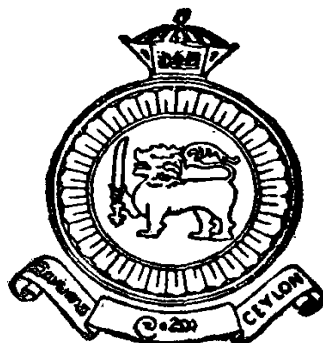


PARLIAMENT OF CEYLON

5th Session 1964-65



Inland Revenue (Amendment) Act, No. 12 of 1964

Date of Assent : August 28, 1964

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Inland Revenue (Amendment)
Act, No. 12 of 1964

1. D.—O. 31/63.

AN ACT TO AMEND THE INLAND REVENUE ACT, No. 4 OF 1963, AND TO MAKE SPECIAL PROVISIONS RELATING TO THE TAXABLE WEALTH OF CHARITABLE INSTITUTIONS WITHIN THE MEANING OF THE INCOME TAX ORDINANCE.

[Date of Assent: August 28, 1964]

BE it enacted by the Queen's Most Excellent Majesty, by and with the advice and consent of the Senate and the House of Representatives of Ceylon in this present Parliament assembled, and by the authority of the same, as follows:—

1. This Act may be cited as the Inland Revenue (Amendment) Act, No. 12 of 1964.

Short title.

2. Section 21 of the Inland Revenue Act, No. 4 of 1963, hereafter in this Act referred to as the "principal Act", is hereby amended by the addition, at the end of that section, of the following new sub-section:—

Amendment of section 21 of Act No. 4 of 1963.

(6) Where the assessable income of any individual for any year of assessment commencing on or after April 1, 1964, consists of any earned income, such individual shall be entitled to an allowance of five hundred rupees or an amount equal to such earned income, whichever is less.

In this sub-section "earned income" means any profits immediately derived by an individual through his personal exertions from any profession, vocation or employment exercised or carried on by him, either singly or, in the case of a partnership, as an active partner thereof, and includes any pension, superannuation, or other allowance given to any individual in respect of the past services of that individual or of any other individual, whether that individual or that other individual shall have contributed to such pension, superannuation or other allowance or not.

3. Section 22 of the principal Act is hereby amended by the substitution, for the words "For the purposes of this Act,—", of the following:—

Amendment of section 22 of the principal Act.

"For the purposes of the computation of the income tax payable for the year of assessment ending on March 31, 1964,—"

*Inland Revenue (Amendment)
Act, No. 12 of 1964*

Amendment of
section 23 of
the principal
Act.

4. (1) Section 23 of the principal Act is hereby amended as follows:—

(a) in sub-section (1) of that section—

(i) by the substitution, for the words “income tax shall”, of the words and figures “income tax for the year of assessment ending on March 31, 1964, shall”; and

(ii) by the substitution, for all the words from “Second Schedule to this Act:” to the end of that sub-section, of the words “Second Schedule to this Act.”;

(b) in sub-section (2) of that section, by the substitution, for the words “income tax on”, of the words and figures “income tax payable for the year of assessment ending on March 31, 1964, on”;

(c) in sub-section (3) of that section, by the substitution, for the words “income tax on”, of the words and figures “income tax payable for the year of assessment ending on March 31, 1964, on”; and

(d) in the marginal note to that section, by the substitution, for the words “Chapter applies.”, of the following:—

“ Chapter applies
for the year of
assessment ending
on March 31, 1964.”.

(2) The amendment made in section 23 of the principal Act by sub-paragraph (ii) of paragraph (a) of sub-section (1) of this section shall be deemed to have come into force on the date of commencement of that Act, and accordingly any individual who has paid income tax under the provisions of the proviso to sub-section (1) of section 23 before the date of commencement of this Act shall be entitled to a refund of the amount of such tax.

5. The following new section is hereby inserted immediately after section 23, and shall have effect as section 23A, of the principal Act:—

Insertion of
new section
23A in the
principal Act.

“ Computation
of income tax
payable by
individuals to
whom this
Chapter
applies for any
year of assess-
ment commen-
cing on or
after April 1,
1964.

