



PARLIAMENT OF THE DEMOCRATIC
SOCIALIST REPUBLIC OF
SRI LANKA

SPECIFIED CERTIFICATE OF DEPOSITS
(TAX AND OTHER CONCESSIONS)
ACT, No. 45 OF 1990

[Certified on 6th December, 1990]

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*Specified Certificates of Deposits (Tax and other
Concessions) Act, No. 45 of 1990*

[Certified on 6th December, 1990]

L.D.—O 44/90

AN ACT TO PROVIDE FOR TAX CONCESSIONS TO ANY PERSON WHO HAS IN HIS POSSESSION ANY SPECIFIED CERTIFICATE OF DEPOSIT; TO ENABLE THE DEPOSIT IN SPECIAL ACCOUNTS IN THE NATIONAL SAVINGS BANK OF MONEYS REPRESENTING HIS RELEVANT PROFITS OR INCOME, OUT OF WHICH SUCH CERTIFICATES WERE PURCHASED, TO IMPOSE AND LEVY A TAX ON THE MONEYS DEPOSITED IN SUCH SPECIAL ACCOUNTS; TO INDEMNIFY PERSONS WHO DEPOSIT MONEYS IN SUCH SPECIAL ACCOUNTS AGAINST PROSECUTIONS FOR OFFENCES IN RELATION TO SUCH PROFITS OR INCOME; AND FOR MATTERS CONNECTED THEREWITH OR INCIDENTAL THERETO.

BE it enacted by the Parliament of the Democratic Socialist Republic of Sri Lanka as follows:—

1. This Act may be cited as the Specified Certificates of Deposits (Tax and other Concessions) Act, No. 45 of 1990.

Short title.

2. (1) This Act shall apply to any person who has in his possession, any specified certificate of deposit and—

Persons to whom this Act applies.

(a) is detected by the Commissioner-General or any other officer of the department of Inland Revenue as having purchased such certificate of deposit from and out of moneys representing the whole or any part of his relevant profit or income; or

(b) has, before any investigation in relation to him has commenced by the Commissioner-General or any other officer of the department of Inland Revenue for any alleged or suspected evasion of any tax payable under the provisions of the law for the time being applicable to the imposition of income tax or surcharge on income tax, or any business turnover tax payable under the Finance Act, No. 11 of 1963, or any turnover tax payable under the Turnover Tax Act, No. 69 of 1981, in respect of profits or income or turnover which arose or accrued to him on or before March 31, 1989, voluntarily disclosed to the Commissioner-General or any officer of the department of Inland Revenue that he has purchased such certificates of deposit from and out of moneys representing the whole or any part of his relevant profits and income.

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(2) Every person referred to in subsection (1) shall, hereinafter in this Act, be referred to as a "person to whom to this Act applies", and every specified certificate of deposit referred to in that subsection, shall, hereinafter in this Act, be referred to as a "specified certificate of deposit to which this Act applies".

Persons to whom this Act applies may deposit money in special accounts in the Bank.

3. (1) Any person to whom this Act applies may sell to the Bank any specified certificate of deposit to which this Act applies and deposit the full proceeds of such sale to his credit in any such special account as may be opened by him for that purpose in the Bank.

(2) It shall be the duty of the Bank to purchase, any specified certificate of deposit to which this Act applies, offered for sale to the Bank by any person to whom this Act applies at such price as may be determined by the Bank, if the Commissioner-General certifies to the Bank, that such certificate of deposit is a certificate of deposit to which this Act applies.

Charge of a tax equal to ten per centum of the face value specified certificate of deposit to which this Act applies sold to the Bank.

4. (1) Every person who makes any deposit in accordance with the provisions of section 3 shall—

(a) make a declaration to the Bank in the form set out in the Schedule to this Act; and

(b) be liable to pay to the Commissioner-General a tax of an amount equal to ten per centum of the face value of the specified certificate of deposit to which this Act applies, sold to the Bank in accordance with the provisions of section 3; and

(c) be entitled to deduct, from the tax payable under paragraph (b), the amount of any stamp duty paid by him under the provisions of the Stamp Duty Act, No. 43 of 1982, in relation to that specified certificate of deposit.

