift the same proportion as the amount of such contribution bears to the value of his taxable gifts.

(3) Where stamp duty has been paid in respect of an instrument by which an assessee has made a taxable gift, the amount of such stamp duty shall be deducted, to the extent that it can be deducted, from the amount of his contribution in respect of his taxable gifts to the Personal Tax.

(4) The contribution in respect of taxable gifts to the Personal Tax shall be made by the donor, but where such contribution cannot be recovered from the donor, it may be recovered from the donee notwithstanding that no assessment has been made upon the donee, and the provisions of this Act as to collection and recovery of the Personal Tax shall apply accordingly :

Provided that the amount which may be recovered from the donee shall not exceed that portion of such contribution which appears to the Commissioner to be attributable to the value of the gift made to the donee by the donor as at the date of the gift.

Gifts to
include
certain
transfers.

20. For the purposes of this Chapter—

(a) where a company makes a gift on any date, every person who is a shareholder of the company on that date shall be deemed to make a

gift in value equal to an amount which bears to the value of the gift made by the company the same proportion as his share of the capital of the company bears to the aggregate of the shares of the capital of the company, and, if any such shareholder has not consented to the making of the gift by the company and declines to pay such part of his contribution in respect of his taxable gifts to the Personal Tax as is attributable to the value of the gift which he is deemed to make under this paragraph, the provisions of subsection (4) of section 19 shall apply in regard to the recovery of the amount which he declines to pay as though such amount were a contribution which cannot be recovered from him ;

(b) where any property is transferred and an Assessor, having regard to the circumstances of the case, is of the opinion that the transfer is for a consideration which is not adequate, and the parties to the transfer, upon being requested in writing by the Assessor to show cause against such opinion within the time specified in the request, do not show cause within that time or show such cause as is considered by the Assessor to be inadequate, the amount by which the market value of that property at the date of the transfer exceeds the value of the consideration shall be deemed to be a gift made by the transferor ;

(c) where any property is transferred and an Assessor, having regard to the circumstances of the case, is of the opinion that the consideration for the transfer has not passed or is not intended to pass either in full or in part from the transferee to the transferor, and the parties to the transfer, upon being requested in writing by the Assessor to show cause against such opinion within the time specified in the request, do not show cause within that time or show such cause as is considered by the Assessor to be inadequate, the amount of the consideration which, in the opinion of the

Assessor, has not passed or is not intended to pass shall be deemed to be a gift made by the transferor ;

- (d) where a person absolutely entitled to any property causes or has caused that property to be vested in whatever manner in himself and any other person jointly without adequate consideration and such other person makes an appropriation from or out of that property, the amount of the appropriation used for the benefit of the person making the appropriation or for the benefit of any other person shall be deemed to be a gift made in his favour by the person who causes or has caused that property to be so vested ;
- (e) where there is a release, discharge, surrender or abandonment of any debt (other than a debt which is treated as a bad debt and allowed as a deduction under the Income Tax Ordinance) or contract or of any interest in any property by any person, the value of the release, discharge, surrender or abandonment shall be deemed to be a gift made by him ; and
- (f) the gift of any property on or after July 18, 1958, subject to a reservation in favour of the donor or any other person shall be deemed to take effect when it is made and not when the interest created by the reservation is extinguished.

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Exemption
in respect of
certain gifts.

21. (1) This Act shall not apply to gifts made by any individual—

- (a) of immovable property situated outside Ceylon ;
- (b) of movable property situated outside Ceylon unless he is a citizen of Ceylon and is resident in Ceylon during the year in which the gifts are made, such year being the year preceding a year of assessment ;
- (c) to any child or dependent relative of such person in consideration of the marriage of such child

or relative, subject to a maximum of ten thousand rupees in value in respect of the marriage of each such child or relative ;

(d) to a charity which is an approved charity within the meaning of section 46 (1) (b) of the Income Tax Ordinance, each such gift being over one thousand rupees in value, subject to a maximum of three hundred thousand rupees in value for the lifetime of such person ;

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(e) to the Government or to any local authority ;

(f) at any time before July 18, 1958 ;

(g) in the year preceding a year of assessment commencing on or after April 1, 1959, subject to a maximum of two thousand rupees in value in the aggregate ;

(h) by a will ; or

(i) in contemplation of death.

(2) For the purposes of subsection (1), a property shall be deemed to be gifted by any individual in contemplation of his death if he, being ill and expecting to die of his illness, gives to any person possession of that property which is to be a gift to that person in case the donor dies of his illness, the gift being revocable by the donor and being inoperative in the event of the donor's recovery from his illness or his surviving that person.

22. (1) The gifts of an individual other than gifts specified in section 21 shall be his taxable gifts, and he shall, subject to the provisions of subsection (4) of section 19, be liable to make the contribution in respect of such taxable gifts to the Personal Tax.

