



**PARLIAMENT OF THE DEMOCRATIC  
SOCIALIST REPUBLIC OF  
SRI LANKA**

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**NATION BUILDING TAX (AMENDMENT)**

**A**

**BILL**

**to amend the Nation Building Tax Act, No. 9 of 2009**

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*Presented by the Prime Minister and Minister of Buddha Sasana and  
Religious Affairs on 21st March, 2014*

(Published in the Gazette on March 10, 2014)

*Ordered by Parliament to be printed*

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**[Bill No. 294]**

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*STATEMENT OF LEGAL EFFECT*

*Clause 2* : This clause amends section 3 of the Nation Building Tax Act, No. 9 of 2009 (hereinafter referred to as the “principal enactment”) and the legal effect of the section as amended is—

- (a) to determine the base of calculation of the payment of tax, in respect of the supply of financial services and to remove the exemption granted on supply of financial services; and
- (b) to exempt certain articles from the liability of the payment of tax.

*Clause 3* : This clause amends the First Schedule to the principal enactment and the legal effect of the said Schedule as amended is to extend the scope of exemption to more articles.

*Clause 4* : Clause 4 validates the acts performed by the Commissioner-General of Inland Revenue or the Director-General of Customs, in respect of the collection of tax during the period commencing from January 1, 2014 and ending on the date of operation of this Act.

*Nation Building Tax (Amendment)*

L. D.—O. 6/2014.

AN ACT TO AMEND THE NATION BUILDING TAX ACT, NO. 9 OF 2009

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

1. This Act may be cited as the Nation Building Tax (Amendment) Act, No. of 2014 and shall be deemed to have come into operation from January 1, 2014. Short title and date of operation.

2. Section 3 of the Nation Building Tax Act, No. 9 of 2009 as last amended by Act, No. 11 of 2013 (hereinafter referred to as the “principal enactment”) is hereby further amended in subsection (2) of that section as follows :— Amendment of section 3 of Act, No. 9 of 2009.

10 (1) by the substitution in paragraph (iii) thereof, for the words, “other than any excepted service referred to in the First Schedule to this Act,” of the following words and figures:—

15 “other than any excepted service referred to in the First Schedule to this Act:

20 Provided that, the liable turnover from the supply of any financial service in Sri Lanka, by any person carrying on the business of banking or finance shall, notwithstanding anything contrary in any other provision of this Act, be the value addition attributable to such financial service, calculated for the purposes of applying the attributable method referred to in subsection (4) of section 25c of the Value Added Tax Act, No. 14 of 25 2002, for the payment of Value Added Tax on the supply of financial services.;

Provided further, that in calculating the value addition attributable to such financial service, where

the amount of profits for each relevant quarter cannot be accurately ascertained, such amount may be estimated on the basis of available information. The estimated amount shall be adjusted to reflect the actual amount with the audited statement of accounts on yearly basis and such adjustment shall be submitted within six months after the closing date of the relevant accounting period.”;

(2) in paragraph (iv) –

10            (i) by the substitution for subparagraph (2) thereof of the following subparagraph:—

15                    “(2) (a) sugar, dhal, potatoes, onions, dried fish, milk powder or chilies under the provisions of the Special Commodity Levy Act, No. 48 of 2007, where such article is sold on or before December 31, 2013, by the importer of such article; or

20                    (b) any article which is subject to the Special Commodity Levy under the provisions of the Special Commodity Levy Act, No. 48 of 2007, where such article is sold on or after January 1, 2014, by the importer of such article without any processing except for adaption for sale;”;

25                    (ii) by the substitution in subparagraph (7) thereof for the words “producer thereof; and” of the words “producer thereof;”;

30                    (iii) by the substitution in subparagraph (8) thereof for the words “in a filling station.” of the words “in a filling station;”;

(iv) by the addition immediately after subparagraph (8) of that paragraph, of the following subparagraphs:—

5 “(9) retail sale of any article at duty free shops for payment in foreign currency; and

(10) distribution of LP Gas.”.

10 **3.** The First Schedule to the principal enactment as last amended by Act, No. 11 of 2013, is hereby further amended as follows:—

Amendment of First Schedule of the principal enactment.

(1) In PART I of that Schedule:—

(a) by the substitution for item (xiii) thereof, of the following item:—

15 “(xiii) pharmaceuticals identified under the Harmonized of Commodity Description and Coding Numbers for Custom purposes;”;

(b) by the substitution for item (xix) thereof, of the following item:—

20 “(xix) locally manufactured tractors at the point of sale;”;

(c) by the substitution in item (XLIV) for the words “project implementation period; and” of the words “project implementation period;”;

25 (d) by the substitution in item (XLV) for the words “approved by the Minister of Finance.” of the words “approved by the Minister of Finance; and”;

4            *Nation Building Tax (Amendment)*

- (e) by the insertion immediatly after item (XLV) thereof the following new item:—

5                           “(XLVI)locally manufactured coconut oil at the point of sale by the manufacturer, for a period of three years commencing from January 1, 2014;”and;

- (2) In PART II of that schedule :—

- (a) by the substitution for item (i) thereof of the following item:—

10                           “(i) the business of Banking or Finance for any period ended on or before December 31, 2013;

- (b) by the substitution for item (vi) thereof of the following item:—

15                           “(vi) the provision of finance leasing facilities in respect of any movable property;”;

- (c) by the substitution for item (xxvi) thereof of the following item:—

20                           “(xxvi) services provided to or within any port or airport in relation to international transportation;”;

25                           (d) by the substitution in item (xxxv) for the words “Monetary Law Act (Chapter 422); and” of the words “Monetary Law Act (Chapter 422);”;

- (e) by the substitution in item (xxxvi) for the words “on behalf of the Government.” of the words “on behalf of the Government; and”;

(f) by the insertion immediately after the item (xxxvi), of the following new item:—

5 “(xxxvii) the services provided by any relocated international headquarters or regional head office of any institution in the international network, prescribed for the purpose of Inland Revenue Act, for payment in foreign currency.”.

10 **4.** Where the Commissioner-General of Inland Revenue or the Director-General of Customs as the case may be, collects under the provisions of section 4 or section 5 respectively of the principal enactment, the tax calculated considering the provisions of this Act, during the period commencing from January 1, 2014 and ending on the date  
15 on which the certificate of the Speaker is endorsed in respect of this Act from a person to whom the provisions of this Act applies, such collection shall be deemed for all purposes to have been, and to be validly made: Validation.

20 Provided that the aforesaid provisions of this section shall not affect any decision or order made by any Court or any proceedings pending in any Court in respect of any tax collected during the aforesaid period.

**5.** In the event of any inconsistency between the Sinhala and Tamil texts of this Act, the Sinhala text shall prevail. Sinhala text to prevail in case of an inconsistency.

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