

No. 65 of 1961

FINANCE

Acts  
Nos. 65 of 1961,  
9 of 1962,  
3 of 1963,  
8 of 1966.

AN ACT TO ENACT THE PROVISIONS OF LAW NECESSARY TO GIVE LEGAL FORCE TO CERTAIN FINANCIAL PROPOSALS FOR THE FINANCIAL YEAR COMMENCING ON OCTOBER 1, 1961, AND ENDING ON SEPTEMBER 30, 1962.

[Act No. 65 of 1961—12th October, 1961.]  
[Act No. 9 of 1962—12th October, 1961.\*]  
[Act No. 3 of 1963—12th October, 1961.†]  
[Act No. 8 of 1966—6th April, 1966.]

Short title. 1. This Act may be cited as the Finance Act, No. 65 of 1961.

PART I

NATIONALIZATION OF THE BANK OF CEYLON

Vesting of ordinary shares of the Bank in the Government.

2. All the ordinary shares of the Bank of Ceylon (in this Part of this Act referred to as "the Bank") shall be deemed to have vested in the Government on the relevant date, and accordingly the Government shall be deemed as from that date to have been, and to be, the holder of such shares.

Compensation to be payable in respect of the ordinary shares of the Bank vested in the Government.

3. (1) Compensation in respect of each ordinary share of the Bank which is deemed to have vested in the Government shall be paid by the Government to the person who was the holder of that share on the day immediately prior to the date of such vesting on the basis of the price paid by that person for such share or, if that person became such holder not by acquisition for valuable consideration but by operation of law, or by a voluntary transfer, without such consideration, on the basis of the price paid for such share by the person who last was the holder of such share by virtue of acquisition for such consideration.

\* Vide section 35 of the Finance (Amendment) Act, No. 9 of 1962.

† Vide section 23 of the Finance (Amendment) Act, No. 3 of 1963.

(2) Compensation in respect of the ordinary shares of the Bank which are deemed to have vested in the Government shall be payable in cash, or in five per centum negotiable Government stock, or both in such cash and such stock in such proportion as may be determined by the Minister. Such stock shall be deemed to have been issued under the Registered Stock and Securities Ordinance. The date of redemption of any such stock shall be ten years.

Cap. 420.

(3) No person to whom any stock has been issued by way of compensation under subsection (2) shall be entitled to alienate the whole or any part of such stock except by way of gift or will.

(4) Any dispute between the Bank and any other person as to the amount of compensation payable to that person under this Part of this Act shall be referred by the Bank to the Minister whose decision thereon shall be final and conclusive.

(5) For the purposes of this section, a person shall be deemed, at all times, to have been the holder of an ordinary share of the Bank on the day immediately prior to the date on which that share is deemed to have vested in the Government if such person was on that day the owner of that share by virtue of a transfer effected by way of sale through a broker, notwithstanding—

[§ 2, 8 of 1966.]

(a) that such transfer was not on that day registered in the books of the Bank; and

(b) that such person was not on that day a duly registered holder of that share,

and accordingly the term "holder", in relation to any ordinary share of the Bank, occurring in subsection (1) shall be deemed, at all times, to have included such person.

Compensation in respect of shares vested in the Government to be charged on the Consolidated Fund.

4. The compensation payable in respect of the shares which are deemed to have vested in the Government shall be charged on the Consolidated Fund of Ceylon.

Limitation of the power of the Bank to carry on certain kinds of business.

5. The Bank shall be deemed not to have been authorized to carry on the several kinds of business hereafter specified during the period which commenced on the relevant date and ended on the day immediately prior to the date of commencement of this Act except under and in accordance with any general or special directions issued in that behalf by the Secretary to the Treasury, and accordingly any such business so transacted by such Bank in contravention of the preceding provisions of this section shall be deemed to have been, and to be, null and void :—

(a) to negotiate loans and advances ;

(b) to borrow or raise money ;

(c) to acquire any other business ;

(d) to enter into any arrangement for sharing profits, union of interest, co-operation, joint adventure, reciprocal concession, or otherwise with any other person ; and

(e) to sell or dispose of the entire undertaking of the Bank or any part thereof.

Certain acts not to be done without the prior authority of the Secretary to the Treasury.

6. All transactions of any kind whatsoever in the ordinary shares of the Bank whether by way of sale, transfer or otherwise, the declaration and payment of dividends on such shares, the issue of debentures, and any other transactions relating to any sale or other disposal of the investments of the Bank during the period which commenced on the relevant date and

ended on the day immediately prior to the date of commencement of this Act, shall be deemed to have required the prior approval of the Secretary to the Treasury, and accordingly any such transactions, declarations, payments and issues made, entered into or effected in contravention of the preceding provisions of this section shall be deemed to have been, and to be, null and void.

7. The Directors of the Bank during the period which commenced on the relevant date and ended on the day immediately prior to the date of commencement of this Act, shall be deemed to have, during that period, carried on the business of the Bank for and on behalf of the Government, and accordingly any act or thing done by them under the Bank of Ceylon Ordinance during that period shall, save as otherwise expressly provided in this Part of this Act, be deemed not to have been, and not to be, null and void by reason only of the fact that the Government was the sole shareholder of the Bank.

Former  
Directors of  
the Bank  
deemed to  
have adminis-  
tered the  
affairs of the  
Bank for  
and on behalf  
of the  
Government.  
Cap. 397.

8. The following provisions shall have effect in respect of the Bank:—

- (a) The Directors of the Bank on the day immediately prior to the date of commencement of this Act shall cease to hold office as such Directors on that day.
- (b) The management and administration of the business and affairs of the Bank shall be vested in a Board of Directors constituted as provided in this section.
- (c) The Board of Directors so constituted may exercise, discharge or perform the powers, functions or duties of the Bank for the purpose of carrying on the business, and administering the affairs, of the Bank.

Special  
provisions in  
respect of  
certain  
matters  
relating to the  
Bank.

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- (d) The Board of Directors of the Bank shall consist of six Directors, five of whom shall be appointed by the Minister and the other shall be the person for the time being holding the office of Secretary to the Treasury. Each Director so appointed is in this section referred to as an "appointed Director", and the Secretary to the Treasury is in this section referred to as the "*ex officio* Director".
- (e) A Senator or a Member of Parliament shall not be qualified to be a Director.
- (f) The Minister shall appoint one of the appointed Directors as the Chairman of the Board of Directors.
- (g) Every appointed Director shall hold office for a period of three years, unless he is earlier removed from office or vacates his office.
- (h) If any appointed Director is temporarily unable to discharge the duties of his office on account of ill health, or absence from Ceylon, or any other cause, the Minister may appoint some other person to act as a Director in his place.
- (i) If the *ex officio* Director is unable to attend any meeting of the Board of Directors, he may authorize any other officer to be present on his behalf at such meeting; and the officer so authorized shall be deemed for the purpose of such meeting to be a member of the Board of Directors.
- (j) An appointed Director may resign his office by letter addressed to the Minister.
- (k) The Minister may, if he thinks it expedient to do so, remove an appointed Director from office.
- (l) A Director who vacates office by resignation or effluxion of time shall be eligible for reappointment.

- (m) A Director may be remunerated out of the funds of the Bank in such manner and at such rates as the Minister may determine.
- (n) The *ex officio* Director shall have all the same rights and privileges as the appointed Directors.

