



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

**FINANCE (AMENDMENT)
ACT, No. 15 OF 2011**

[Certified on 31st March, 2011]

Printed on the Order of Government

Published as a Supplement to Part II of the **Gazette of the Democratic
Socialist Republic of Sri Lanka** of April 01, 2011

PRINTED AT THE DEPARTMENT OF GOVERNMENT PRINTING, SRI LANKA
TO BE PURCHASED AT THE GOVERNMENT PUBLICATIONS BUREAU, COLOMBO 5

Price : Rs. 8.00

Postage : Rs. 15.00

Finance (Amendment) Act, No. 15 of 2011

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L.D.— O. 6/2011

AN ACT TO AMEND THE FINANCE ACT, NO. 11 OF 2006, THE FINANCE ACT, NO. 5 OF 2005, THE FINANCE ACT, NO. 25 OF 2003 AND THE FINANCE ACT, NO. 16 OF 1995

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

1. This Act may be cited as the Finance (Amendment) Act No. 15 of 2011. Short title.

PART I

AMENDMENT OF PART I OF THE FINANCE ACT, NO. 11 OF 2006

2. Part I of the Finance Act, No. 11 of 2006 is hereby amended in sub-paragraph (ii) of paragraph (b) of subsection (1) of section 2 thereof, by the substitution for the words and figures “(ii) from and after the date of commencement of this Act,” to the words and figures “Act, No. 10 of 2006, as the case may be,” of the following:- Amendment of section 2 of Part I of Act, No. 11 of 2006.

“(ii) from and after the commencement of this Act,-

- (a) from every individual who has not in terms of paragraph (i) above, availed himself of the concession referred to therein, or every individual who has paid in respect of any period of five consecutive years of assessment commencing on April 1, 2001 and ending on March 31, 2011; or
- (b) from every individual who has not in terms of paragraph (i) above, availed himself of the concession referred to therein, or every individual who has paid in respect of any period of ten consecutive years of assessment commencing on April 1, 2001 ,

income tax in terms of the Inland Revenue Act, No. 38 of 2000, or the Inland Revenue Act, No. 10 of 2006, as the case may be.”.

PART II

AMENDMENT OF PART I OF THE FINANCE ACT, No. 5 OF 2005

Amendment of section 2 of Part I of Act, No. 5 of 2005.

3. Part I (Imposition of Social Responsibility Levy) of the Finance Act, No. 5 of 2005 (hereinafter in this Part referred to as the “principal enactment”), is hereby amended in section 2 thereof as follows -

- (1) by the repeal of paragraph (c) of that section, and the substitution therefor of the following new paragraph:-

“(c) the rate of *1.5 per centum*, for the period commencing on January 1, 2008 and ending on -

- (i) November 22, 2010 in respect of the Social Responsibility Levy chargeable under the Excise Ordinance (Chapter 52), the Customs Ordinance (Chapter 235) and the Excise (Special Provisions) Act, No.13 of 1989; and
- (ii) March 31, 2011 in respect of the Social Responsibility Levy chargeable under the provisions of the Inland Revenue Act No. 10 of 2006.”;

- (2) by the repeal of sub-paragraph (ii) of the second proviso to that section and substitution therefore of the following new sub-paragraph:-

“(ii) in respect of the period commencing on April 1, 2008, but prior to April 1, 2011, be calculated at the rate of *1.5% per centum*.”.

4. The First Schedule to the principal enactment (relating to the Imposition of Social Responsibility Levy) is hereby amended by the substitution for item 6 of that Schedule of the following new item:-

Amendment of the First Schedule to the principal enactment.

“6. The Inland Revenue Act No. 10 of 2006, (other than the provisions of Chapters XVI, XVII and XXI and sections 36 and 65, in so far as such Act applies to any company and to any period commencing on or after April 1, 2008 and ending on March 31, 2011.”

PART III

AMENDMENT OF PART II OF THE FINANCE ACT, No. 5 OF 2005

5. Part II (Imposition of Share Transaction Levy) of the Finance Act, No. 5 of 2005 is hereby amended with effect from January 1, 2011, by the repeal of section 7 thereof and the substitution therefor of the following section:-

Replacement of section 7 of Act, No. 5 of 2005.

