



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

ECONOMIC SERVICE CHARGE (AMENDMENT)

A

BILL

to amend the Economic Service Charge Act, No. 13 of 2006

Presented by the Minister of Finance on 07th April, 2017

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Ordered by Parliament to be printed

[Bill No. 176]

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STATEMENT OF LEGAL EFFECT

Clause 2 : This clause amends section 2 of the Economic Service Charge Act, No. 13 of 2006 (hereinafter referred to as the “principal enactment”) and the legal effect of the section as amended is to charge the service charge in advance for certain imports.

Clause 3 : This clause amends section 3 of the principal enactment and the legal effect of the section as amended is to set off the service charge against the actual liability.

Clause 4 : This clause amends Schedule III of the principal enactment and is consequential to section 2 of this Act.

Clause 5 : This clause inserts a new Schedule to the principal enactment and the legal effect will be to charge the service charge on retail sales of petrol, diesel, and kerosene.

Economic Service Charge (Amendment)

L. D.—O. 72/2016

AN ACT TO AMEND THE ECONOMIC SERVICE CHARGE
ACT, NO. 13 OF 2006

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

1. This Act may be cited as the Economic Service Charge (Amendment) Act, No. of 2017 and shall be deemed to have come into operation on April 1, 2016 unless the dates on which certain provisions shall come into operation are specified in such sections.

Short title
and date of
operation.

2. Section 2 of the Economic Service Charge Act, No. 13 of 2006 (hereinafter referred to as the “principal enactment”) is hereby further amended as follows:—

Amendment
of section 2
of Act, No.
13 of 2006.

(1) by the repeal of subsection (1) of that section and the substitution therefor of the following new subsection:—

“(1) An Economic Service Charge (hereinafter referred to as the “service charge”) shall, subject to the provisions of this Act, be charged from every person and every partnership for every quarter of every year of assessment—

(a) commencing on or after April 1, 2006 (hereinafter in this Act referred to as “a relevant quarter”) in respect of every part of the relevant turnover of such person or partnership for that relevant quarter; and

2 *Economic Service Charge (Amendment)*

(b) on the Cost, Insurance and Freight (CIF) value certified by the Director-General of Customs, of such person or partnership—

5 (i) on or after April 1, 2016, in respect of every consignment of imports of any article subject to Special Commodity Levy under the provisions of Special
10 Commodity Levy Act, No. 48 of 2007;

 (ii) on or after November 24, 2016, in respect of every consignment of imports of gold or other precious
15 metal; or

 (iii) on or after April 1, 2017, in respect of every consignment of imports of motor vehicles or fabrics,

20 at the appropriate rates specified in the Schedule I, Schedule II, Schedule III or Schedule IV as the case may be, to this Act:

 Provided that, notwithstanding anything to the contrary in this Act and the rates specified in the Schedule I, Schedule II, Schedule III or Schedule IV
25 as the case may be to this Act, the rate of the service charge, chargeable in respect of the turnover arising on or after April 1, 2008, but prior to April 1, 2016 from the export of any articles or goods, shall not exceed 0.25 *per centum*.”.

30 (2) in subsection (2) of that section—

(a) by the substitution, for the words “the service charge shall not be charged from any person or partnership for any relevant quarter,”, of the words and figures “the

5 service charge shall not be charged from any person or partnership other than any person or partnership who or which becomes liable to the service charge under paragraph (b) of subsection (1), for any relevant quarter.”;

(b) in paragraph (d)—

10 (i) by the substitution, for the words and figures “commencing on or after April 1, 2012”, of the words and figures “commencing on or after April 1, 2012 but prior to April 1, 2017”;

15 (ii) by the substitution, for the words “fifty million:”, of the words “fifty million.”;

(c) by the addition, immediately paragraph (d) of the following new paragraph—

20 “(e) commencing on or after April 1, 2017 does not exceed rupees twelve million and five hundred thousand.”; and

25 (d) in sub-paragraph (ii) of the proviso, by the substitution, for the words and figures “commencing on or after April 1, 2009.”, of the words and figures “commencing on or after April 1, 2009, but prior to April 1, 2016.”; and

30 (3) in the proviso to paragraph (a) of subsection (3) of that section by the substitution, for the words and figures “commencing on or after April 1, 2012, where such”, of the words and figures “commencing on or after April 1, 2012 ending on or before March 31, 2016, where such”.

4 *Economic Service Charge (Amendment)*

3. Section 3 of the principal enactment is hereby further amended as follows:—

Amendment
of section 3
of the
principal
enactment.

- 5 (1) in the proviso to subsection (3) of that section, by the substitution, for the words “tax payable by such person or such partnership for each such year of assessment.”, of the words and figures—

“tax payable by such person or such partnership for each such year of assessment:

10 Provided further, the balance, if any, of the amount levied for any relevant quarter commencing on or after April 1, 2016 as the service charge after the deduction in accordance with subsections (1) or (2) as the case may be, apportioned to each year of assessment within the period of two years immediately succeeding the first mentioned year of assessment and the amount so apportioned to any such year of assessment shall be deducted to the extent, it can be so deducted from the income tax payable by such person or partner of such partnership for that year of assessment.”; and

- 20 (2) by the insertion immediately after subsection (3B) of that section, of the following new subsection:—

25 “(3C) The amount of service charge paid by any person or partnership who or which becomes liable to the service charge under paragraph (b) of subsection (1) of section 2—

- 30 (a) may be credited against the service charge liability of such person or partnership which arises under paragraph (a) of subsection (1) of section 2 for any

quarter in which the service charge is made under paragraph (b) of subsection (1) of section 2; and

- 5 (b) the amount of service charge credited under paragraph (a) and the service charge which had been paid under paragraph (b) of subsection (1) of section 2 but had not been credited as stated in paragraph (a) shall be deducted as in accordance with subsection (1), (2) or 10 (3) of this section.”.

4. Schedule III to the principal enactment is hereby amended by the substitution, for the words and figures “For the period commencing on April 1, 2012”, of the words and 15 figures “For the period commencing on April 1, 2012, but prior to April 1, 2016”. Amendment of Schedule III of the principal enactment.

5. The following new Schedule is hereby inserted immediately after Schedule III to the principal enactment and shall have effect as Schedule IV of that enactment:— Insertion of Schedule IV in the principal enactment.

20 **“SCHEDULE IV (section 2)**

For the period commencing on April 1, 2016

<i>Part of the Liabile Turnover</i>	<i>Rate of the Sevice Charge Applicable to that Part</i>
25 1. on the relevant turnover other than the relevant turnover of a person or a partnership of the retail sale of petrol, diesel or kerosene	0.5 per centum
30 2. on 1/10 of the relevant turnover of a person or partnership from the retail sale of petrol, diesel or kerosene	0.5 per centum.”.

6. Any person who is authorized to collect the Economic Service Charge as provided for in this Act during any period commencing from April 1, 2016 and ending on the date on which the Certificate of the Speaker is endorsed in respect of this Act shall be deemed to have acted with due authority and such collection shall be deemed to have been, and to be, validly made and such person is hereby indemnified against all actions civil or criminal, in respect of such collection:

Provided that, the aforesaid provisions shall not affect any decision or Order made by any Court or any proceedings pending in any Court in respect of any tax collected as provided for in this Act during such period.

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

Validation.

Sinhala text to prevail in case of inconsistency.

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