(2) The tax payable by any person under subsection (1) less any amount deductible under paragraph (c) of that subsection, shall notwithstanding anything in any other written law, be paid to the Commissioner-General by the Bank within fourteen days from the date on which the special account referred to in section 3 is opened by such person, from the moneys lying to his credit in that account.

(3) The payment by the Bank, of the tax to the Commissioner-General, under subsection (2) from the moneys lying to the credit of any person in any such special account as is referred to in section 3 shall be deemed to be authorised by such person, and such tax shall be deemed to have been paid by such person to the Commissioner-General.

5. Notwithstanding anything in any other written law the Bank shall not permit any person who has deposited any moneys in any such special account as is referred to in section 3, to withdraw, before the expiry of a period of two years reckoned from the date on which such special account is opened by such person, the whole or any part of the balance amount lying to his credit in such special account, after payment of the tax referred to in section 4 :

Restriction
of withdrawal
of moneys
deposited in
special
accounts.

Provided that such person--

(a) shall, subject to such conditions as may be prescribed by the Bank, be permitted to withdraw the whole or any part of the interest which accrues on such balance amount, before the expiry of the aforesaid period of two years ;

(b) may, by communication addressed in writing to the Bank, request the Bank to remit the whole or any part of such balance to the Commissioner-General in satisfaction of any tax administered by the Commissioner-General and any penalty thereon, for any period ending on or before March 31, 1989.

6. The Bank shall pay interest on the balance amount after the payment of the tax referred to in section 4, lying to the credit of any person in any such special account as is referred to in section 3 at the current rate of interest payable by the Bank on moneys lying to the credit of savings accounts.

Interest
on moneys
deposited
in special
accounts.

7. Notwithstanding anything to the contrary in any other written law, the interest on moneys deposited in any such special account as is referred to in section 3 and which accrues during the period of two years referred to in section 5, shall be exempt from income tax.

Exemption
from income
tax, of
interest
on moneys
deposited
in special
accounts.

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Indemnification of a person deemed to have paid the tax referred to in section 4 from certain taxes and prosecutions.

8. Any person to whom this Act applies and who is deemed to have paid the tax referred to in section 4 shall not be liable—

(a) to pay—

- (i) for any year of assessment ending on or before March 31, 1989, any income tax or surcharge on income tax under the law for the time being applicable to the imposition of income tax or surcharge on income tax, in respect of such part of his relevant profits or income as is represented by the proceeds of sale of specified certificates of deposit, deposited by him in any such special account as is referred to in section 3 ; or
- (ii) for any year of assessment ending on or before March 31, 1989, any wealth tax or surcharge on wealth tax under the law for the time being applicable to the imposition of wealth tax or surcharge on wealth tax, in respect of such part of his net wealth for the acquisition of which such part of his relevant profits or income as is represented by the proceeds of sale of specified certificates of deposit, deposited by him in any such special account as is referred to section 3, had been utilized ; or
- (iii) for any quarter ending on or before March 31, 1989, any business turnover tax under the Finance Act, No. 11 of 1963 or, any turnover tax under the Turnover Tax Act, No. 69 of 1981, in respect of such part of the turnover from which such part of his relevant profits or income as is represented by the proceeds of sale of specified certificates of deposit, deposited by him in any such special account as is referred to in section 3, arose or, was derived ; or

(b) to a prosecution or to a penalty for any offence under—

(i) the law for the time being applicable to the imposition of income tax or surcharge on income tax, or wealth tax or surcharge on wealth tax in relation to any year of assessment ending on or before March 31, 1989 in respect of, or in connection with such part of his relevant profits and income referred in paragraph (a) (1) of such part of his net wealth referred to in paragraph (a) (ii) ; or

(ii) the Finance Act, No. 11 of 1963 or the Turnover Tax Act, No. 69 of 1981 in relation to any quarter ending on or before March 31, 1989, in respect of such part of the turnover referred to in paragraph (a) (iii).

9. Nothing in the preceding provisions of this Act, shall be read or construed as authorising the revision of—

(a) any assessment made under the provisions of—

(i) the law for the time being relating to the imposition of income tax or surcharge on income tax or wealth tax or surcharge on wealth tax ; or

(ii) the Finance Act, No. 11 of 1963, or the Turnover Tax Act, No. 69 of 1981 ; or

(b) any other matter,

which has become final and conclusive under the provisions of any such law.

