

No. 22 of 1957

TAX RESERVE CERTIFICATES

AN ACT TO MAKE PROVISION FOR THE ISSUE OF TAX RESERVE CERTIFICATES FOR THE PURPOSE OF FACILITATING PAYMENT OF SUMS DUE AS INCOME TAX, PERSONAL TAX OR PROFITS TAX AND FOR MATTERS INCIDENTAL TO THE PURPOSE AFORESAID.

Acts  
Nos. 22 of 1957,  
18 of 1961,  
51 of 1961.

[Act No. 22 of 1957—13th April, 1957.]

[Act No. 18 of 1961—25th April, 1961.]

[Act No. 51 of 1961—19th June, 1961.]

1. This Act may be cited as the Tax Reserve Certificates Act, No. 22 of 1957.

Short title.

2. (1) The Central Bank of Ceylon is hereby authorized to issue, in accordance with the provisions of this Act, Tax Reserve Certificates (hereafter in this Act referred to as certificates) up to such amount and of such denomination or denominations as the Minister of Finance may from time to time specify by Order published in the Gazette.

Central Bank  
of Ceylon to  
issue Tax  
Reserve  
Certificates.

(2) The Superintendent of Public Debt in the Central Bank of Ceylon (hereafter in this Act referred to as the Superintendent) shall be responsible for the issue of certificates, the maintenance of books of issue, the redemption or cancellation of certificates, and all other matters pertaining to the issue of, and repayment in respect of, certificates.

3. (1) Every application for a certificate shall be made to the Superintendent.

Application  
for and  
issue of  
certificates.

(2) No certificate shall be issued to any applicant therefor unless payment of an amount equal to the denominational value of the certificate has been made to the Superintendent by the applicant in such manner as may be approved by the Superintendent.

(3) The principal moneys and interest represented or secured by any certificates issued under this Act are hereby charged upon and shall be payable out of the Consolidated Fund of Ceylon.

Register of  
certificate  
holders.

4. (1) The Superintendent shall maintain a register setting out the serial number and denominational value of each certificate issued by him, the full name and address of the person to whom it is issued and such other particulars as the Superintendent may consider necessary for the purposes of this Act.

(2) The registered holder of a certificate issued under this Act is hereafter in this Act referred to as a "certificate holder".

Surrender of  
certificates  
in payment  
of income  
tax, personal  
tax or profits  
tax.  
[§ 3, 18 of 1961.]

5. A certificate holder shall be entitled to surrender the certificate to the Commissioner of Inland Revenue in payment or part payment, with the surrender value of the certificate under section 6, of any sum that may be due from the certificate holder as income tax, Personal Tax or profits tax (hereafter in this Act sometimes referred to as the tax).

Surrender  
value of  
certificates.  
[§ 2, 51 of 1961.]

6. (1) The Minister of Finance may from time to time, by Order published in the Gazette, specify the rate of interest in respect of certificates authorized to be issued under this Act.

(2) The surrender value of any certificate surrendered under section 5 shall be the aggregate of the denominational value of the certificate and interest on such denominational value calculated, in respect of each completed period of one month from the date of the certificate to the date on which the tax is due, at the rate of interest specified in the Order under subsection (1) which was in force on the date of the certificate or, if no such Order was in force on the date of the certificate, at a rate of interest of one *per centum* per annum.

Provisions  
applicable  
upon  
surrender of  
certificate.

7. (1) Where the surrender value of a certificate which is surrendered is more than the tax due, there shall be applied in payment of the tax such portion of the denominational value of the certificate as with interest on that portion is equal to the amount of the tax, and the Superintendent shall—

(a) pay to the certificate holder a sum equal to the balance of the denominational value of the certificate without interest, or

(b) if the certificate holder so requests, issue to him a new certificate or certificates of a denominational value equal to such balance or, if it is impracticable to do so, issue to him a new certificate or certificates of a denominational value equal to a part of such balance and pay to him the remainder of such balance in money.

(2) Where any amount is payable to the certificate holder under subsection (1), the Commissioner of Inland Revenue shall deliver to him a written statement setting out—

- (a) the number and denominational value of each certificate surrendered by him and the date of issue of such certificate ;
- (b) the date of surrender ; and
- (c) the sum in payment of which the certificate was surrendered and the date on which such sum fell due for payment.

(3) No certificate holder shall be entitled to recover any payment or to receive any new certificates under subsection (1), except upon production to the Superintendent of the statement delivered to the certificate holder under subsection (2).