Taxable gifts of a person, and computation of amount of contribution in respect of taxable gifts to the Personal Tax.

(2) For the year of assessment commencing on April 1, 1959, the contribution of an assessee in respect of taxable gifts to the Personal Tax shall be computed by reference to the taxable gifts made by him in the period commencing on July 18, 1958, and ending on March 31, 1959.

(3) For every year of assessment (hereafter in this subsection referred to as the "relevant year of assessment") commencing on or after April 1, 1960, the value of the taxable gifts made by an assessee in the year preceding the relevant year of assessment shall be added to the value of the taxable gifts made by him on or after July 18, 1958, and before such preceding year. Then, assuming that the sum resulting from such addition is the value of the taxable gifts in respect of which his contribution to the Personal Tax is to be made, the amount of such contribution shall be computed. From the amount so computed there shall be deducted all the contributions previously made by him in respect of taxable gifts to the Personal Tax. The amount left after such deduction shall be the amount of his contribution in respect of his taxable gifts to the Personal Tax for the relevant year of assessment.

Determina-
tion of value
of gifts.

23. (1) The value of any property (other than cash) which constitutes a gift shall, subject as hereafter in this section provided, be estimated to be the market value of the gift on the date on which the gift was made.

(2) Any gift which is subject to any reservation in favour of the donor or any other person shall be valued as if that gift had passed to the donee without that reservation.

(3) The provisions of paragraph (d) of subsection (2) of section 9 shall apply as if they were provisions of this section and referred to "a gift", "the date on which the gift is made", "purposes of this section", and "the manner provided by subsection (1)" instead of to "the movable property", "the valuation date", "purposes of this paragraph", and "the manner provided by the preceding provisions of this subsection".

(4) Where the value of any property (other than property to which subsection (3) applies) cannot be estimated under subsection (1) because it is not saleable in the open market, its value shall be determined in the prescribed manner.

CHAPTER V

RETURNS AND ASSESSMENTS

24. (1) The provisions of section 58 of the Income Tax Ordinance shall apply as if such provisions were provisions of this Act and refer to taxable wealth, assessable expenditure, and taxable gifts, Personal Tax, Assessor of Personal Tax, and this Act instead of to income, income tax, Income Tax Assessor and Income Tax Ordinance.

Returns and information to be furnished. Cap. 242.

(2) An Assessor may give notice in writing to any executor, receiver or trustee requiring him to furnish within the time specified in the notice—

(a) in the case of an executor, a return of the assets and liabilities of the estate administered by him and the names and addresses of the heirs to, and their interests in, such estate ;

(b) in the case of a receiver, a return of the properties under his control and, where any properties are distributed by him among any persons, a description of those properties and the names and addresses of those persons ; and

(c) in the case of a trustee, a return of the properties subject to the trust and the names and addresses of the beneficiaries under the trust and the benefits to which they are entitled under the trust and any expenditure incurred by the trustee on behalf of any of those beneficiaries.

25. The provisions of section 59 (1) of the Income Tax Ordinance shall apply as if such provisions were provisions of this Act and refer to this Act instead of to the Income Tax Ordinance.

Information to be furnished by officials.

26. The provisions of section 63 of the Income Tax Ordinance shall apply as if such provisions were provisions of this Act and refer to this Act instead of to the Income Tax Ordinance.

Who may act for incapacitated or non-resident person.

Precedent partner to act on behalf of a partnership.
Cap. 242.

27. The provisions of section 65 of the Income Tax Ordinance shall apply as if such provisions were provisions of this Act and refer to this Act instead of to the Income Tax Ordinance and as if the words and figures "or are persons in receipt of money, value, or profits to whom section 60 applies," occurring in subsection (1) of the said section 65, were omitted.

Principal officer to act on behalf of a company or body of persons.

28. The provisions of section 66 of the Income Tax Ordinance shall apply as if such provisions were provisions of this Act and refer to this Act instead of to the Income Tax Ordinance.

Signature and service of notice.

29. The provisions of section 67 of the Income Tax Ordinance shall apply as if such provisions were provisions of this Act and refer to Assessor of Personal Tax and this Act instead of to Income Tax Assessor and Income Tax Ordinance, and as if the reference in that section to any other section of that Ordinance were a reference to the provisions of that other section applied as if they were provisions of this Act in the manner indicated in this Act.

Penalty for incorrect return.

30. The provisions of section 80 of the Income Tax Ordinance shall apply as if such provisions were provisions of this Act and refer to taxable wealth, assessable expenditure, and taxable gifts, Personal Tax, paragraph (a) of subsection (2) of section 54 of this Act, and paragraph (a) of subsection (1) of section 56 of this Act instead of to income, income tax, paragraph (a) of subsection (2) of section 90 of that Ordinance, and paragraph (a) of subsection (1) of section 92 of that Ordinance, and as if the reference in the said section 80 to any other section of that Ordinance were a reference to the provisions of that other section applied as if they were provisions of this Act in the manner indicated in this Act.