“Imposition of Share Transaction Levy.

7. There shall be imposed, a levy called the Share Transaction Levy -

(a) for any period commencing from January 1, 2005, but prior to January 1, 2011, at the rate of 0.2 *per centum*; and

(b) for any period commencing on or after January 1, 2011, at the rate of 0.3 *per centum*,

from every buyer and seller, on the turnover of every share trading transaction, which is conducted through a Stock Exchange.”.

Indemnity.

6. Where the Share Transaction Levy has been charged and collected by the Commissioner - General of Inland Revenue in terms of this Part of this Act, during the period commencing on January 1, 2011 and ending on the date of the commencement of this Act, such Levy shall be deemed to have been validly charged and collected and Commissioner - General of Inland Revenue is hereby indemnified from any action civil or criminal in respect of collection of the aforesaid Levy.

PART IV

AMENDMENT OF PART III OF THE FINANCE ACT, NO. 5 OF 2005

Amendment of section 13 of Act, No. 5 of 2005.

7. Part III (Construction Guarantee Fund Levy) of the Finance Act, No. 5 of 2005 is hereby amended with effect from January 1, 2011, in section 13 thereof as follows:-

- (1) by the renumbering of that section as subsection (1) of that section ;
- (2) by the addition immediately after the re- numbered subsection (1), of the following new subsection:-

“(2) No Construction Industry Guarantee Fund Levy shall be charged on any construction contract to be entered into and enforced in Sri Lanka by any construction contractor, on their contract value in respect of contracts for the implementation of specified projects approved by the Minister of Finance, entered into from and after January 1, 2011.”.

PART V

AMENDMENT OF PART II OF THE FINANCE ACT, NO. 25 OF 2003

8. The following new Part is hereby inserted immediately after section 13 (Part II) of the Finance Act, No. 25 of 2003 and shall have effect as Part IIA of that enactment:-

Insertion of new Part IIA in Act, No. 25 of 2003.

“PART IIA

THE LEVY ON ROOMS OF FIVE STAR HOTELS

“Payment of levy by five star hotels where room charges are less than one hundred and twenty five United States Dollars. .

13A. (1) Every hotel within the limits of the area of authority of the Colombo Municipal Council and Dehiwala-Mount Lavinia Municipal Council which are classified as a “Five Star Hotel” for the purpose of minimum rates in terms of Price Regulation Order made under section 53 of the Tourism Act, No. 38 of 2005, shall be required to pay, with effect from April 1, 2011, a levy, amounting to United States Dollars twenty or its equivalent in Sri Lanka rupees, in respect of each room in every such hotel, if such hotel comprises of rooms in respect of which charges per room is less than United States Dollars one hundred and twenty five.

(2) The levy imposed under subsection (1) shall be paid in such manner as specified in the guidelines issued for this purpose under subsection (3) and shall be collected by the Chairman of Sri Lanka Tourism Development Authority established under the Tourism Act, No. 38 of 2005 in respect of each month commencing from April 1, 2011. Such levy

shall be collected by the Chairman within fifteen days from the last day of the month in which such amount falls due and the Chairman shall within seven days from the date of collection, remit the same to the Consolidated Fund. The Chairman shall also submit a written statement setting out all details of the amounts collected by him to the Secretary to the Treasury.

(3) The Minister may, from time to time issue guidelines in relation to the collection and remittance of the levy under this section.”.

PART VI

AMENDMENT OF PART II OF THE FINANCE ACT, No. 16 OF 1995

Replacement of section 3 of Act No.16 of 1995.

9. Section 3 of the Finance Act, No.16 of 1995 (hereinafter in this Part referred to as the “principal enactment”) is hereby repealed and the following section substituted therefor:-

“Annual luxury motor vehicle levy. 3. There shall be charged, levied and paid, on every luxury motor vehicle (other than a semi-luxury dual purpose motor vehicle or a wagon)-

- (a) where the first year of registration falls prior to January 1, 2011, for every year commencing on or after April 1, 1995, but for a period not more than seven years prior to January 1, 2011, at the respective rates set out in Part I of the First Schedule to this Act; and
- (b) where the first year of registration falls on or after January 1, 2011, for every year commencing on or after January 1, 2011, but for a period not more than seven years, at the respective rates set

out in Part II of the First Schedule to this Act,

a luxury motor vehicle levy . The levy payable for every such year shall be paid by the registered owner of the luxury motor vehicle on or before the relevant date.”.

