



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

NATION BUILDING TAX (AMENDMENT)

A

BILL

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

Presented by the Minister of Finance on 07th September, 2016

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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 limit the exemption granted to certain articles which are subject to the payment of Excise Duty under the Excise Duty (Special Provision) Act, No. 13 of 1989 and cess under Sri Lanka Export Development Act, No. 40 of 1979, to articles which are liable to pay such duty in lieu of Nation Building Tax under the principal enactment and Value Added Tax under the Value Added Tax Act, No. 14 of 2002; and
- (b) to vary the limits of liable turnover chargeable under that section in respect of certain categories of persons.

Clause 3 : This clause amends section 8 of the principal enactment and the legal effect of the section as amended is to specify certain categories of persons in respect of whom assessments or additional assessments shall not be made under the principal enactment.

Clause 4 : This clause amends the First Schedule to the principal enactment and the legal effect of that section as amended is to provide for the revision of existing criteria of exemptions relating to certain articles.

Clause 5 : This clause introduces a validating clause the legal effect of which is to validate certain taxes calculated under the provisions of this Act and collected by the Commissioner-General of Inland Revenue and the Director-General of Customs under the provisions of sections 4 and 5 respectively of the principal enactment from persons to whom this Act applies within the period specified therein, and further to provide that such provisions shall not affect any decision or order made by any Court or any proceedings pending before any Court in respect of any such tax collected as above.

Nation Building Tax (Amendment)

L.D.—O. 28/2016

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:-

5 **1.** This Act may be cited as the Nation Building Tax (Amendment) Act, No. of 2016, and shall be deemed to have come into operation from January 1, 2016 unless different dates of operation are specified hereunder.

Short title
and date of
operation.

10 **2.** Section 3 of the Nation Building Tax Act, No. 9 of 2009 (hereinafter referred to as the “principal enactment”), as last amended by Act, No. 12 of 2015 is hereby further amended as follows:-

Amendment
of Section 3
of Act, No. 9
of 2009

(1) in paragraph (iv) of subsection (2) of that section-

15 (a) in sub-paragraph (11) thereof, by the substitution for the words and figures “under the Excise (Special Provisions) Act, No. 13 of 1989, on the importation”, of the words and figures “under the Excise (Special Provisions) Act, No. 13 of 1989 in lieu of Nation Building Tax under this Act and Value Added Tax under the Value Added Tax Act, No. 14 of 2002, on the importation”;

20 (b) in sub-paragraph (12) thereof, by the substitution for the words and figures “under Sri Lanka Export Development Act, No. 40 of 1979, on the importation” of the words and figures “under the Sri Lanka Export Development Act, No. 40 of 1979 in lieu of

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Nation Building Tax under this Act and Value Added Tax under the Value Added Tax Act, No. 14 of 2002, on the importation”; and

5 (c) in sub-paragraph (13) thereof, by the substitution for the words and figures “under the Sri Lanka Export Development Act, No. 40 of 1979, on the importation” of the words and figures “under the Sri Lanka Export Development Act, No. 40 of 1979 in lieu of
10 Nation Building Tax under this Act and Value Added Tax under the Value Added Tax Act, No. 14 of 2002, on the importation”;

15 (2) in subsection (4) of that section—

 (a) in paragraph (iii) of that subsection—

 (i) in sub-paragraph (b) thereof, by the substitution for the words and figures “but prior to January 1, 2015; and”
20 of the words and figures “but prior to January 1, 2015;”;

 (ii) in sub-paragraph (c) thereof, by the substitution for the words and figures “on or after January 1, 2015;” of the
25 words and figures “on or after January 1, 2015 but prior to April 1, 2016; and”;

 (iii) by the insertion immediately after sub-paragraph (c) thereof, of the
30 following new sub-paragraph:-

 “(d) the sum of three million rupees if such relevant quarter is any quarter commencing on or after April 1, 2016:

and which does not exceed the sum of twenty five million rupees:

5 Provided that, in the case of any person whose liable turnover from any business referred to in sub-paragraphs (a), (c) and (d) for the quarter commencing on April 1, 10 2016 exceeds the sum of three million rupees and does not exceed the sum of twenty five million rupees, such person shall be chargeable with the tax only on the liable turnover accrued on or after 15 May 2, 2016;

(B) on or after April 1, 2016 and the liable turnover of such person from the processing of any locally procured agricultural produce in the preparation for sale and which does not exceed the sum of twenty five million rupees;”.