Provisions in regard to assessments.

31. The provisions of sections 68, 69, 70, 71 (1) and 72 of the Income Tax Ordinance shall apply as if such provisions were provisions of this Act and refer to Personal Tax, return of taxable wealth, assessable expenditure, and taxable gifts, value or amount of the taxable wealth, assessable expenditure, and taxable gifts, assessed value or amount of the taxable wealth,

assessable expenditure, and taxable gifts, Assessor of Personal Tax, and this Act instead of to income tax, return of income, amount of the assessable income, amount of income assessed, Income Tax Assessor, and Income Tax Ordinance, and as if the reference in any of those sections to any other section of that Ordinance were a reference to the provisions of that other section applied as if they were provisions of this Act in the manner indicated in this Act.

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32. Where by reason of an amendment of the law or an amendment of the rates of the contributions to the Personal Tax it is necessary to vary the amount of the Personal Tax charged in any notice of assessment, an Assistant Commissioner may give such notification as may be necessary to the assessee specified in such notice of assessment; and any notification so given shall, as regards any particulars of the assessment contained in the notification which have not been included in the notice of assessment, have effect as if the notification were a notice of assessment.

Variation of the amount of the Personal Tax in consequence of the amendment of the law or of the rates of the contributions to such tax.

33. The provisions of section 79 of the Income Tax Ordinance shall apply as if such provisions were provisions of this Act and refer to taxable wealth, assessable expenditure, and taxable gifts and Assessor of Personal Tax instead of to assessable income and Income Tax Assessor, and as if the reference in that section to any Chapter or to any other section of that Ordinance were a reference to the provisions of that Chapter or of that other section applied as if they were provisions of this Act in the manner indicated in this Act.

Assessments or amended assessments to be final.

CHAPTER VI

LIABILITY TO ASSESSMENT IN SPECIAL CASES

34. The provisions of section 24 of the Income Tax Ordinance shall apply as if such provisions were provisions of this Act and refer to taxable wealth and assessable expenditure, and Personal Tax instead of to assessable income or income, and income tax, and as if the references to "source of profits or income" in

Taxable wealth and assessable expenditure of married woman.

paragraph (b) of the proviso to subsection (1) of the said section 24 were references to "taxable wealth or assessable expenditure", and as if the reference to "allowance under paragraph (d) of subsection (1) of section 18 in subsection (3) of the said section 24 were a reference to the allowance under section 15 of this Act.

Separate
assessment
of husband
and wife.

35. (1) Any husband or wife may give notice in writing to the Commissioner before the first day of June in any year of assessment, or at any time before an assessment is made in any year of assessment, requiring that the Personal Tax for that year shall be assessed, charged and recovered separately on the taxable wealth and taxable expenditure of the husband and on the taxable wealth and taxable expenditure of the wife as if they were not married; and all the provisions of this Act shall thereupon apply to each of them accordingly:

Provided that in the case of a spouse who is not resident in Ceylon immediately prior to his arrival therein, a notice given within the period of twelve months next succeeding his arrival in Ceylon shall be effective for the purposes of this subsection.

(2) Where the Personal Tax is assessed separately on the taxable wealth and taxable expenditure of the husband and on the taxable wealth and taxable expenditure of the wife as a result of a notice under subsection (1), the value or amount of the taxable wealth and taxable expenditure of the husband and the value or amount of the taxable wealth and taxable expenditure of the wife and the value or amount of the taxable wealth and taxable expenditure of any individual who, according to the returns of taxable wealth and assessable expenditure furnished by the husband and the wife, is a child or dependent relative of either or both of those spouses shall be aggregated and the Personal Tax on taxable wealth and taxable expenditure that would be payable by the husband if such notice had not been given shall be ascertained in accordance with the provisions of this Act. The amount of the Personal Tax so ascertained shall be apportioned among the husband and the wife in the proportion which the

value or amount of the taxable wealth and taxable expenditure of each of them bears to the value or amount of the taxable wealth and taxable expenditure on which the amount of the Personal Tax was so ascertained.

(3) Where one spouse is resident and the other is non-resident and notice under subsection (1) is given by the resident spouse, the resident spouse may in such notice elect that the provisions of subsection (2) be not applied, and in that event, the value or amount of the taxable wealth and taxable expenditure of the non-resident spouse shall, notwithstanding the provisions of subsection (2), be deemed to be the value or amount of the taxable wealth and taxable expenditure of the resident spouse and shall be assessed accordingly.