9. The Government Director within the meaning of the Bank of Ceylon Ordinance shall be deemed, during the period which commenced on the relevant date and ended on the day immediately prior to the date of commencement of this Act, to have been entitled to vote at meetings of the Directors of the Bank.

Government Director deemed to have had the right to vote at meetings of the Directors. Cap. 397.

10. Regulations may be made under this Act for the purpose of making all such provisions as may be necessary to enable the Bank to continue to function as a Corporation under the Bank of Ceylon Ordinance with the Government as the sole shareholder of the Bank, and in particular, but without prejudice to the generality of the foregoing provisions of this section, such regulations may make all such amendments in, or modifications to, the Bank of Ceylon Ordinance as may be necessary for achieving that purpose and for giving effect to or carrying out the principles or provisions embodied in the preceding provisions of this Part of this Act.

Power to make regulations to give effect to certain matters arising out of this Part of this Act.

11. The provisions of this Part of this Act or any regulations made thereunder shall have effect notwithstanding anything to the contrary in the Bank of Ceylon Ordinance or any regulations made thereunder or any other written law, and accordingly the Bank shall be deemed not to have ceased to be a Corporation under that Ordinance by reason of the fact that the Government is the sole shareholder of the Bank.

Provisions of this Part of this Act to prevail over the Bank of Ceylon Ordinance.

12. In this Part of this Act, the expression "Bank of Ceylon Ordinance" means the Bank of Ceylon Ordinance as subsequently amended.

Interpretation.

## PART II

SURCHARGE ON INCOME TAX, AMENDMENTS TO THE INCOME  
TAX ORDINANCE, LAND TAX ACT AND PERSONAL TAX ACT,  
THE IMPOSITION AND LEVY OF A SURTAX, AND THE DISPOSAL  
OF SURPLUS INCOME

Every person chargeable with income tax for the year of assessment commencing on April 1, 1961, liable to pay a surcharge equivalent to fifteen *per centum* of the income tax payable by him for that year.

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13. (1) Every person who is chargeable with income tax for the year of assessment commencing on April 1, 1961, shall, notwithstanding anything contained in any other written law or in any convention, grant or agreement, be liable to pay a surcharge equivalent to fifteen *per centum* of the amount of the income tax payable by him for that year of assessment.

(2) The surcharge referred to in subsection (1) shall, in the case of a non-resident company, be reckoned on the amount of income tax that would have been payable by such company for the year of assessment commencing on April 1, 1961, if the sum equal to six *per centum* of the taxable income of such company for that year of assessment, which should have formed part of the amount of income tax in accordance with the provisions of section 57c of the Income Tax Ordinance, had not been included in the amount of income tax.

(3) The surcharge referred to in subsection (1) shall, in the case of any person who is entitled to a set-off under subsection (4) of section 45, or under subsection (6), or subsection (7) or subsection (8) of section 57d, of the Income Tax Ordinance, be reckoned on the amount of income tax that would have been payable by such person for the year of assessment commencing on April 1, 1961, if such set-off had not been made.

(4) For the purposes of the assessment, payment and recovery of the surcharge referred to in subsection (1), the provisions of Chapter X, Chapter XI, Chapter XII, and Chapter XIII of the Income Tax Ordinance shall apply in all respects as though the surcharge were income tax payable for the year of assessment commencing on April 1, 1961.

(5) Where any person is under section 89 of the Income Tax Ordinance entitled to have refunded any amount paid by him as income tax in excess of the amount which he was properly chargeable for the year of assessment commencing on April 1, 1961, such person shall, if he has paid the surcharge referred to in subsection (1), be in addition entitled to have refunded an amount representing fifteen *per centum* of the amount refunded under the said section 89.

Cap. 242.

14. In respect of each year of assessment commencing on or after April 1, 1961, section 23F of the Income Tax Ordinance shall have effect as if, for the expression "one thousand rupees" occurring in each of the subsections (2) and (4) of that section, there were substituted the expression "five hundred rupees" and for the expression "two thousand rupees" occurring in subsection (4) of that section, there were substituted the expression "three thousand rupees".

Amendment of section 23F of the Income Tax Ordinance.

15. Sections 3 and 4 of the Land Tax Act, No. 27 of 1961, shall not apply for any year of assessment commencing on or after April 1, 1961, but save as herein before provided the other sections of that Act shall continue to apply to any such year of assessment.

Non-applicability of sections 3 and 4 of the Land Tax Act for any year of assessment commencing on or after April 1, 1961.

16. There shall be charged for the year of assessment commencing after April 1, 1961, and the succeeding year of assessment from every person who is the owner of any land in Ceylon the total extent of which on the last date of the year preceding that year of assessment is not less than twenty acres (such total extent including the extent of any share of any land owned by such person in common with any other person) land tax under the Land Tax Act, No. 27 of 1961, at the following rates :—

Land tax for the year of assessment commencing on April 1, 1961, and the succeeding year of assessment

[§ 2, 3 of 1963.]

Where the total extent of land is not less than twenty acres and not more than fifty acres	Rs. 5 for each acre of the total extent of such land.
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Where the total extent of land is more than fifty acres and less than one hundred acres Rs. 10 for each acre of the total extent of such land.

Where the total extent of land is one hundred acres and more Rs. 15 for each acre of the total extent of such land.

Application of sections 7 and 8 of the Personal Tax Act in respect of any year of assessment commencing on or after April 1, 1961.

17. In respect of each year of assessment commencing on or after April 1, 1961,—

(a) section 7 of the Personal Tax Act, No. 14 of 1959, 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", and

(b) section 8 of that Act 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".

Imposition and levy of surtax and payment of balance surplus income to Commissioner.  
[§ 2, 9 of 1962.]  
[§ 3, 3 of 1963.]

18. (1) There shall be charged and levied for the year of assessment commencing on April 1, 1962, from every individual specified in column I of the Second Schedule to this Act (hereinafter referred to as an individual to whom this Part applies) a tax (hereinafter referred to as the "surtax") at the rate of fifty *per centum* of the amount by which his net income exceeds the sum specified in the corresponding entry in column II of that Schedule.

(2) Every individual to whom this Part applies shall pay the balance of such amount as is referred to in subsection (1), after payment of the surtax, to the Commissioner within thirty days after the date of a

notice sent by the Commissioner demanding payment of such balance. The sum so paid as such balance to the Commissioner shall be credited by him to the National Development Fund :

[§ 2, 9 of 1962]

Provided, however, that where it is proved to the satisfaction of the Commissioner that any individual has utilized the balance referred to in the preceding provisions of this subsection, or any part thereof, for any of the items of expenditure which are deemed under the succeeding provisions of this Part to be an investment in an undertaking approved by the Minister, such individual shall not be required to pay such balance, or part thereof, as the case may be, to the Commissioner.

19. (1) The Commissioner shall upon receipt of the amount paid by any individual under subsection (2) of section 18 notify the Secretary to the Treasury of the fact of such payment and the Secretary to the Treasury shall cause National Development Bonds carrying interest at five *per centum* to be issued to such individual. Such bonds shall not be negotiable by the holder thereof except for the purpose of investment in an undertaking approved by the Minister and notified in the Gazette :

Issue of National Development Bonds to persons who have paid moneys under section 18(2).

Provided, however, that any such bonds which are held by a person who is not a citizen of Ceylon shall be negotiable by him if he satisfies the Minister that he is entitled to remit their value abroad in accordance with the Exchange Control requirements for the time being in force.