23A. (1) In respect of individuals to whom this Chapter applies income tax for any year of assessment commencing on or after April 1, 1964, shall be computed in accordance with the appropriate provisions of Part II of the Second Schedule to this Act.

(2) (a) For the purposes of the computation of the income tax payable for any year of assessment commencing on or after April 1, 1964, on the taxable income of any person who is the head of a family and whose assessable income for that year of assessment exceeds Rs. 15,000, the first slab of Rs. 4,000 specified in item (A) of Part II of the Second Schedule to this Act shall be increased—

(i) if he has a wife, by Rs. 3,000 in respect of the wife, and

(ii) if he has one or more children and dependent relatives or one or more children or dependent relatives, by Rs. 1,500 in respect of each of not more than four of the total number of such children and dependent relatives or such children or dependent relatives, as the case may be.

(b) For the purposes of the computation of the income tax payable for any year of assessment commencing on or after April 1, 1964, on the taxable income of any person who is the head of a family and whose assessable income for that year of assessment does not exceed Rs. 15,000, the second slab of Rs. 3,000 specified in item (B) of Part II of the Second Schedule to this Act shall be increased—

(i) if he has a wife, by Rs. 3,000 in respect of the wife;

*Inland Revenue (Amendment)
Act, No. 12 of 1964*

- (ii) if he has one or more children and dependent relatives or one or more children or dependent relatives, by Rs. 1,500 in respect of each of not more than four of the total number of such children and dependent relatives or such children or dependent relatives, as the case may be.”.

Amendment of
section 24 of
the principal
Act.

6. Section 24 of the principal Act is hereby amended as follows:—

(1) in paragraph (a) of that section, by the substitution, for the words “in such preceding year, and”, of the words “in such preceding year,”;

(2) in paragraph (b) of that section—

(a) by the substitution, for the words “shall, in their application to that individual,”, of the words and figures “shall, in their application to that individual in respect of the year of assessment ending on March 31, 1964,”, and

(b) by the substitution, for the words “in such preceding year.”, of the words “in such preceding year, and”; and

(3) by the addition, at the end of that section, of the following new paragraph:—

“(c) the provisions of Part II of the Second Schedule to this Act shall, in their application to that individual for any year of assessment commencing on or after April 1, 1964, have effect as if each of the sums mentioned in that Part of that Schedule, or the aggregate of the sums computed in the manner mentioned in sub-section (2) of section 23A, as the case may be, were reduced in the proportion which the number of days during which he is resident bears to the number of days in such preceding year.”.

7. (1) Section 29 of the principal Act is hereby amended as follows:—

Amendment of
section 29 of
the principal
Act.

- (a) by the renumbering of that section as sub-section (1) of section 29;
- (b) in the renumbered sub-section (1), by the substitution, for the words “ at the rates ”, of the words “ at the appropriate rates ”; and
- (c) by the addition, at the end of that section, of the following new sub-section:—

“ (2) (a) Notwithstanding anything in sub-section (1), there shall be charged for every year of assessment commencing on or after April 1, 1964, from every non-resident company having immovable property in Ceylon, wealth tax at the rate specified in the Third Schedule to this Act.

(b) For the purposes of paragraph (a) of this sub-section, the taxable wealth for any year of assessment of a company mentioned in that paragraph shall be the product of the multiplication of the taxable income of such company for such year of assessment by ten.

(c) Nothing in the succeeding provisions of this Chapter shall apply to a company mentioned in paragraph (a) of this sub-section.”

(2) The amendments made in section 29 of the principal Act by sub-section (1) of this section shall be deemed to have come into force on April 1, 1964, and shall apply to every year of assessment commencing on or after that date.

8. (1) Section 32 of the principal Act is hereby amended in sub-section (1) of that section by the substitution, for all the the words from “ Where the aggregated net wealth ” to “ his taxable wealth for that year of assessment,”, of the following:—

Amendment of
section 32 of
the principal
Act.