(4) Where one spouse is resident and the other non-resident, the resident spouse may be deemed to be the agent of the non-resident spouse for all the purposes of the Personal Tax chargeable in respect of the taxable wealth and taxable expenditure of both whether assessed jointly or severally.

36. The executor of a deceased person shall, in respect of all periods prior to the date of death of such person, be chargeable with the Personal Tax with which such person would be chargeable if he were alive, and shall be liable to do all acts, matters and things which such person if he were alive would be liable to do under this Act:

Personal Tax
in respect of
deceased
person pay-
able by
executor.

Provided that—

- (a) no proceedings shall be instituted against the executor in respect of any act or default of the deceased person;
- (b) no assessment or additional assessment in respect of a period prior to the date of such person's death shall be made after the expiry of the third year of assessment subsequent to the year of assessment in which the death occurred; and

(c) the liability of the executor under this section shall be limited to the sum of—

(i) the deceased person's estate in his possession or control at the date when notice is given to him that liability to the Personal Tax will arise under this section, and

(ii) any part of the estate which may have passed to a beneficiary.

Joint
executors.

37. Where two or more persons are acting in the capacity of executors of a deceased person, they may be charged jointly or severally with the Personal Tax with which they are chargeable in that capacity, and shall be jointly and severally liable for payment of such tax.

Liability in
case of
dissolved
body of
persons.

38. (1) Where a body of persons liable to pay the Personal Tax has been dissolved, an Assessor shall determine the Personal Tax payable by that body as if that body had not been dissolved.

(2) All persons who, at the time of the dissolution of a body of persons, were members of that body shall be jointly and severally liable for the amount of any Personal Tax or penalty payable under this Act by that body notwithstanding that no assessments have been made upon them, and the provisions of this Act as to collection and recovery of the Personal Tax shall apply accordingly.

CHAPTER VII

APPEALS

Appeals to
the
Commis-
sioner.
Cap. 242.

39. The provisions of section 73 of the Income Tax Ordinance shall apply as if such provisions were provisions of this Act and refer to this Act, the amount at which any property has been valued for the purpose of the Personal Tax, return of taxable wealth, assessable expenditure and taxable gifts, and Assessor of Personal Tax instead of to the Income Tax Ordinance, the amount at which any property has been valued for the purpose of any capital gains, return of income, and Income Tax Assessor, and as if the reference in that

section to any other section of that Ordinance were a reference to the provisions of that other section applied as if they were provisions of this Act in the manner indicated in this Act.

40. The provisions of section 74 of the Income Tax Ordinance shall apply as if such provisions were provisions of this Act.

Constitution of the Board of Review. Cap. 242.

41. The provisions of section 75 of the Income Tax Ordinance shall apply as if such provisions were provisions of this Act and as if the reference in that section to any other section of that Ordinance were a reference to the provisions of that other section applied as if they were provisions of this Act in the manner indicated in this Act.

Right of appeal to the Board of Review.

42. The provisions of section 76 of the Income Tax Ordinance shall apply as if such provisions were provisions of this Act and as if the reference in that section to any other section of that Ordinance were a reference to the provisions of that other section applied as if they were provisions of this Act in the manner indicated in this Act.

Commissioner may refer appeals to the Board of Review.

43. The provisions of section 77 of the Income Tax Ordinance shall apply as if such provisions were provisions of this Act and refer to Assessor of Personal Tax, and Personal Tax instead of to Income Tax Assessor, and income tax, and as if the reference in that section to any other section of that Ordinance were a reference to the provisions of that other section applied as if they were provisions of this Act in the manner indicated in this Act.

Hearing and disposal of appeals to the Board of Review.

44. The provisions of section 78 of the Income Tax Ordinance shall apply as if such provisions were provisions of this Act and refer to the Personal Tax instead of to the income tax.

Appeals on a question of law to the Supreme Court.

CHAPTER VIII

PAYMENT, RECOVERY AND REPAYMENT OF THE
PERSONAL TAX

Provisions
regarding the
payment of
the Personal
Tax.
Cap. 242.

45. The provisions of section 81 of the Income Tax Ordinance shall apply as if such provisions were provisions of this Act and refer to the Personal Tax and this Act instead of to income tax and Income Tax Ordinance, and as if the words "which includes the income from such source" were omitted from sub section (6) of that section, and as if the reference in that section to any Chapter of that Ordinance were a reference to the provisions of that Chapter applied as if they were provisions of this Act in the manner indicated in this Act.

Personal Tax
to include
fines, &c.

46. In the provisions of this Chapter relating to the recovery of the Personal Tax, such tax includes any sum or sums added by reason of default, together with any fines, penalties, fees, or costs incurred.

Personal Tax
to be a first
charge.