10. Section 4 of principal enactment is hereby repealed and the following section substituted therefor :-

“Annual semi-luxury motor vehicle levy.

4. There shall be charged, levied and paid, on every semi-luxury motor vehicle (other than a semi-luxury dual purpose motor vehicle or a wagon) -

(a) where the first year of registration falls prior to January 1, 2011, for every year commencing on or after April 1, 1995, but for a period not more than seven years, prior to January 1, 2011 at the respective rates set out in Part I of the Second Schedule to this Act; and

(b) where the first year of registration falls on or after January 1, 2011, for every year commencing on or after January 1, 2011, but for a period not more than seven years, at the respective rates set out in Part II of the Second Schedule to this Act,

a semi-luxury motor vehicle levy. The levy payable for every such year shall be paid by the registered owner of the semi-luxury motor vehicle on or before the relevant date .”.

11. Section 5 of the principal enactment is hereby repealed and the following section substituted therefor :-

Replacement of section 4 of the principal enactment.

Replacement of section 5 of the principal enactment.

“Annual semi-luxury dual purpose motor vehicle levy. 5. There shall be charged, levied and paid, on every semi-luxury dual purpose motor vehicle (other than a wagon) -

(a) where the first year of registration falls prior to January 1, 2011, for every year commencing on or after April 1, 1995, but for a period not more than seven years prior to January 1, 2011, at the respective rates set out in Part I of the Third Schedule to this Act; and

(b) where the first year of registration falls on or after January 1, 2011, for every year commencing on or after January 1, 2011, but for a period not more than seven years, at the respective rates set out in Part II of the Third Schedule to this Act,

a semi-luxury dual purpose motor vehicle levy. The levy payable for every such year shall be paid by the registered owner of the semi-luxury dual purpose motor vehicle on or before the relevant date.”.

Amendment of the First Schedule to the principal enactment.

12. First Schedule to the principal enactment is hereby amended-

(1) by the insertion immediately after the heading “Rates of levy on luxury Motor vehicles” of the following:-

“PART-I

For any year commencing on or after April 1, 1995, but prior to January 1, 2011:-”;

(2) by the addition at the end of the First Schedule of the following Part:-”

“PART- II

For any year commencing on or after January 1, 2011:-

	<i>Year</i>	<i>Rate Rs.</i>
1	For the year in which such luxury motor vehicle is registered (being a year commencing on or after January 1, 2011)	100,000
2	For the first year succeeding the year in which such luxury motor vehicle is registered (whether the year of registration is any year commencing on or after January 1, 2011)	78,750
3	For the second year succeeding the year in which such luxury motor vehicle is registered (whether the year of registration is any year commencing on or after January 1, 2011)	68,000
4	For the third year succeeding the year in which such luxury motor vehicle is registered (whether the year of registration is any year commencing on or after January 1, 2011)	57,750
5	For the fourth year succeeding the year in which such luxury motor vehicle is registered (whether the year of registration is any year commencing on or after January 1, 2011)	48,000
6	For the fifth year succeeding the year in which such luxury motor vehicle is registered (whether the year of registration is any year commencing on or after January 1, 2011)	38,750
7	For the sixth year succeeding the year in which such luxury motor vehicle is registered (whether the year of registration is any year commencing on or after January 1, 2011)	30,000
8	For the seventh year succeeding the year in which such luxury motor vehicle is registered (whether the year of registration is any year commencing on or after January 1, 2011)	Nil

EXAMPLE

- (a) A luxury motor vehicle is registered on August 1, 2007, the levy applicable on such luxury motor vehicle for the year commencing on January 1, 2011 (which is the fourth year succeeding the year of registration) is Rs. 30,000.
- (b) A luxury motor vehicle is registered on August 1, 2011, the levy applicable on such luxury motor vehicle for the year commencing on January 1, 2011 is Rs. 100,000.
- (c) A luxury motor vehicle is registered on August 1, 2012, the levy applicable on such luxury motor vehicle for the year commencing on January 1, 2013 (which is the first year succeeding the year of registration) is Rs. 78,750.”.