3. Section 8 of the principal enactment as last amended by Act, No. 32 of 2009 is hereby further amended by the addition immediately after paragraph (d) of that section, of the following new paragraph:-
Amendment of section 8 of the principal enactment.

“(e) no assessment or additional assessment shall be made under this Act in respect of any person-

(i) who has furnished a return for the relevant quarter in the year of assessment on or before the date referred to in paragraph (d) of this
35

5 section, after the expiry of eighteen months from the thirtieth day of November of the year of assessment immediately succeeding the year of assessment in which such relevant quarter falls, if his return of income has been furnished under subsection (1) or subsection (7) of section 106 of the Inland Revenue Act, No. 10 of 2006; or

10 (ii) who has failed to furnish a return on or before such date as is referred to in paragraph (d) of this section, after the expiry of four years from the thirtieth day of November of the year of assessment immediately succeeding the year of assessment within which such relevant quarter falls.”.

15 **4.** The First Schedule to the principal enactment as last amended by Act, No. 12 of 2015, is hereby further amended as follows:-

Amendment of the First Schedule to the principal enactment.

(1) in PART I of that Schedule-

20 (a) by the substitution for item (xi) thereof, of the following item:-

25 “(xi) petroleum and petroleum products calssified under Harmonized Commodity Description and Coding Numbers for Customs purposes, for any period prior to May 2, 2016;”;

(b) by the substitution for item (xvi) thereof, of the following item:-

30 (xvi) any goods imported or supplied to a specified project, other than any

5 housing project, as approved by the Minister prior to May 2, 2016, considering economic benefit to the country and carried on, out of foreign funds or donations received by the Government;”;

10 (c) by the substitution in item (XLVIII) thereof, for the words and figures “under the Excise (Special Provisions) Act, No. 13 of 1989, on the importation” of the words and figures “under the Excise (Special Provisions) Act, No. 13 of 1989 in lieu of Nation Building Tax under this Act and Value Added Tax under the Value Added Tax Act, No. 14 of 2002, on the importation”;

20 (d) by the substitution in item (XLIX) thereof, for the words and figures “under Sri Lanka Export Development Act, No. 40 of 1979, on the importation” of the words and figures “under the Sri Lanka Export Development Act, No. 40 of 1979 in lieu of Nation Building Tax under this Act and Value Added Tax under the Value Added Tax Act, No. 14 of 2002, on the importation”; and

25 (e) by the substitution in item (L) thereof, for the words “as the case may be, including” of the words and figures “as the case may be, in lieu of Nation Building Tax under this Act and Value Added Tax under the Value Added Tax Act, No. 14 of 2002, including”;

(2) in Part II of that Schedule-

(a) by the substitution for item (ii) thereof, of the following item:-

35 (ii) for any period ended prior to May 2, 2016, supply of electricity;”;

(b) by the substitution for item (xxviii) thereof, of the following item:-

5 “(xxviii) for any period ended prior to May 2,
2016, telecommunication services
liable to the telecommunication levy
under the Telecommunication Levy
Act, No. 21 of 2011, and the services
specially excluded from such liability
in defining the telecommunication
10 services in that Act;”.

5. Where the Commissioner-General of Inland Revenue validation.
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
15 considering the provisions of this Act, during the period
commencing from January 1, 2016 and ending on the date
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
20 have been, and to be, validly made:

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

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

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