47. The provisions of section 83 of the Income Tax Ordinance shall apply as if such provisions were provisions of this Act and refer to Personal Tax instead of to income tax, and as if the reference in that section to any other section of that Ordinance were a reference to the provisions of that other section applied as if they were provisions of this Act in the manner indicated in this Act.

Recovery of
Personal Tax
by seizure
and sale.

48. The provisions of section 84 of the Income Tax Ordinance shall apply as if such provisions were provisions of this Act and refer to Personal Tax Collectors, Personal Tax, and Personal Tax Collector instead of to Income Tax Collectors, income tax, and Income Tax Collector.

Proceedings
for recovery
of Personal
Tax before
a Magistrate.

49. The provisions of section 85 of the Income Tax Ordinance shall apply as if such provisions were provisions of this Act and refer to the Personal Tax instead of to the income tax, and as if the reference in that section to any other section of that Ordinance were a reference to the provisions of that other section applied as if they were provisions of this Act in the manner indicated in this Act.

50. The provisions of section 86 of the Income Tax Ordinance shall apply as if such provisions were provisions of this Act and refer to the Personal Tax instead of to the income tax.

Recovery of Personal Tax out of debts, &c.
Cap. 242.

51. The provisions of section 87 of the Income Tax Ordinance shall apply as if such provisions were provisions of this Act and refer to the Personal Tax instead of to the income tax.

Recovery of Personal Tax from persons leaving Ceylon.

52. The provisions of section 88 of the Income Tax Ordinance shall apply as if such provisions were provisions of this Act and refer to the Personal Tax instead of to the income tax, and as if the reference in that section to any Chapter of that Ordinance were a reference to the provisions of that Chapter applied as if they were provisions of this Act in the manner indicated in this Act.

Use of more than one means of recovery.

53. The provisions of section 89 of the Income Tax Ordinance shall apply as if such provisions were provisions of this Act and refer to Personal Tax, return of the taxable wealth, assessable expenditure, and taxable gifts, and this Act instead of to income tax, return of the income, and Income Tax Ordinance, and as if paragraph (ii) of the proviso to subsection (1) of that section were omitted.

Personal Tax paid in excess to be refunded.

CHAPTER IX

OFFENCES

54. (1) Any person who—

(a) fails to comply with the requirements of a notice issued to him under section 24 (2) of this Act or under the provisions of section 58 (1), section 58 (3), section 58 (4) (a), section 58 (4) (b), or section 59 (1) of the Income Tax Ordinance applied as if they were provisions of this Act in the manner indicated in section 24 or section 25 of this Act; or

(b) fails to attend in answer to a notice issued to him under the provisions of section 58 (4) (b) of the Income Tax Ordinance applied as if

Offences of failure to make returns, making incorrect returns, &c.

Cap. 242.

they were provisions of this Act in the manner indicated in section 24 of this Act, or a summons issued to him under the provisions of section 73 (5) or section 77 (6) of the Income Tax Ordinance applied as if they were provisions of this Act in the manner indicated in section 39 or section 43 of this Act, or having attended fails without sufficient cause to answer any question lawfully put to him ; or

- (c) fails to comply with the provisions of section 58 (2), section 81 (10) or section 83 (2) of the Income Tax Ordinance applied as if they were provisions of this Act in the manner indicated in section 24, section 45 or section 47 of this Act,

shall be guilty of an offence and shall, on conviction after summary trial by a Magistrate, be liable to a fine not exceeding five hundred rupees.

(2) Every person who without reasonable cause—

- (a) makes an incorrect return by omitting or understating any taxable wealth, assessable expenditure, or taxable gifts of which he is required by this Act to make a return either on his own behalf or on behalf of another person ; or

- (b) gives any incorrect information in relation to any matter or thing affecting his own liability to the Personal Tax or the liability of any other person,

shall be guilty of an offence and shall, on conviction after summary trial by a Magistrate, be liable to a fine not exceeding two thousand rupees or to imprisonment of either description for a term not exceeding six months or to both such fine and imprisonment and, in addition to such punishment, to pay a sum equal to double the amount of the Personal Tax which has been undercharged in consequence of such incorrect return or information, or would have been so undercharged if such return or information had been accepted as correct.

(3) No person shall be liable to any penalty in respect of any offence under this section unless the complaint concerning such offence was made in the year of assessment in respect of or during which such offence was committed or within five years after the expiration thereof.

(4) The Commissioner may compound any offence under this section and may before judgment stay or compound any proceedings thereunder.

55. Every person who—

- (a) acts under this Act without taking an oath of secrecy as required by the provisions of section 4 (2) of the Income Tax Ordinance applied as if they were provisions of this Act in the manner indicated in section 61 of this Act ; or
- (b) acts contrary to the provisions of section 4 (1), or to an oath taken under the provisions of section 4 (2), of the Income Tax Ordinance applied as if they were provisions of this Act in the manner indicated in section 61 of this Act ; or
- (c) aids, abets or incites any other person to act contrary to the provisions of this Act,

Offence of
breach of
secrecy, &c.