Amendment of the Second Schedule to the principal enactment.

13. Second Schedule to the principal enactment is hereby amended –

- (1) by the insertion immediately after the heading “Rates of levy on Semi-luxury Motor vehicles” of the following:-

“ PART - I

For any year commencing on or after April 1, 1995, but prior to January 1, 2011:-”;

- (2) by the addition at the end of the Second Schedule of the following Part:-”

“ PART - II

For any year commencing on or after January 1, 2011:-

	<i>Year</i>	<i>Rate Rs.</i>
1	For the year in which such semi-luxury motor vehicle is registered (being a year commencing on or after January 1, 2011)	50,000
2	For the first year succeeding the year in which such semi-luxury motor vehicle is registered (whether the year of registration is any year commencing on or after January 1, 2011)	39,375
3	For the second year succeeding the year in which such semi-luxury motor vehicle is registered (whether the year of registration is any year commencing on or after January 1, 2011)	34,000
4	For the third year succeeding the year in which such luxury motor vehicle is registered (whether the year of registration is any year commencing on or after January 1, 2011)	28,875
5	For the fourth year succeeding the year in which such semi-luxury motor vehicle is registered (whether the year of registration is any year commencing on or after January 1, 2011)	24,000
6	For the fifth year succeeding the year in which such semi-luxury motor vehicle is registered (whether the year of registration is any year commencing on or after January 1, 2011)	19,375
7	For the sixth year succeeding the year in which such semi-luxury motor vehicle is registered (whether the year of registration is any year commencing on or after January 1, 2011)	15,000
8	For the seventh year succeeding the year in which such semi-luxury motor vehicle is registered (whether the year of registration is any year commencing on or after January 1, 2011)	Nil”

14. Third Schedule to the principal enactment is hereby amended –

- (1) by the insertion immediately after the heading “Rates of levy on Semi-luxury Dual Purpose Motor Vehicles” of the following:-

Amendment of the Third Schedule to the principal enactment.

“PART-I

For any year commencing on or after April 1, 1995, but prior to January 1, 2011:-”;

- (2) by the addition at the end of the Third Schedule of the following Part:-

“PART – II

For any year commencing on or after January 1, 2011:-

	<i>Year</i>	<i>Rate Rs.</i>
1	For the year in which such semi-luxury dual purpose motor vehicle is registered (being a year commencing on or after January 1, 2011)	20,000
2	For the first year succeeding the year in which such semi-luxury dual purpose motor vehicle is registered (whether the year of registration is any year commencing on or after January 1, 2011)	15,750
3	For the second year succeeding the year in which such semi-luxury dual purpose motor vehicle is registered (whether the year of registration is any year commencing on or after January 1, 2011)	13,600
4	For the third year succeeding the year in which such semi-luxury dual purpose motor vehicle is registered (whether the year of registration is any year commencing on or after January 1, 2011)	11,550
5	For the fourth year succeeding the year in which such semi-luxury dual purpose motor vehicle is registered (whether the year of registration is any year commencing on or after January 1, 2011)	9,600
6	For the fifth year succeeding the year in which such semi-luxury dual purpose motor vehicle is registered (whether the year of registration is any year commencing on or after January 1, 2011)	7,750

7	For the sixth year succeeding the year in which such semi-luxury dual purpose motor vehicle is registered (whether the year of registration is any year commencing on or after January 1, 2011)	6,000
8	For the seventh year succeeding the year in which such semi-luxury dual purpose motor vehicle is registered (whether the year of registration is any year commencing on or after January 1, 2011)	Nil

15. The amendment made to the principal enactment by this Part of this Act, shall be deemed for all purposes to have come into force on January, 1, 2011. Retrospective effect.

16. Where any person or body of persons collects the levy as provided for in this Part of this Act, during the period commencing from January, 1, 2011 and up to the date of the coming into operation of this Act, such person shall be deemed to have acted with due authority and such collection shall be deemed for all purposes to have been and to be, validly made and is hereby indemnified against all actions, civil or criminal, in respect of such collection. Indemnity

17. 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 inconsistency.

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