All interest received by any individual in respect of bonds issued under this section shall be exempt from income tax.

(2) For the purposes of subsection (1), each of the following items of expenditure shall be deemed to be an investment in an undertaking approved by the Minister :—

(a) any of the following items of expenditure to which an individual to whom this Part

applies was committed on any date prior to the relevant date :—

- (i) cost of acquisition or construction of, or improvements to, immovable property ;
  - (ii) all investment expenditure ;
  - (iii) life, accident and health insurance premia and premia for the purchase of an annuity ;
  - (iv) expenditure incurred in repaying any money borrowed where such money has been invested ;
- [§ 3, 9 of 1962.] (b) an investment by an individual in the purchase or construction of a house for his residence provided that he does not own a house at the time of such purchase or construction ; or
- (c) any premia paid in respect of life insurance policies.

Regulations. 20. Regulations may be made providing for the payment and recovery of any sum due as surtax, or due for payment on demand by the Commissioner under subsection (2) of section 18, and any regulations so made may provide for the recovery of such sums in a summary manner.

Interpretation. 21. In this Part of this Act—

[§ 4, 9 of 1962.] “assessable income” shall have the same meaning as in the Income Tax Ordinance ;

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“individual”—

(a) in relation to section 18 of this Act means an individual who is not exempt from income tax under the Income Tax Ordinance ; and

(b) in relation to any family within the meaning of section 23D of the Income Tax Ordinance, means the head of the family ;

“income tax” means the tax charged and levied under the Income Tax Ordinance ;

“net income”, in relation to any individual, means the balance of his assessable income in respect of the year of assessment commencing on April 1, 1962, after the deduction of the following items :—

[§ 4, 3 of 1963.]

Income tax computed in respect of that year of assessment in accordance with the provisions of the Income Tax Ordinance (including the surcharge).

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Personal tax (not including the contribution to the personal tax in respect of his taxable expenditure) in respect of the preceding year of assessment.

Land tax in respect of the preceding year of assessment.

Retiring gratuities.

Benefits received from any Provident Fund.

Commuted pensions.

Refunds under section 46 (1) or section 49 of the Widows' and Orphans' Pension Fund Ordinance or under any regulation relating to any Widows' and Orphans' Pension Fund or Scheme established for the Local Government Service.

Cap. 431.

Income arising abroad to non-national residents.

In cases where the provisions of section 13A of the Income Tax Ordinance are applicable to grant relief, the amount of tax that would have been payable if those provisions had not applied :

Provided that for the purpose of determining the net income, the taxpayer may at his option be allowed, as a deduction in lieu of lump sum depreciation, an annual instalment of the capital outlay in respect of which such lump sum depreciation has been determined such annual instalment being computed at the discretion of the Commissioner :

And provided further that, in determining the assessable income of an individual

[§ 4, 9 of 1962.]

who is in receipt of a reduced pension, the amount of the difference between his unreduced pension and reduced pension shall be added to his assessable income ;

[§ 4, 9 of 1962.] “non-resident company” shall have the same meaning as in that Ordinance.

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### PART III

#### OPENING OF ACCOUNTS IN BANKS

Opening of accounts in banks on or after the relevant date.

22. (1) On and after the relevant date—
- (a) no person who is a citizen of Ceylon,
  - (b) no body corporate of which any director is a citizen of Ceylon,
  - (c) no firm of which any partner is a citizen of Ceylon, or
  - (d) no other body of persons, by whatever name called, the affairs of which are managed by one or more persons who is a citizen of Ceylon or who are citizens of Ceylon,

shall open any account whatsoever in any bank other than in the People's Bank, the Bank of Ceylon, the Ceylon Savings Bank, the Ceylon Post Office Savings Bank or any bank registered as a society under the Co-operative Societies Ordinance :

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Provided that any person who is referred to in paragraph (a) or paragraph (b) or paragraph (c) or paragraph (d) shall be deemed not to have contravened the preceding provision of this subsection by reason only of the fact that,—

- (a) having had a current account on the relevant date, in any bank other than the People's Bank or the Bank of Ceylon (in this and the succeeding proviso referred to as a “foreign bank”), he opens a loan or overdraft account in such foreign bank ; or
- (b) on the maturity of a fixed deposit held by him on the relevant date in any foreign bank, he renews such deposit after the relevant date ; or

- (c) at any time on or after the relevant date, he places on fixed deposit with a foreign bank a sum which together with all other sums, if any, at the date of such deposit held by that bank on fixed deposit in his name does not exceed the sum, or the aggregate of all sums, which he had on fixed deposit with the same foreign bank on the relevant date :

And provided further that a citizen of Ceylon who is an employee of any foreign bank shall be deemed not to have contravened the preceding provisions of this section by reason only of the fact that he, while so employed, opens an account, whether current or savings or fixed, with that bank.

(2) Nothing in the provisions of subsection (1) shall be deemed or construed to permit any person referred to in paragraph (a) or paragraph (b) or paragraph (c) or paragraph (d) of that subsection who has already an account in the People's Bank or the Bank of Ceylon on the relevant date to increase the amount in any savings account, or deposit account from which withdrawals cannot be made on demand (other than a fixed deposit account), held in any commercial bank other than the People's Bank or the Bank of Ceylon. In this subsection the expression "commercial bank" shall have the same meaning as in section 127 of the Monetary Law Act.

Cap. 422.

23. The competent authority may by notice in writing direct the manager of any bank to furnish within such time as may be specified in the notice such information as he may require for the purposes of this Part of this Act and the manager shall comply with such notice.

Managers of banks required to furnish information for the purposes of this Part.

#### PART IV

#### SALES TAX

24. (1) Subject to such exemptions as may be prescribed, there shall be imposed and levied a tax (in this Part of this Act referred to as "Sales tax") at such rate as the Minister may fix by Order published in the

Imposition of Sales tax.

Gazette on the value of every article (not being an article set out in the First Schedule to this Act) which is sold by any person who is required by any regulation to be registered for the purposes of that Part to any other person who is not so required to be registered or which is imported into Ceylon by any person who is not so required to be registered. Different rates may be fixed by the Minister in respect of different articles.

(2) The rate of the Sales tax on any article subject to Sales tax may, from time to time, be varied by the Minister by Order published in the Gazette.

(3) Every Order under subsection (1) or subsection (2) or subsection (5) shall come into force on the date of its publication in the Gazette or on such later date as may be specified in the Order, and shall be brought before the House of Representatives within a period of one month from the date of the publication of such Order in the Gazette, or, if no meeting of the House of Representatives is held within such period, at the first meeting of the House of Representatives held after the expiry of such period, by a motion that such Order shall be approved. There shall be set out in a schedule to every such motion the text of the Order to which the motion refers.

(4) Any Order under subsections (1), (2) or (5) which the House of Representatives refuses to approve shall, with effect from the date of such refusal, be deemed to be revoked but without prejudice to the validity of anything done thereunder. Notification of the date on which any such Order is deemed to be revoked shall be published in the Gazette.

(5) The Minister may by Order published in the Gazette amend the First Schedule to this Act by the addition thereto of any article other than those enumerated therein, or by the omission of any article enumerated therein or otherwise.

**Presumptions.**

25. For the purposes of this Part of this Act, any article—

- (a) which is imported into Ceylon by any person who is registered under this Act in respect of any business ; or

- (b) which is manufactured or produced or stored in Ceylon by such person,

shall be deemed until the contrary is proved to have been so imported, or so manufactured or produced or stored, as the case may be, for the purpose of sale.