“ Where for the year of assessment ending on March 31, 1964, the aggregated net wealth of the head of that family amounts to or exceeds one hundred thousand rupees, such net wealth shall be his taxable wealth for that year of assessment and where for any year of assessment commencing on or after April 1, 1964, the aggregated net wealth of the head of that family exceeds one hundred

thousand rupees, such part of his net wealth as exceeds one hundred thousand rupees shall be his taxable wealth for that year of assessment,".

(2) The amendment made in section 32 of the principal Act by sub-section (1) of this section shall be deemed to have come into force on April 1, 1964.

Amendment of
section 33 of
the principal
Act.

9. (1) Section 33 of the principal Act is hereby amended as follows:—

(a) by the renumbering of that section as sub-section (1) of section 33;

(b) in the renumbered sub-section (1) —

(i) by the substitution, for the words " for any year of assessment ", of the words and figures " for the year of assessment ending on March 31, 1964," , and

(ii) by the substitution, for the words " who is not included in a family ", of the words " who is included in a family "; and

(c) by the addition, at the end of that section, of the following new sub-section:—

" (2) Such part of the net wealth for any year of assessment commencing on or after April 1, 1964, of a person, other than an individual who is included in a family or a charitable institution, as is in excess of one hundred thousand rupees shall be his taxable wealth for that year of assessment and such person shall be liable to wealth tax in respect of such taxable wealth."

(2) The amendment made in section 33 of the principal Act by paragraph (b) (ii) of sub-section (1) of this section shall be deemed to have come into force on the date of commencement of the principal Act and the other amendments made in the aforesaid section 33 by sub-section (1) of this section shall be deemed to have come into force on April 1, 1964.

Amendment of
section 34 of
the principal
Act.

10. (1) Section 34 of the principal Act is hereby amended by the substitution, for the words " twenty thousand rupees ", wherever those words occur in that section, of the words " one hundred thousand rupees ".

(2) The amendment made in section 34 of the principal Act by sub-section (1) of this section shall be deemed to have come into force on the date of commencement of the principal Act and accordingly any sum paid by a charitable institution as wealth tax shall be refunded to such institution if such institution is, under the aforesaid section 34 as amended by sub-section (1) of this section, not required to pay such sum as wealth tax.

11. The First Schedule to the principal Act is hereby amended as follows:—

Amendment of
the First
Schedule to
the principal
Act.

(1) by the substitution, for the heading “ Non-resident individuals—”, of the following new heading:—

“ Non-resident individuals for the year of assessment commencing on April 1, 1963,—”; and

(2) by the insertion, immediately before the item relating to “ Hindu-undivided Families ”, of the following item:—

“ Non-resident individuals for any year of assessment commencing on or after April 1, 1964—

On the first Rs. 15,000 of the taxable income	... 25 per centum
On the next Rs. 5,000 of the taxable income	... 30 per centum
On the next Rs. 5,000 of the taxable income	... 40 per centum
On the next Rs. 5,000 of the taxable income	... 45 per centum
On the next Rs. 5,000 of the taxable income	... 50 per centum
On the next Rs. 5,000 of the taxable income	... 55 per centum
On the next Rs. 7,000 of the taxable income	... 60 per centum

*Inland Revenue (Amendment)
Act, No. 12 of 1964*

On the next Rs. 7,000
of the taxable
income ... 70 per centum

On the balance of the
taxable income ... 80 per centum.”.

Amendment of
the Second
Schedule to
the principal
Act.

12. (1) The Second Schedule to the principal Act is hereby amended as follows:—

(a) in Part I of that Schedule, by the substitution, for the words “ The rates of income tax shall ”, of the following:—

“ The rates of income tax for the year of assessment ending on March 31, 1964, shall ”;

(b) by the omission of Part II of that Schedule; and

(c) by the addition, at the end of Part I of that Schedule, of the following:—

“ PART II.