Cap. 242.

shall be guilty of an offence and shall, on conviction after summary trial by a Magistrate, be liable to a fine not exceeding one thousand rupees or to imprisonment of either description for a term not exceeding six months or to both such fine and imprisonment.

56. (1) Every person who—

- (a) omits from a return made under this Act any taxable wealth, assessable expenditure, or taxable gifts which should be included therein ; or
- (b) makes any false return or entry in any return made under this Act ; or
- (c) signs any statement or return furnished under this Act without reasonable grounds for believing it to be true ; or

Offences of
fraud, &c.

- (d) gives any false answers whether verbally or in writing to any question or information asked for in accordance with the provisions of this Act ; or
- (e) prepares or maintains or authorizes the preparation or maintenance of any false books of account or other records or falsifies or authorizes the falsification of any books of account or records ; or
- (f) makes use, or authorizes the use, of any fraud, art, or contrivance whatsoever,

and thereby evades, or attempts to evade, the Personal Tax or assists any other person to evade or attempt to evade such tax shall be guilty of an offence and shall, on conviction after summary trial by a Magistrate, be liable to a fine not exceeding the total of five thousand rupees and treble the amount of the Personal Tax for which he, or as the case may be the other person so assisted, is liable under this Act for the year of assessment in respect of or during which the offence was committed, or to imprisonment of either description for any term not exceeding six months, or to both such fine and imprisonment.

(2) The Commissioner may compound any offence under this section and may before judgment stay or compound any proceedings thereunder.

Personal Tax to be payable notwithstanding any proceedings or penalties, &c.

57. The institution of proceedings for, or the imposition of, a penalty, fine, or term of imprisonment under this Chapter shall not relieve any person from liability to assessment or payment of any Personal Tax for which he is or may be liable.

Prosecutions to be with the sanction of the Commissioner.

58. No prosecution in respect of an offence under section 54 or section 56 shall be commenced except at the instance, or with the sanction, of the Commissioner.

CHAPTER X

ADMINISTRATION

59. (1) For the purposes of this Act there may be appointed such number of Deputy Commissioners of Inland Revenue, Assistant Commissioners of Inland Revenue and Assessors of Personal Tax as may be necessary. Officers.

(2) A Deputy Commissioner of Inland Revenue appointed for the purposes of the Income Tax Ordinance shall have all the powers under this Act of a Deputy Commissioner of Inland Revenue appointed for the purposes of this Act. Cap. 242.

(3) An Assistant Commissioner of Inland Revenue appointed for the purposes of the Income Tax Ordinance shall have all the powers under this Act of an Assistant Commissioner of Inland Revenue appointed for the purposes of this Act.

(4) An Assessor of Income Tax appointed for the purposes of the Income Tax Ordinance shall have all the powers of an Assessor of Personal Tax under this Act.

60. An Assistant Commissioner of Inland Revenue may exercise any powers conferred upon an Assessor by this Act.

Assistant
Commissioner
of Inland
Revenue
may exercise
powers of
Assessor.

CHAPTER XI

GENERAL

61. The provisions of section 4 of the Income Tax Ordinance shall apply as if such provisions were provisions of this Act and refer to this Act instead of to the Income Tax Ordinance.

Official
secrecy.

62. Where an Assessor is of opinion that any transaction which reduces or would reduce the amount of the Personal Tax payable by any person is artificial or fictitious or that any disposition is not in fact given effect to, he may disregard any such transaction or disposition and the persons concerned shall be assessable accordingly.

Certain
transactions
and dispo-
sitions to be
disregarded.

Indemnification of representative. Cap. 242.

63. The provisions of section 57 of the Income Tax Ordinance shall apply as if such provisions were provisions of this Act and refer to Personal Tax instead of to income tax and as if the words "the income of" were omitted from that section.

Power to search buildings or places.

64. (1) Any officer appointed for the purposes of this Act who is specially authorized by the Commissioner in that behalf may, accompanied by a peace officer, do all or any of the following :—

- (i) enter and search any building or place where he has reason to believe that any articles, books of account or other documents which in his opinion will be useful for, or relevant to, any proceeding under this Act may be found and examine them, if found ;
- (ii) seize any such articles, books of account or other documents or place marks of identification thereon or make extracts or copies therefrom ;
- (iii) make a note or an inventory of any other thing found in the course of any search under this section which in his opinion will be useful for or relevant to, any proceedings under this Act ;

Cap. 20.

and the provisions of the Criminal Procedure Code relating to searches shall apply so far as may be to searches under this section.

In this subsection "peace officer" shall have the same meaning as in the Criminal Procedure Code.