10. (1) Every officer or employee of the Department of Inland Revenue or of the Bank shall preserve and aid in preserving secrecy with regard to all matters that may come to his knowledge in the implementation of this Act :

Provided however, that an officer or employee of the Bank may communicate to the Commissioner-General or to any officer of the department of Inland Revenue or to a court of law for the purpose of complying with the provisions of this Act, the following particulars relating to any such special account as is referred to in section 3,—

(a) the name of the holder of the account and income tax file number ;

Preceding provisions of this Act, not to be construed as authorising the revision of any assessment previously made.

Maintenance of secrecy.

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- (b) the name of business, if any, and income tax file number ;
- (c) the date of deposit or withdrawal ;
- (d) the amount deposited or withdrawn ;
- (e) such other particulars as are referred to in any declaration made under section 4 (1) (a) in relation to such special account.

(2) Any officer or employee of the department of Inland Revenue or of the Bank who acts in contravention of the provisions of subsection (1) shall be guilty of an offence under this Act, and shall, on conviction after summary trial before a Magistrate, be liable to a fine not exceeding five thousand rupees.

Interpretation.

11. In this Act, unless the context otherwise requires---

“Bank” means the National Savings Bank established by the National Savings Bank Act, No. 30 of 1971 ;

the expressions “Commissioner-General,” “profits,” “income,” “wealth” ; and “year of assessment” shall have the same meanings respectively, as in the Inland Revenue Act, No. 28 of 1979 ;

“person” includes a company, and a body of persons ;

“relevant profits or income” in relation to any person means any profit or income---

(a) which was derived by him or which arose or accrued to his benefit on or before March 31, 1989 ; and

(b) in respect of which no return has been furnished by him, or which has not been disclosed in any return furnished by him, under the law for the time being applicable to the imposition of income tax ; and

(c) which, under the law for the time being applicable to the imposition of income tax or surcharge on income tax was chargeable with income tax or surcharge on income tax ;

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“specified certificate of deposit” means any certificate of deposit issued—

- (a) under the Treasury Certificates of Deposit Act, No. 9 of 1989; and
- (b) on or after June 20, 1990, but prior to January 1, 1991;

“the law for the time being applicable to the imposition of income tax or the surcharge on income tax” means the Inland Revenue Act, No. 28 of 1979, the Surcharge on Income Tax Act, No. 26 of 1982, the Surcharge on Income Tax Act, No. 12 of 1984 and the Surcharge on Income Tax Act, No. 7 of 1989;

“the law for the time being applicable to the imposition of wealth tax or surcharge on wealth tax” means the Inland Revenue Act, No. 28 of 1979 the Surcharge on Wealth Tax Act, No. 25 of 1982 and the Surcharge on Wealth Tax Act, No. 8 of 1989.

12. In the event of any inconsistency between the Sinhala and the Tamil texts of this Act, the Sinhala text shall prevail.

Sinhala text to prevail in case of inconsistency.

[Section 4 (1) (a)]

SCHEDULE

SPECIFIED CERTIFICATES OF DEPOSIT (TAX AND OTHER CONCESSIONS) ACT, No. OF 1990

Declaration under Section 4 (1) (a)

Income Tax File No. if any:

Special Account No.

Name of business if any

Date:

I, Mr./Mrs./Miss/We
(full name)

..... of
.....
(address)

..... do hereby:

(1) request you—

- (a) to accept in terms of the provision of section 3 a sum of Rupees (Rs.) to be placed in a special account in the name of of

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(b) to remit direct to the Commissioner-General of Inland Revenue the tax due, on this amount, amounting to Rupees (Rs.)

(c) to hold the balance in that account viz
Amount tendered Rs.
Less 10 percent tax deductible Rs.
Less Stamp duty paid Rs. Rs.

Balance to be held in special account
by the National Savings Bank Rs.

- (2) undertake not to withdraw any part of this balance amount before the expiry of two years from this date;
- (3) agree to my/our Special Pass Book being kept in the safe custody of your Bank;
- (4) further agree to be bound by the rules pertaining to savings deposits in your Bank for the time being, and which may come into effect from time to time;
- (5) hereby authorise you to remit to the Commissioner-General the whole or any part of this balance upon a request to that effect is made to you by me/us in writing.

Signature of Depositor.

Signed in my presence.

Signature of Branch Manager.

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