26. Subject to such exceptions as may be prescribed, the Sales tax chargeable in respect of any article shall become due, as the case may be, on the delivery of the article under a sale by a person who is required by any regulation to be registered for the purposes of this Part of this Act to any other person who is not required to be so registered or on the importation of the article by any person who is not required by any regulation to be registered for the purposes of that Part.

Responsibility  
of registrant  
to pay  
Sales tax.

27. Regulations may be made in respect of all or any of the following matters :—

Regulations.

- (a) all matters stated or required under this Part of this Act to be prescribed ;
- (b) the registration of persons who sell articles imported into, or produced or manufactured in, Ceylon or who import articles into Ceylon ;
- (c) the collection of information necessary for the purposes of that Part ;
- (d) the returns to be made, and the books, registers and other records to be maintained by persons registered for the purposes of that Part, and the forms of such returns, books, registers and other records ;
- (e) the inspection of books, registers and records maintained for the purposes of that Part and of any other document relating to sales of articles ;
- (f) the production of, and the taking of copies of, registers and records maintained for the purposes of that Part and of other documents relating to sales of articles ;
- (g) the powers of each competent authority administering the provisions of that Part and of the subordinate officers of each such authority ;



- (h) the levy and payment of Sales tax, the imposition of penalties on defaulters, and the recovery of Sales tax and penalties from defaulters in a summary manner ;
- (i) the right of appeal to the appropriate competent authority from any decision made by a subordinate officer of that authority ;
- (j) the service of notices for the purposes of that Part ;
- (k) the refund of excess Sales tax paid by any person under that Part.

Determina-  
tion of value  
of any article  
subject to the  
Sales tax.

28. The value of any article for the purposes of computing the Sales tax thereon shall—

- (a) in the case of an article imported by any person for his own use, be the price that article would fetch on a sale in the open market in Ceylon if no Sales tax were chargeable in respect of the sale ; and
- (b) in the case of any other article subject to Sales tax, be the price which such article would fetch on a sale made at the time when the tax in respect of such article becomes due, by a person selling in the open market in Ceylon to a retail dealer carrying on business in Ceylon, if no Sales tax were chargeable in respect of the sale.

Interpretation.

29. In this Part of this Act,—

- (a) “sale” means any transfer of title in any article for cash or deferred payment or other valuable consideration and includes the transfer of any article on hire-purchase or other instalment system but does not include the mortgage, hypothecation or pledge of any article ; and
- (b) “retail dealer” means any person who carries on the business of selling articles by retail.

PART V

WITHDRAWAL OF RICE SUBSIDY FROM INDIVIDUALS  
LIABLE TO INCOME TAX

30. The Commissioner is hereby authorized to levy and recover from every individual who is liable to income tax under the Income Tax Ordinance for the year of assessment commencing on April 1, 1961, and the succeeding year of assessment, in addition to the income tax payable by such individual for any such year of assessment an amount equivalent to the Government rice subsidy as may be determined by the Commissioner in respect of the ration book or books not exceeding six in number which has or have been issued under the Food Control Regulations made under the Food Control Act to such individual and the individuals, who for the purposes of the Income Tax Ordinance are deemed to be the family of which the first-mentioned individual is the head:

Power of Commissioner to levy and recover from individuals liable to income tax of the Government rice subsidy.  
[§ 5, 9 of 1962.]  
[§ 5, 3 of 1963.]

Cap. 171.

Provided, however, that the amount so recoverable from any individual for any such year of assessment shall not exceed fifty *per centum* of the income tax (excluding the surcharge) payable by that individual for that year.

31. Regulations may be made to provide for the manner of determination of the Government rice subsidy by the Commissioner, and the manner of assessment and payment, and the method of recovery, of the amount equivalent to the Government subsidy which may be due from any individual, and in particular for the surrender of a ration book or books being deemed to be the payment of the amount equivalent to the Government rice subsidy as determined by the Commissioner in respect of such ration book or books.

Regulations.  
[§ 6, 9 of 1962.]

PART VI

LEVY OF THE NATIONAL DEVELOPMENT TAX

32. The succeeding provisions of this Part shall not apply to emoluments which are exempt from income tax under section 7 of the Income Tax Ordinance or under any Double Taxation Relief Agreement made between the Government of Ceylon and the Government of any other country.

Non-application of this Part to the emoluments of certain persons.  
[§ 7, 9 of 1962.]

Levy of the  
National  
Development  
Tax.  
[§ 6, 3 of 1963.]

33. (1) The succeeding provisions of this section shall apply to every employee whose aggregate emoluments for a month exceed three hundred rupees.

(2) Subject to the provisions of section 34, there shall be levied and paid each month during the period commencing on October 1, 1961, and ending on March 31, 1963, a tax (hereinafter referred to as the "National Development Tax") computed at the rate of four *per centum* in respect of the emoluments payable for that month (other than any sum payable by way of bonus or commission) to an employee (hereinafter referred to as an "employee subject to the National Development Tax") by his employer or the person responsible for making the payment of such emoluments, and the proceeds of such tax shall be utilized only for specific development projects.

(3) Where any sum is paid to any employee in any month of the aforesaid period by way of bonus or commission, such sum shall, for the purpose of the levy of the National Development Tax, be deemed to have been emoluments payable to such employee for that month, and accordingly the National Development Tax computed at the rate of four *per centum* shall be levied and paid in respect of such sum.

(4) Where any emoluments (other than any sum by way of bonus or commission) which should have been payable to any employee for any month or months of the aforesaid period are paid in a lump sum, the employer of such employee or the person responsible for making the payment of such emoluments shall, having regard to the emoluments so paid to such employee, determine the amount which such employee would have received for that month or for each of those months if such emoluments were in fact paid to such employee for that month or each of those months, and the National Development Tax in accordance with the provisions of subsection (2) shall be levied and paid in respect of the amount as so determined for that month or for each of those months.

34. Where in consequence of the levy of the National Development Tax for any month the emoluments of any employee subject to the National Development Tax fall below three hundred rupees for that month, then the amount leviable as National Development Tax for that month in respect of that employee shall be the difference between the amount of his emoluments and three hundred rupees.

Limits for the levy of the National Development Tax.

35. Before an employee subject to the National Development Tax is paid his emoluments for each month, the amount of tax due from such employee shall be deducted from his emoluments by his employer or by such person as is responsible for making the payment of his emoluments.

Deduction of National Development Tax.  
[§ 9, 9 of 1962.]  
[§ 7, 3 of 1963.]

36. The amount of any National Development Tax collected for any month by an employer from any employee subject to the National Development Tax or by such person as is responsible for making the payment of the emoluments of such employee shall, within a period of fourteen days after the last date of that month, be paid by such employer or person to the Commissioner in the prescribed manner.

Payment of National Development Tax to Commissioner.  
[§ 10, 9 of 1962.]

36A. Where the National Development Tax in respect of any employee cannot be collected from his employer or the person responsible for making the payment of his emoluments, such employee shall, upon being so requested by notice in writing by the Commissioner, pay the amount of the National Development Tax to the Commissioner within the time specified in such notice.

Payment of National Development Tax by employees in certain circumstances  
[§ 11, 9 of 1962.]