(2) Before authorizing any officer to exercise the powers under subsection (1), the Commissioner shall record the circumstances which necessitate the exercise of those powers by that officer.

Power to make rules.

65. (1) The Minister may from time to time make rules generally for carrying out the provisions of this Act.

(2) Without prejudice to the generality of the powers specified in subsection (1), rules may be made under this section—

- (a) providing for any matter which by this Act is to be or may be prescribed ;

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- (b) prescribing penalties for the contravention of any rules made under this section or the failure to comply therewith not exceeding in each case a sum of five hundred rupees ;
- (c) prescribing any forms which may be necessary for carrying this Act into effect.

(3) All rules made under this section, other than a rule prescribing a penalty for the contravention of or failure to comply with a rule, shall be published in the Gazette and shall come into operation on the date of such publication in the Gazette or at such other time as may be stated in such rules.

(4) A rule prescribing a penalty for the contravention of or failure to comply with a rule shall not come into operation until it is approved by the Senate and the House of Representatives and notice of such approval is published in the Gazette.

(5) All rules made under this section, other than a rule prescribing a penalty for the contravention of or failure to comply with a rule, shall be laid, as soon as conveniently may be, on the table of the Senate and the House of Representatives at two successive meetings of the Senate and the House of Representatives and shall be brought before the Senate and the House of Representatives at the next subsequent meeting held thereafter by a motion that such rules shall not be disapproved, and if upon the introduction of any such motion, or upon any adjournment thereof, such rules are disapproved by the Senate or the House of Representatives, they shall be deemed to be rescinded as from the date of such disapproval but without prejudice to anything already done thereunder ; and such rules, if not so disapproved, shall continue to be of full force and effect. Every such disapproval shall be published in the Gazette.

66. Any Schedule to this Act may be amended by resolution of the House of Representatives.

Amendment
of the
Schedules to
this Act.

Interpretation.

67. (1) In this Act, unless the context otherwise requires,—

“acquired”, with reference to property, means acquired by purchase, gift, inheritance, or exchange, or in any other manner whatsoever ;

“assessee” means a person by whom the Personal Tax is payable under this Act, and includes any person in respect of whom any proceeding under this Act has been taken for the determination of the Personal Tax payable by him ;

“Assessor” means an Assessor of Personal Tax ;

“child” shall have the meaning assigned to that expression in Chapter VIIA of the Income Tax Ordinance ;

Cap. 242.

“Commissioner” means the Commissioner of Inland Revenue appointed for the purposes of the Income Tax Ordinance, and includes a Deputy Commissioner of Inland Revenue appointed for the purposes of this Act or of the Income Tax Ordinance ;

“company” means any company incorporated or registered under any law in force in Ceylon or elsewhere ;

“dependent relative”, in relation to an individual, means a relative in respect of whom an allowance under section 18 of the Income Tax Ordinance would be made if that section were applicable to such individual ;

“donee” means any person who acquires any property under a gift, and, where a gift is made to a trustee for the benefit of another person, includes both the trustee and the beneficiary ;

“donor” means any person who makes a gift ;

“executor” means any executor, administrator or other person administering the estate of a deceased person ;

“expenditure” means any sum in money or money's worth spent or disbursed or for the spending or disbursing of which a liability has been

incurred by an assessee, and includes any amount which under this Act is required to be included in expenditure, but does not include any amount which under this Act is deemed not to be included in expenditure ;

“ family ” means a family within the meaning of the provisions of section 23D of the Income Tax Ordinance applied as if they were provisions of this Act in the manner indicated in subsection (2) of this section ;

Cap. 242.

“ gift ” means a transfer by one person to another of any existing movable or immovable property made voluntarily and without consideration in money or money’s worth, and includes the transfer of any property deemed to be a gift under this Act ;

“ head ”, with reference to a family, means the head of that family within the meaning of the provisions of section 23D of the Income Tax Ordinance applied as if they were provisions of this Act in the manner indicated in subsection (2) of this section ;

“ local authority ” means any Municipal Council, Urban Council, Town Council, or Village Council, or any other institution which may be established under any written law for the purpose of local government ;

“ market value ”, with reference to any property and any date, means the price which, in the opinion of an Assessor, that property would have fetched on that date in an open market ;

“ net wealth ” means the amount by which the aggregate value, computed in accordance with the provisions of this Act, of the wealth of an assessee on the valuation date is in excess of the aggregate value of all the debts owed by him on that date other than—

(a) any debt incurred without consideration, or without full consideration, in money or money’s worth,

- (b) any debt incurred which is not wholly for his own benefit,
- (c) any debt in respect of which there is a right to reimbursement from any other person unless such reimbursement cannot be obtained,
- (d) any debt charged or secured on, or incurred in relation to, any property of his which is excluded from his wealth under this Act, and
- (e) any debt incurred by him outside Ceylon other than any such debt which is contracted to be paid in Ceylon or which is charged or secured on property in Ceylon,

and account being taken not more than once of the same debt charged upon different portions of property ;

“property” includes any interest in any movable or immovable property ;

“rental value” has the same meaning as in the Income Tax Ordinance ;

Cap. 242.

