



THE  
CEYLON GOVERNMENT  
GAZETTE

EXTRAORDINARY.

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No. 8,253 — THURSDAY, OCTOBER 29, 1936.

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*Published by Authority.*

PART II.—LEGAL.

*(Separate paging is given to each Part in order that it may be filed separately.)*

DRAFT ORDINANCES.

MINUTE.

The following Draft of a proposed Ordinance is published for general information :—

**An Ordinance to amend the General Loan and Inscribed Stock Ordinance, No. 5 of 1921, and to make special provision in respect of an issue of Inscribed Stock thereunder.**

BE it enacted by the Governor of Ceylon, with the advice and consent of the State Council thereof, as follows :—

1 This Ordinance may be cited as the General Loan and Inscribed Stock Ordinance, No. of 1936.

Short title.

2 Section 37A of the General Loan and Inscribed Stock Ordinance, No. 5 of 1921, is hereby repealed and the following section is substituted therefor :—

Repeal of section 37A of Ordinance No. 5 of 1921 and substitution of a new section therefor.

37A. Where any loan charged on the public revenue of Ceylon has been issued prior to the ninth day of February, 1932, in the form of debentures or inscribed stock, any new debentures or inscribed stock issued or to be issued in conversion of or for the purpose of redeeming any such debentures or inscribed stock, together with the interest on such new debentures or inscribed stock, may, by resolution

Exemption of debentures and inscribed stock from taxes, duties and levies in certain cases.

passed by the State Council and ratified by the Governor, be exempted with effect from a date specified in such resolution from all taxes, duties and levies payable or recoverable under any written law for the time being in force; and it shall be lawful to specify in any such resolution any date prior to the date on which that resolution is passed.

Every such resolution shall, when ratified by the Governor, be published in the Gazette; and the debentures or inscribed stock expressed by that resolution to be exempted from all taxes, duties and levies payable or recoverable under any written law for the time being in force shall, together with the interest on such debentures or inscribed stock, be exempt from all such taxes, duties and levies with effect from the date specified in the resolution.

Exemption of  
3 per cent.  
Inscribed Stock  
1959/1964,  
from taxes, &c.

3 Notwithstanding anything in any written law to the contrary, Ceylon Government 3 per cent. Inscribed Stock, 1959/1964, whether issued in conversion of any part of the Ceylon Government 6 per cent. Inscribed Stock, 1936/1951, or for cash, shall, together with the interest on such aforementioned 3 per cent. Stock be exempt with effect from the date of the issue thereof from all taxes, duties or levies payable or recoverable under any written law for the time being in force in this Island.

#### *Objects and Reasons.*

The General Loan and Inscribed Stock Amendment Ordinance, No. 29 of 1935, added to the principal Ordinance, No. 5 of 1921, a new section (37A) which empowers the State Council, by resolution, to attach to any new debentures or inscribed stock issued in conversion of any earlier debentures or inscribed stock, the privileges, exemptions and immunities to which holders of such earlier debentures or inscribed stock are entitled under any written law. Such privileges, exemptions and immunities cannot, however, be attached to debentures or inscribed stock issued for cash even though the cash is to be used for the purpose of redeeming earlier debentures or inscribed stock in respect of which such privileges, exemptions and immunities can be claimed.

2. Clause 2 of this Bill repeals section 37A and substitutes a new section which empowers the State Council by resolution to exempt from all taxes, duties and levies payable or recoverable under any law in force in the Island any new debentures or inscribed stock issued in conversion of or for the purpose of redeeming any earlier debentures or inscribed stock which, under the existing law, are already exempt from such taxes, duties and levies. Section 37A in its present form enables the privileges, exemptions and immunities referred to in that section to be attached to debentures or stock issued to persons not ordinarily resident in the Island. The new section which is to be substituted for section 37A is designed to give the benefit of exemption from payment of taxes, duties and levies to all holders of the new debentures or stock, irrespective of residence.

3. It was decided last year that advantage should be taken of the favourable condition of the money market to negotiate a new 3 per cent. loan in conversion of the 6 per cent. Ceylon Government Inscribed Stock, 1936/1951. As it was not possible to convert the entirety of the 6 per cent. stock, it became necessary to raise a part of the new loan by the issue of 3 per cent. stock for cash.

4. The State Council passed on the 11th of October, 1935, a resolution under section 37A of the General Loan and Inscribed Stock Ordinance, No. 5 of 1921, as amended by Ordinance No. 29 of 1935, that the exemption from income tax of interest on Government loans prescribed by section 8 of the Income Tax Ordinance, No. 2 of 1932, shall attach to non-resident holders of the stock which will be issued in part conversion of the 6 per cent. loan 1936/51 on or after 1st July, 1936. Doubts have arisen whether the resolution in question has the full intended legal effect, and clause 3 is inserted in this Bill to remove all possible doubts.

Colombo, September 19, 1936.

H. J. HUXHAM,  
Financial Secretary.