37. Where the amount of the National Development Tax due in respect of any employee subject to the National Development Tax is not paid by his employer, or the person responsible for making the payment of his emoluments, to the Commissioner in the prescribed manner, or, in the event of the failure of such employer or person to pay, by the employee to the Commissioner, such amount shall be deemed to be in default and may be recovered from the defaulter in like manner as income tax would be recoverable under the Income Tax Ordinance and for that purpose the provisions of

Recovery of the National Development Tax.  
[§ 12, 9 of 1962.]

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sections 84 to 88 of that Ordinance shall *mutatis mutandis* apply to the recovery of National Development Tax.

Amount of the National Development Tax paid by an employee shall be allowed as a deduction for the purposes of the levy of income tax.  
[§ 8, 3 of 1963.]

38. Where any employee subject to the National Development Tax is liable to income tax under the Income Tax Ordinance for the year of assessment commencing on April 1, 1962, and to income tax under the Inland Revenue Act, 1963, for the succeeding year of assessment, then for the purpose of ascertaining the profits or income of that employee under that Ordinance or Act for each of the aforesaid years of assessment the amount of the National Development Tax levied from that employee in respect of the year preceding any such year of assessment shall be allowed as a deduction.

Interpretation.  
[§ 13, 9 of 1962.]

39. In this Part of this Act—  
“employee”—

- (a) includes every person who holds a paid office as a servant of the Crown ;
- (b) includes a person employed by a person residing outside Ceylon but does not include a person residing outside Ceylon employed by a person carrying on or exercising any trade, business, profession or vocation in Ceylon ; and
- (c) shall be deemed to include the following :
  - (i) the President and Deputy President of the Senate,
  - (ii) the Speaker, the Deputy Speaker, the Deputy Chairman of Committees and the Leader of the Opposition, of the House of Representatives,
  - (iii) the Clerk to the Senate, the Clerk to the House of Representatives or a member of the staff of the Clerk to the Senate or the Clerk to the House of Representatives,
  - (iv) a Minister or a Parliamentary Secretary or the Chief Government Whip,

- (v) a Senator or a Member of Parliament by reason only of the fact that he receives any emoluments as a Senator or such Member,
- (vi) a member of the Public Service Commission,
- (vii) a member of the Judicial Service Commission,
- (viii) a member of the panel appointed for the purpose of the constitution of Bribery Tribunals under the Bribery Act, Cap. 26.
- (ix) a member of any Board, Tribunal or Commission established under any written law,
- (x) every authorized adjudicator appointed under the Income Tax Ordinance, Cap. 242.
- (xi) a director of a company or corporation ;

“ employer ”—

[§ 13, 9 of 1962.]

- (a) in relation to any person employed in a Government Department of which he is not the Head, means the Head of that Department ; and
- (b) in relation to a person employed by a person residing outside Ceylon, means the agent or attorney in Ceylon of the second-mentioned person or the receiver or manager in Ceylon in respect of the business carried on by the second-mentioned person ;

“ emoluments ” means the salary, wages, fees, allowances, bonuses, or sums by way of commission payable to an employee and such other payments in money which an employee receives or which are made for the benefit of the employee in the course of his employment but does not include the amount of any contribution made by the employer in respect of the employee to any such pension or provident fund as may be approved by the Minister, or

[§ 13, 9 of 1962.]

[§ 9, 3 of 1963.]

allowances given or payments made to the employee in reimbursement of expenses incurred in the course of his employment.

## PART VII

### REGISTRATION OF PROFESSIONS AND BUSINESSES

Duty of person practising a profession to register himself in the register.  
[§ 10, 3 of 1963.]

40\*. Every person who practises any profession on and after the appointed date shall—

- (a) cause himself to be registered in the appropriate register of professions kept and maintained by the appropriate competent authority for that purpose, and have such registration renewed ; and
- (b) obtain a certificate of registration from such authority :

Provided that the preceding provisions of this section shall not apply to any such person who satisfies the appropriate competent authority that he is in the exclusive employment of any other person :

And provided further that the preceding provisions of this section shall in the case of a firm apply not to the firm but to each partner of that firm.

Conditions for registration.

41. (1) No person shall be registered in the register for any profession by the appropriate competent authority unless—

[§ 15, 9 of 1962.]

- (a) if any fee is payable by him for such registration, he has paid the appropriate fee for such registration, and

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- (b) he has furnished such authority with a declaration of his income as computed for the purposes of the Income Tax Ordinance from his profession and his net wealth as computed for the purposes of the Personal Tax Act, No. 14 of 1959, for the year preceding the year in which he seeks registration :

[§ 15, 9 of 1962.]

Provided, however, that where the appropriate competent authority is satisfied that any person has practised his profession for less than two years, such person shall not be liable to pay the fee, if any, for such registration.

\* This section shall cease to be in operation after 15th March, 1964—See section 10 (2) of the Finance (Amendment) Act, No. 3 of 1963.

(2) Repealed.

[§ 15, 9 of 1962.]

42. The registration of any person in the register for any profession shall in the first instance be effective for a period commencing on the date on which his name has been so registered and ending on September 15, 1963. Such registration shall be renewed by that authority for a further period ending on March 15, 1964, upon payment in respect of such renewal of half the amount of the appropriate fee, if any, and the furnishing of the declaration referred to in paragraph (b) of subsection (1) of section 41.

Duration of registration.

[§ 11, 3 of 1963.]

43. (1) Where the declaration of income furnished by any person to the appropriate competent authority discloses that the income from his profession was over three thousand six hundred rupees, such person shall be liable to pay that authority as National Development Tax—

Persons getting an income of over three thousand six hundred rupees to pay National Development Tax on such income.

[§ 17, 9 of 1962.]  
[§ 12, 3 of 1963.]

(a) in respect of his registration in the register for the first period ending on September 15, 1963, an amount equivalent to four *per centum* of his income from his profession as computed for the purposes of the Income Tax Ordinance for the year of assessment commencing on April 1, 1961 ; and

(b) in respect of his registration in the register for the subsequent period ending on March 15, 1964, an amount equivalent to two *per centum* of his income from his profession as computed for the purposes of that Ordinance for the year of assessment commencing on April 1, 1962, either in a lump sum or such number of instalments as may be determined by that authority :

Provided, however, that where in consequence of the levy of the National Development Tax such income falls below three thousand six hundred rupees, such person shall be liable to pay the difference between the amount of such income and three thousand six hundred rupees.

(2) Notwithstanding anything in subsection (1), the competent authority to whom any person has furnished a declaration of income under section 41 (1) may at

[§ 17, 9 of 1962.]

[§ 12, 3 of 1963.]



any time, if he is of the opinion that such declaration is incorrect, after due investigation increase the amount of the net wealth or the income as declared by such person, and accordingly where the amount of such income is increased, such person shall—

(a) if on his declaration he was liable to pay National Development Tax, be liable to pay as such Tax—

(i) if the declaration was in respect of his registration for the first period ending on September 15, 1963, an additional amount equivalent to four *per centum* of the difference between the income as declared by him and the income as so increased, and

(ii) if the declaration was in respect of his registration for the subsequent period ending on March 15, 1964, an additional amount equivalent to two *per centum* of the income as declared by him and the income as so increased ; and

(b) if by reason of the increase of income he becomes liable to pay the National Development Tax, be liable to pay as such Tax—

(i) if the declaration was in respect of his registration for the first period ending on September 15, 1963, an amount equivalent to four *per centum* of the income as so increased, and

(ii) if the declaration was in respect of his registration for the subsequent period ending on March 15, 1964, an amount equivalent to two *per centum* of the income as so increased,

and such person shall in addition be liable to pay any difference in the fee for registration consequent on the amount of the income or net wealth as declared by him being so increased.