The rates of income tax for any year of assessment commencing on or after April 1, 1964, shall be as follows:—

(A) In the case of an individual whose assessable income for the year of assessment exceeds Rs. 15,000—

On the first
Rs. 4,000 of
the taxable
income ... 15 per centum

On the next
Rs. 3,000 of
the taxable
income ... 20 per centum

On the next
Rs. 5,000 of
the taxable
income ... 30 per centum

On the next
Rs. 5,000 of
the taxable
income ... 40 per centum

On the next
Rs. 5,000 of
the taxable
income ... 50 per centum

On the next
Rs. 5,000 of
the taxable
income ... 55 per centum

On the next
Rs. 10,000 of
the taxable
income ... 60 per centum

On the next
Rs. 10,000 of
the taxable
income ... 70 per centum

On the balance
of the taxable
income ... 80 per centum

(B) In the case of an individual whose
assessable income for the year
of assessment does not exceed
Rs. 15,000—

On the first
Rs. 1,000 of
the taxable
income ... 5 per centum

On the next
Rs. 3,000 of
the taxable
income ... 15 per centum

On the next
Rs. 3,000 of
the taxable
income ... 20 per centum

On the next
Rs. 5,000 of
the taxable
income ... 30 per centum."

(2) The amendments made in the Second Schedule to the principal Act by paragraph (a) and paragraph (b) of sub-section (1) shall be deemed to have come into force on the date of commencement of the principal Act.

Amendment of
the Third
Schedule to
the principal
Act.

13. (1) The Third Schedule to the principal Act is hereby amended as follows:—

(1) by the insertion, immediately after the title “THIRD SCHEDULE”, of the following sub-title:—

“ PART I ”;

(2) in the heading “ Rates of Wealth Tax ”, by the substitution, for the words “ Wealth Tax ”, of the words and figures “ Wealth Tax for the year of assessment ending on March 31, 1964.”; and

(3) by the addition, at the end of that Schedule, of the following:—

“ PART II.

Rates of Wealth Tax for every year of
assessment commencing on or after
April 1, 1964.

1. For a person other than a charitable institution or a non-resident company having immovable property in Ceylon—

On the first
Rs. 100,000 of
taxable wealth $\frac{1}{2}$ per centum

On the next
Rs. 100,000 of
taxable wealth $\frac{3}{4}$ per centum

On the next
Rs. 350,000 of
taxable wealth 1 per centum

On the next
Rs. 350,000 of
taxable wealth $1\frac{1}{2}$ per centum

On the next
Rs. 1,000,000 of
taxable wealth 2 per centum

On the next
Rs. 1,000,000 of
taxable wealth 3 per centum

On the balance
of all taxable
wealth ... 5 per centum

2. For a charitable institution—

On all taxable
wealth ... $\frac{1}{2}$ per centum

3. For a non-resident company having immovable property in Ceylon—

On all taxable
wealth ... 1 per centum.”

(2) The amendments made to the Third Schedule to the principal Act by sub-section (1) of this section shall be deemed to have come into force on April 1, 1964.

14. (1) Notwithstanding anything to the contrary in any law for the time being applicable to the taxable wealth of any person in the capacity of a trustee of a trust which, or any corporation or unincorporate body of persons who or which, is a charitable institution within the meaning of the Income Tax Ordinance, where the net wealth of such person, corporation or unincorporate body of persons, as the case may be, for any year of assessment during the period commencing on April 1, 1959, and ending on March 31, 1963, exceeds one hundred thousand rupees, the entirety of the net wealth of such person, corporation or unincorporate body of persons shall be the taxable wealth of such person, corporation or unincorporate body of persons and such person, corporation or unincorporate body of persons shall be liable to make the contribution in respect of such taxable wealth to the Personal Tax under the Personal Tax Act, No. 14 of 1959, for that year of assessment.

Special provisions relating to contribution to the Personal Tax under the Personal Tax Act, No. 14 of 1959, in respect of the taxable wealth of a person in the capacity of a trustee of a trust, or a corporation or unincorporate body of persons who or which is a charitable institution within the meaning of the Income Tax Ordinance.

(2) Where, before the date of the commencement of this Act, any person, corporation or unincorporate body of persons mentioned in sub-section (1) of this section has, for any year of assessment within the period mentioned in that sub-section, made a contribution to the Personal Tax in respect of taxable wealth, such contribution shall be refunded to such person, corporation or unincorporate body of persons if such person, corporation or unincorporate body of persons is not liable to make such contribution under the provisions of sub-section (1) of this section.