(4) Every new certificate issued under this section shall be dated as of the date of issue of the original certificate upon the surrender of which the new certificate is issued and shall be deemed for the purpose of this Act to have been issued on that date.

(5) The amount of any interest forming part of the surrender value of any certificate shall be exempt from income tax and profits tax.

8. The sum represented by the denominational value of every unexpired certificate held by any certificate holder carrying on any business to which the Profits Tax Act applies, shall be treated for the purposes of that Act as capital employed in that business :

Value of certificates to be treated as capital for purposes of profits tax in certain cases.

Provided, however, that where the sum represented by the denominational value of any unexpired certificate or of all the unexpired certificates held on any date by a certificate holder carrying on any such business exceeds such amount as may, in the opinion of the Commissioner of Inland Revenue, reasonably be estimated to be payable, during the period of two years immediately succeeding that date, as income tax and profits tax on the profits of such business, the Commissioner of Inland Revenue may direct that such part only of the sum represented by the denominational value of the certificate or certificates as is equal to the amount aforesaid shall be treated as capital for purposes of the Profits Tax Act.

Cap. 243.

Cancellation of certificates not surrendered in payment of tax.

9. (1) A certificate may, in lieu of being surrendered to the Commissioner of Inland Revenue under the preceding provisions of this Act, be at any time delivered by the certificate holder to the Superintendent for cancellation.

(2) The certificate holder shall, upon the delivery of the certificate for cancellation under subsection (1), be entitled to receive from the Superintendent repayment of a sum equal to the denominational value of the certificate and shall not be entitled to receive any interest on such denominational value.

Certificates not to be transferable.

10. The right, title and interest of a certificate holder to or in the certificate shall not be assigned, donated, hypothecated, sold, transferred or otherwise disposed of, and any such assignment, donation, hypothecation, sale, transfer or disposition shall for all purposes be null and void :

Provided, however, that nothing in the preceding provisions of this section shall affect or prejudice, or be deemed to affect or prejudice, the operation of any provision of section 12 or of section 13.

Restriction of seizure of certificates.

11. No certificate and no right, title and interest to or in a certificate or any sum represented thereby shall at any time be seized, attached or sequestered in execution of any decree, order or process of any court :

Provided, however, that nothing in the preceding provisions of this section shall prevent, or be deemed or construed to prevent, the seizure, attachment or sequestration of any certificate, in proceedings under the Insolvency Ordinance, in pursuance of the adjudication as insolvent of the certificate holder.

Cap. 97.

12. Where any certificate holder dies—

- (a) the executor of the last will or the administrator of the estate of the deceased, or,
- (b) if no letters of administration are by any law for the time being in force required to be taken out for the due administration of the estate of the deceased, any person being in possession of the certificate and proved to the satisfaction of the Superintendent to be an heir-at-law of the deceased,

Surrender or delivery of certificates on death of holder.

shall be deemed for the purposes of this Act to be the certificate holder :

Provided, however, that such executor, administrator or person—

- (i) shall not be entitled to surrender the certificate otherwise than in payment or part payment of any sum due as tax from the deceased certificate holder or from the executor or administrator in his capacity as such, and
- (ii) shall not be entitled to deliver the certificate to the Superintendent for cancellation unless payment has been made to the Commissioner of Inland Revenue of all sums so due.

13. Where the certificate holder has been adjudicated insolvent by any court, the assignee of the estate of such certificate holder shall be deemed for the purposes of this Act to be the certificate holder :

Surrender or delivery of certificate on insolvency of holder.

Provided, however, that such assignee—

- (i) shall not be entitled to surrender the certificate otherwise than in payment or part payment of any sum due as tax from the insolvent, and

(ii) shall not be entitled to deliver the certificate to the Superintendent for cancellation unless payment has been made to the Commissioner of Inland Revenue of all sums so due.

Issue of  
duplicate  
certificate.

14. (1) Where it is proved to the satisfaction of the Superintendent that a certificate has been lost, stolen, or destroyed, he may, on payment of a fee of two rupees for the purpose, issue a duplicate certificate in the name of the holder of the certificate so lost, stolen or destroyed.

(2) The Superintendent may, as a condition precedent to the issue of a duplicate certificate in the name of the certificate holder, require him to execute a bond undertaking to indemnify the Government against any claim whatsoever made in respect of the certificate alleged to have been lost, stolen or destroyed.