[§ 12, 3 of 1963.]

(3) Where any person fails to pay the amount of any registration fee and National Development Tax as required by subsection (2), such person shall be deemed to be in default of that amount.

44. Before issuing a certificate of registration or a renewal certificate of registration to any person, the appropriate competent authority shall, if the declaration furnished by such person discloses an income of over three thousand six hundred rupees, specify in such certificate that such person has either paid the National Development Tax or undertaken to pay that tax in instalments.

Duty of competent authority to specify in certificate issued to any person that such person has paid the National Development Tax.

45. Where a person to whom a certificate of registration or a certificate of renewal of registration has been issued under this Part in respect of any profession fails to pay the amount of the National Development Tax or any instalment of that amount when such instalment becomes due, such person shall be deemed to be in default of that amount or that instalment.

Consequence of default in payment by any person practising a profession of the National Development Tax or any instalment thereof.

[§ 18, 9 of 1962.]  
[§ 13, 3 of 1963.]

46. The appropriate fee for the registration, or the renewal of the registration, of a person in the register of professions shall be determined in accordance with the rates set out in the Third Schedule to this Act.

Appropriate fee.

47\*. (1) Every person who carries on any business on and after the appointed date shall—

- (a) cause that business to be registered, and himself to be registered as the proprietor thereof, in the appropriate register of businesses kept and maintained by the appropriate competent authority for that purpose, and have such registration renewed; and
- (b) obtain a certificate of registration from such authority:

Duty of proprietor of a business to register such business, and himself as proprietor thereof, in the register.  
[§ 14, 3 of 1963.]

Provided that the preceding provisions of this section shall not apply to a business carried on—

- (i) by a person who satisfies the appropriate competent authority that the turnover in such business is less than eighteen thousand rupees per annum, or

\* This section shall cease to be in operation after 15th March, 1964—See section 14 (2) of the Finance (Amendment) Act, No. 3 of 1963.

- (ii) by a person who satisfies the appropriate competent authority that he by himself carries out contracts or piece jobs the gross fees for which do not exceed three thousand and six hundred rupees per annum, or
- (iii) by a company incorporated or registered by any law in force in Ceylon or elsewhere or a corporation :

And provided further that the preceding provisions of this section shall not apply to any business which is commenced after the fifteenth day of March, 1963.

(2) For the purposes of this Part, "turnover" or "gross fees" with reference to a business shall—

- (a) for the purposes of the first period of registration in the register ending on September 15, 1963, be the gross income from that business for the period corresponding to the period for which the income on which the National Development Tax payable under section 50 (1) (a) in respect of that period of registration would be computed, and
- (b) in relation to the subsequent period of registration in the register ending on March 15, 1964, be the gross income for the period corresponding to the period for which the income on which the National Development Tax payable under section 50 (1) (b) in respect of that period of registration would be computed.

Conditions for registration of businesses.

48. (1) No business shall be registered in the register for that business by the appropriate competent authority—

[§ 20, 9 of 1962.]

(a) if any fee is payable for such registration except upon the payment of the appropriate fee ; and

[§ 20, 9 of 1962.]

(b) unless the person carrying on that business has furnished to that authority a written declaration of his income as computed for the purposes of the Income Tax Ordinance from that business and his net wealth as computed for the purposes of the Personal Tax Act,

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No. 14 of 1959, for the year preceding the year in which the registration of that business is sought.

(2) Repealed.

[§ 20, 9 of 1962.]

49. (1) The registration of any business in the register for that business by the appropriate competent authority shall in the first instance be effective for a period commencing on the date on which that business has been so registered and ending on September 15, 1963. Such registration shall be renewed by that authority for a further period ending on March 15, 1964, upon payment in respect of such renewal of half the amount of the appropriate fee, if any, and the furnishing of the declaration referred to in paragraph (b) of subsection (1) of section 48.

Duration of registration of business.

[§ 15, 3 of 1963.]

(2) It shall be the duty of the person for the time being registered as the proprietor of a registered business to cause the certificate of registration or the certificate of renewal issued in respect of that business to be kept or fixed in a conspicuous place in the premises at which that business is carried on.

50. (1) Where the declaration of income furnished by any person in respect of his business to the appropriate competent authority discloses that the income from his business was over three thousand six hundred rupees, such person shall be liable to pay that authority as National Development Tax—

Persons getting an income of over three thousand six hundred rupees from any business to pay National Development Tax on such income.

[§ 22, 9 of 1962.]

[§ 16, 3 of 1962.]

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(a) in respect of his registration in the register for the first period ending on September 15, 1963, an amount equivalent to four *per centum* of his income from his business as computed for the purposes of the Income Tax Ordinance for the year of assessment commencing on April 1, 1961 ; and

(b) in respect of his registration in the register for the subsequent period ending on March 15, 1964, an amount equivalent to two *per centum* of his income from his business as computed for the purposes of that Ordinance for the year of assessment commencing on April 1, 1962,

either in a lump sum or such number of instalments as may be determined by that authority :

Provided, however, that where in consequence of the levy of the National Development Tax such income falls below three thousand six hundred rupees, such person shall be liable to pay the difference between the amount of such income and three thousand six hundred rupees.

[§ 22, 9 of 1962.]  
[§ 16, 3 of 1963.]

(2) Notwithstanding anything in subsection (1), the competent authority to whom any person has furnished a declaration of income under section 48 (1) may at any time, if he is of the opinion that such declaration is incorrect, after due investigation increase the amount of the net wealth or the income as declared by such person, and accordingly where the amount of such income is increased, such person shall—

- (a) if on his declaration he was liable to pay National Development Tax, be liable to pay as such Tax—
  - (i) if the declaration was in respect of his registration for the first period ending on September 15, 1963, an additional amount equivalent to four *per centum* of the difference between the income as declared by him and the income as so increased, and
  - (ii) if the declaration was in respect of his registration for the subsequent period ending on March 15, 1964, an additional amount equivalent to two *per centum* of the income as declared by him and the income as so increased ; and
- (b) if by reason of the increase of income he becomes liable to pay the National Development Tax, be liable to pay as such Tax—
  - (i) if the declaration was in respect of his registration for the first period ending on September 15, 1963, an amount equivalent to four *per centum* of the income as so increased, and

- (ii) if the declaration was in respect of his registration for the subsequent period ending on March 15, 1964, an amount equivalent to two *per centum* of the income as so increased,

and such person shall in addition be liable to pay any difference in the fee for registration consequent on the amount of the income or net wealth as declared by him being so increased.

(3) Where any person fails to pay the amount of any registration fee and National Development Tax as required by subsection (2), such person shall be deemed to be in default of that amount.

[§ 16, 3 of 1963.]

51. Before issuing a certificate of registration or a renewal certificate of registration in respect of any business to the proprietor thereof, the appropriate competent authority shall, if the declaration of income furnished by such proprietor discloses an income of over three thousand six hundred rupees from that business, specify in such certificate that such person has either paid the National Development Tax referred to in the preceding section or undertaken to pay that tax in instalments.

Duty of competent authority to specify in the certificate that the proprietor has paid or undertaken to pay the National Development Tax.