“resident” or “resident in Ceylon” means resident in Ceylon within the meaning of section 33 of the Income Tax Ordinance ;

“taxable person” means a person who has taxable wealth, or has incurred assessable expenditure, or has made taxable gifts ;

“transfer of property” means any disposition, conveyance, assignment, settlement, delivery, payment or other alienation of property and, without limiting the generality of the foregoing, includes—

- (a) the creation of a trust in property, and
- (b) the grant or creation of any interest in any property ;

“valuation date”, in relation to any year of assessment, means the last date of the year preceding that year of assessment;

“wealth” means movable or immovable property of any kind whatsoever, and includes property required by this Act to be included in wealth and does not include property required by this Act to be excluded from wealth;

“year of assessment” means the period of twelve months commencing on the first day of April, 1959, or any subsequent period of twelve months commencing on the first day of April;

“year preceding a year of assessment” means the period of twelve months ending on the thirty-first day of March immediately prior to such year of assessment.

(2) The provisions of section 23D of the Income Tax Ordinance shall apply as if they were provisions of this Act and refer to return of taxable wealth, assessable expenditure, and taxable gifts, this Act, and Personal Tax instead of to return of income, Income Tax Ordinance, and income tax. Cap. 242.

SCHEDULE I

RATES OF CONTRIBUTION IN RESPECT OF TAXABLE WEALTH TO THE PERSONAL TAX

For a person other than the trustee of a trust which, or a corporation which, is a charitable institution within the meaning of the Income Tax Ordinance

	Rate of contribution
On the first Rs. 800,000 of all taxable wealth ..	$\frac{1}{2}$ per centum
On the next Rs. 1,000,000 of all taxable wealth	1 per centum
On the balance of all taxable wealth ..	2 per centum

For the trustee of a trust which, or a corporation which, is a charitable institution within the meaning of the Income Tax Ordinance

On all taxable wealth $\frac{1}{2}$ per centum
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SCHEDULE II

RATES OF CONTRIBUTION IN RESPECT OF TAXABLE EXPENDITURE TO THE PERSONAL TAX

For one unit

	<i>Rate of contribution</i>
On the first Rs. 5,000 of all taxable expenditure	10 per centum
On the next Rs. 5,000 of all taxable expenditure	25 per centum
On the next Rs. 5,000 of all taxable expenditure	50 per centum
On the next Rs. 5,000 of all taxable expenditure	100 per centum
On the balance of all taxable expenditure ..	200 per centum

For the head of a family

The contribution in respect of the taxable expenditure of the head of a family to the Personal Tax shall be computed in accordance with the preceding provisions of this Schedule relating to one unit subject to the modification that, for each such sum specified in those provisions, there shall be substituted the product of the multiplication of that sum by the total of such units and fractions of units contained in that family in accordance with the provisions of section 18 as represent the members of that family in respect of whom allowances are allowed under section 15.

For an individual who is not included in a family

The contribution in respect of the taxable expenditure of an individual who is not included in a family to the Personal Tax shall be computed in accordance with the preceding provisions of this Schedule relating to one unit subject to the modification that, for each sum specified in those provisions, there shall be substituted the product of the multiplication of that sum by one and a half.

SCHEDULE III

RATES OF CONTRIBUTION IN RESPECT OF TAXABLE GIFTS TO THE PERSONAL TAX

	<i>Rate of contribution</i>
On the first Rs. 50,000 of the value of all taxable gifts ..	5%
On the next Rs. 25,000 of the value of all taxable gifts ..	8%
On the next Rs. 25,000 of the value of all taxable gifts ..	10%
On the next Rs. 40,000 of the value of all taxable gifts ..	12%
On the next Rs. 40,000 of the value of all taxable gifts ..	13%
On the next Rs. 80,000 of the value of all taxable gifts ..	18%
On the next Rs. 80,000 of the value of all taxable gifts ..	20%
On the next Rs. 80,000 of the value of all taxable gifts ..	25%
On the next Rs. 80,000 of the value of all taxable gifts ..	30%
On the next Rs. 80,000 of the value of all taxable gifts ..	35%
On the next Rs. 80,000 of the value of all taxable gifts ..	45%
On the next Rs. 80,000 of the value of all taxable gifts ..	50%
On the next Rs. 250,000 of the value of all taxable gifts ..	60%
On the next Rs. 450,000 of the value of all taxable gifts ..	80%
On the balance of the value of all taxable gifts ..	100%