52. Where a person to whom a certificate of registration or a certificate of renewal of registration has been issued under this Part in respect of any business fails to pay the amount of the National Development Tax or any instalment of the amount of that tax when such instalment falls due, the provisions of section 45 shall, *mutatis mutandis*, apply to the registration of that business and of that person as proprietor thereof in like manner and to the same extent as they apply to the person and the certificate referred to in that section.

Consequence of default in payment by any person carrying on a business of the National Development Tax or any instalment thereof.

[§ 23, 9 of 1962.]

53. The appropriate fee for the registration, or the renewal of the registration, of a business and of a person as the proprietor thereof in the register for that business shall be determined by the appropriate competent authority in accordance with the table set out in the Third Schedule to this Act.

Appropriate fee for registration of a business.

Issue of receipts by competent authority.

[§ 24, 9 of 1962.]

54. Upon the payment by any person under this Part of the amount of the National Development Tax or any instalment of that amount to the appropriate competent authority, it shall be the duty of that authority to issue a receipt to such person certifying that such payment has been made. Any receipt so issued to the registered proprietor of any registered business shall be made available for inspection by that proprietor at all reasonable hours to any officer authorized in that behalf by that authority.

Amount of the National Development Tax paid by any person under this Part shall be allowed as a deduction for the purposes of the Income Tax Ordinance.

[§ 25, 9 of 1962.]

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55. Where any person liable to income tax under the Income Tax Ordinance for any year of assessment has paid any amount as National Development Tax under this Part of this Act during the year preceding that year of assessment, the amount so paid shall be allowed as a deduction for the purpose of ascertaining the profits or income of that person for that year of assessment under that Ordinance.

Liability of person who practises a profession or carries on a business to pay registration fee and National Development Tax even if he has not caused himself or his business to be registered.

[§ 17, 3 of 1963.]

55A. Where a person who practises a profession or carries on a business has not caused himself, or his business, as the case may be, to be registered in the register of professions or businesses as required by section 40 or section 47, the appropriate competent authority may, notwithstanding anything to the contrary in this Act, by notice in writing require such person to pay as the registration fee and the National Development Tax such amount as such authority considers is the registration fee and the National Development Tax which such person is liable to pay, and if such person does not pay such fee or Tax, such person shall be deemed to be in default of such fee or Tax.

Power to make regulations.

56. Regulations may be made under this Part in respect of all or any of the following matters :—

- (a) prescribing the form of the registers to be kept and maintained under this Part and the particulars to be entered therein ;

- (b) prescribing the form of the certificate to be issued under this Part and the particulars to be entered therein ;
- (c) providing for the issue of different certificates in respect of registered businesses the form of which shall be determined by reference to the income received from those businesses by the persons registered as proprietors thereof ; [§ 26, 9 of 1962.]  
[§ 18, 3 of 1963.]
- (d) providing for the exemption from this Part of any person or businesses ; [§ 18, 3 of 1963.]
- (e) providing the manner for the assessment and recovery of the registration fee and National Development Tax payable under section 55A ; and [§ 18, 3 of 1963.]
- (f) providing for the recall and cancellation of a certificate of registration issued to any person by error or by reason of an incorrect declaration of income or net wealth made under this Act by such person. [§ 18, 3 of 1963.]

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## PART VIII

### GENERAL

57. There may be appointed such number of persons, by name or by office, to be or to act as competent authorities as may be necessary for the purposes of this Act. A person may be so appointed for the whole of Ceylon or any particular area thereof or in respect of the whole of this Act or any particular Part thereof, and the expression "appropriate competent authority", wherever it occurs in this Act, shall be construed accordingly.

Appointment of competent authorities.

58. Any competent authority or any person authorized in that behalf by such authority may direct any applicant for registration under this Act to furnish to him such information as may be required for the purposes of such registration ; and that applicant shall comply with that direction.

Power to require information.



Payment of  
National  
Development  
Tax in  
special cases.  
[§ 27, 9 of 1962.]

[§ 19, 3 of 1963.]

59. (1) Notwithstanding anything in the preceding provisions of this Act, where any person whose aggregate income from all his employments, professions or businesses, or his employment and profession, or his employment and business, or his profession and business, or his employment, profession and business, exceed three thousand six hundred rupees, then such person shall be liable to pay the Commissioner as National Development Tax an amount equivalent—

- (a) in respect of the first year ending on September 15, 1963, for which he is liable to National Development Tax, to four *per centum*, and
- (b) in respect of the part of the second year ending on March 15, 1964, for which he is liable to National Development Tax, to two *per centum*,

of such aggregate income after deducting therefrom any amount paid by such person as the National Development Tax under the provisions of Part VI or Part VII of this Act :

Provided that where in consequence of the levy of the National Development Tax such aggregate income falls below three thousand six hundred rupees, such person shall be liable to pay the difference between the amount of such income and three thousand six hundred rupees.

[§ 19, 3 of 1963.]

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(2) For the purposes of this section "aggregate income" in respect of any person means the total income derived by such person from his employments, professions and businesses, the income from his employments being the aggregate of his monthly emoluments from such employments for the year commencing on October 1, 1961, or any subsequent year or part of a subsequent year, and the income from his professions or businesses being the income, as computed for the purpose of the Income Tax Ordinance, for the year preceding the year in which registration of such professions or businesses is sought.

(3) Regulations may be made providing for the furnishing of declarations by persons liable to pay

National Development Tax under subsection (1) and for the manner of payment by such persons of the National Development Tax.

59A. (1) There shall be established for the purposes of this Act a fund called the National Development Fund.

Establishment  
of the  
National  
Development  
Fund.

[§ 28, 9 of 1962.]

(2) There shall be paid into the National Development Fund all sums which may be paid or recovered under this Act as National Development Tax.

(3) The Minister may, with the prior approval of the House of Representatives, determine the sums of money to be withdrawn from the National Development Fund and the purposes for which such sums shall be applied, and no sums of money other than such sums shall be withdrawn from that Fund.

60. (1) The Minister may make regulations for the purposes of carrying out and giving effect to the principles and provisions of this Act.

Regulations.

(2) In particular and without prejudice to the generality of the powers conferred by subsection (1) the Minister may make regulations—

(a) in respect of any matter required to be prescribed or in respect of which regulations are authorized by this Act to be made;

(aa) prescribing the forms necessary for the purposes of the collection of the National Development Tax or the amount of the Government rice subsidy levied under section 30;

[§ 29, 9 of 1962.]

(b) for the furnishing of returns in respect of the surtax and the National Development Tax;

(c) providing for the manner of assessment and recovery of the surtax and the National Development Tax and the recovery of the amount of any registration fee;

[§ 20, 3 of 1963.]

(cc) for the registration of employers, and persons responsible for making payments of emoluments, for the purposes of the levy of the National Development Tax, and the issue by

[§ 29, 9 of 1962.]

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such employers or persons to employees subject to the tax of certificates specifying the deductions made from their emoluments ;

(d) for appeals from the levy of the surtax and the National Development Tax, and the procedure for such appeals and the conditions subject to which such appeals may be made ;

(e) for determining the manner in which the National Development Tax may be recovered in cases where such recovery cannot be made either wholly or partly from employers and other persons liable to such tax ;

(f) for making additional assessments in regard to the surtax and the National Development Tax ;

[§ 20, 3 of 1963.]

(g) for refund of the amount of any registration fee paid in error or overpaid, or the amount of the surtax or the National Development Tax overpaid, by any person or individual ;

(h) for the maintenance of official secrecy in respect of any matter relating to the levy and recovery of the surtax or the National Development Tax.

(3) Every regulation made by the Minister shall be published in the Gazette and shall come into operation on the date of such publication or on such later date as may be specified in the regulation.

(4) Every regulation made by the Minister shall, as soon as convenient after its publication in the Gazette, be brought before the Senate and the House of Representatives for approval. Any regulation which is not so approved shall be deemed to be rescinded as from the date of disapproval, but without prejudice to anything previously done thereunder.

61. (1) Any person who—

- (a) contravenes or fails to comply with any provision of this Act or any regulation made thereunder ; or
- (b) makes any incorrect declaration of income or net wealth otherwise than by error or oversight,

Offences.

[§ 30, 9 of 1962.]

[§ 21, 3 of 1963.]

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

(2) On the conviction of any person—

[§ 21, 3 of 1963.]

- (i) for failure to have himself registered in the register of professions, or to have such registration renewed, as required by section 40, or
- (ii) for failure to have his business registered and to have himself registered as the proprietor thereof in the register of businesses, or to have such registration renewed, as required by section 47,

such person shall be liable to pay, in addition to any punishment that may be imposed on him under subsection (1), a fine of rupees fifty for each day on which the failure is continued after conviction thereof.

61A. Where an offence under this Act is committed by a body of persons, then—

Offences by  
body of  
persons.

[§ 31, 9 of 1962.]

- (a) if that body of persons is a body corporate, every director and officer of that body corporate ; and
- (b) if that body of persons is a firm, every partner of that firm,

shall be deemed to be guilty of that offence :

Provided that a director or an officer of such body corporate or a partner of such firm shall not be deemed to be guilty of that offence if he proves that such offence was committed without his knowledge or that he exercised all due diligence to prevent the commission of such offence.

Protection for  
action taken  
under this  
Act.

62. No suit or prosecution shall lie against the Commissioner or any competent authority or any officer acting under the direction of such Commissioner or that authority for any act which in good faith is done or purported to be done by him under this Act.

Interpretation.

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

“appointed date”, in relation to any provision of this Act in which that expression occurs, means such date as may be appointed by the Minister for the purposes of that provision ;

“business” includes a trade but does not include a profession or any agricultural undertaking and the manufacture of any articles, goods or material from the produce of that agricultural undertaking ;

“Commissioner” means the Commissioner of Inland Revenue and includes a Deputy Commissioner of Inland Revenue or an Assistant Commissioner of Inland Revenue specially authorized by the Commissioner either generally or for some specific purpose to act on behalf of the Commissioner ;

[§ 32, 9 of 1962.]

“profession” includes any vocation carried on by a person ;

“relevant date” means the 27th day of July, 1961 ;

“Secretary to the Treasury” includes the Deputy Secretary to the Treasury ;

“year of assessment” shall have the same meaning as in the Income Tax Ordinance.

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\*

#### FIRST SCHEDULE

[Section 24 (1)]

Agricultural produce including agricultural produce purchased for export.

Arecanuts.

Arrack.

Betel.

Cereals, namely—amu, barley, gingelly, kurakkan, maize, meneri, millet, paddy, rice, sorghum, thana, ulundu.

Coconuts.

Coconut Oil.

Condiments, namely—cardamom, chillies, cinnamon, coriander, cummin seed, fenned seed, garlic, ginger, maldive fish, mathe seed, mustard, nutmeg, pepper, salt, tamarind, turmeric, vinegar.

Cooked food.

Crabs.

Dried fish.

Eggs.

Fertilizers.

Fish excluding imported tinned fish and live fish.

Firewood.

Flour.

Fruits which are the produce of Ceylon.

Gas oil, diesel oil, furnace oil and other fuel oils.

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\* Every certificate of registration issued under the Act before March 27, 1963, shall, notwithstanding anything specified in such certificate, be deemed to be effective till the fifteenth day of September, 1963.—See section 24 of the Finance (Amendment) Act, No. 3 of 1963.

Gingelly oil.  
 Jaggery.  
 Kerosene oil.  
 Lubricating oils and greases.  
 Meat excluding imported meat.  
 Milk excluding condensed milk, dried milk powder.  
 Onions.  
 Pappadam.  
 Petrol including aviation spirit.  
 Potatoes.  
 Pulses, namely, dhal, gram, ground-nuts, kollu, peas.  
 Salted fish.  
 Sugar candy.  
 Sugar.  
 Toddy.  
 Vegetables which are the produce of Ceylon.  
 Yams.

## SECOND SCHEDULE

[Section 18 (1)]

	Column I	Column II
	<i>Individuals</i>	
	Single Individual ..	Rs. 36,000
[§ 33, 9 of 1962.]	Husband and wife ..	Rs. 40,000
	Husband and wife and 1 child/dependant ..	Rs. 43,000
	Husband and wife and 2 children/dependants ..	Rs. 47,000
	Husband and wife and 3 children/dependants ..	Rs. 50,000
	Husband and wife and 4 or more children/ dependants	Rs. 53,000
	Individual with 1 child/dependant ..	Rs. 40,000
	Individual with 2 children/dependants ..	Rs. 43,000
	Individual with 3 children/dependants ..	Rs. 47,000
	Individual with 4 children/dependants ..	Rs. 50,000
	Individual with 5 or more children/dependants ..	Rs. 53,000

## THIRD SCHEDULE

[Sections 46 and 53]

1. The rates of fee for registration of Ceylonese to practise a profession or carry on a business shall be as follows:—

	Rs.	c.	
(a) if his income from his profession or business is not less than Rs. 3,600 per annum but is less than Rs. 4,800 per annum or his net wealth is not less than Rs. 15,000 but is less than Rs. 20,000 :— .. .. .	200	0	[§ 33, 9 of 1962.] [§ 22, 3 of 1963.]
(b) if his income from his profession or business is not less than Rs. 4,800 per annum but is less than Rs. 6,000 per annum or his net wealth is not less than Rs. 20,000 but is less than Rs. 25,000 .. .. .	250	0	[§ 33, 9 of 1962.] [§ 22, 3 of 1963.]
(c) if his income from his profession or business is not less than Rs. 6,000 per annum but is less than Rs. 7,200 per annum or his net wealth is not less than Rs. 25,000 but is less than Rs. 30,000 .. .. .	300	0	[§ 33, 9 of 1962.] [§ 22, 3 of 1963.]
(d) if his income from his profession or business amounts to or exceeds Rs. 7,200 per annum or his net wealth amounts to or exceeds Rs. 30,000 .. .. .	350	0	[§ 22, 3 of 1963.]

2. The rates of fee for registration of non-Ceylonese to practise a profession shall be twice the amount of the fee specified for registration of Ceylonese to practise a profession of a corresponding category in paragraph 1.

3. The rate of fee for registration of a non-Ceylonese to carry on a business shall be Rs. 1,000.

4. In this Schedule, "Ceylonese", in the case of—

- (a) an individual, means a citizen of Ceylon;
- (b) a firm, means a firm the majority of the partners of which are citizens of Ceylon;
- (c) a body corporate, means a body corporate the majority of the shares in which are held by, or the majority of the shareholders of which are, citizens of Ceylon or, if such body corporate has no shareholders, the majority of the directors of which are such citizens.