

**CHAPTER 356**

**COMPULSORY FOOD PRODUCTION (TAX RELIEF)**

*Ordinance* AN ORDINANCE TO PROVIDE FOR THE ALLOWANCE AS REVENUE EXPENDITURE, FOR  
 No. 10 of 1943, THE PURPOSE OF INCOME TAX OF CERTAIN ITEMS OF CAPITAL EXPENDITURE  
*Act* INCURRED IN THE COMPULSORY CULTIVATION OF LAND WITH FOODSTUFFS.  
 No. 18 of 1965.

[2nd February, 1942.]

Short title.

**1.** This Ordinance may be cited as the Compulsory Food Production (Tax Relief) Ordinance.

Relief in cases of cultivation of foodstuffs by proprietors of estates.

**2.** (1) Where land which is not under permanent cultivation is cultivated with foodstuffs by the proprietor of an estate, in order to comply with the provisions of any written law requiring the compulsory cultivation of foodstuffs by proprietors of estates, all capital expenditure incurred for the purpose of the cultivation of foodstuffs on such extent of such land as does not in the aggregate exceed the extent of the area on which that proprietor, in his capacity as such, is so required to cultivate foodstuffs, shall, notwithstanding anything in the Income Tax Ordinance or the Inland Revenue Act, No. 4 of 1963, or the Inland Revenue Act (No. 28 of 1979), but subject to the provisions of section 5, be deemed, for the purposes of each of those enactments to be outgoings and expenses incurred in the production of the profits or income of the agricultural undertaking carried on by that proprietor on that estate.

[§56(1), 18 of 1965.]

(2) Where, for the purpose of complying with the provisions of any written law requiring the compulsory cultivation of foodstuffs by proprietors of estates, foodstuffs are cultivated on any extent of land by the proprietor of an estate on which an agricultural undertaking for the production of coconuts is carried on, the business of the production of foodstuffs on such extent of land shall be deemed to be a business of the like nature as such agricultural undertaking, but shall not be deemed to be of the like nature as any other agricultural undertaking carried on by that proprietor.

**3.** Where land which is not under permanent cultivation is cultivated with foodstuffs by any approved company, all capital expenditure incurred for the purpose of the cultivation of foodstuffs on such land shall, notwithstanding anything in the Income Tax Ordinance or the Inland Revenue Act, No. 4 of 1963, or the Inland Revenue Act (No. 28 of 1979), but subject to the provisions of section 5, be deemed, for the purposes of each of those enactments to be outgoings and expenses incurred in the production of the profits or income of the agricultural undertaking carried on by such company on such land.

Relief in cases of cultivation of foodstuffs by approved companies.

[§56(1), 18 of 1965.]

**\*4.** (1) Where land which is not under permanent cultivation is cultivated with foodstuffs by any approved undertaking, and exemption from the liability to cultivate foodstuffs is, under the provisions of any written law requiring the compulsory cultivation of foodstuffs by proprietors of estates, for the time being in force in respect of any proprietor or proprietors by whom contributions have been made towards the capital of such undertaking, the following provisions shall, subject to the provisions of section 5, have effect, notwithstanding anything in the Income Tax Ordinance, or the Inland Revenue Act, No. 4 of 1963, or the Inland Revenue Act (No. 28 of 1979) :—

Relief in cases of cultivation of foodstuffs by approved undertakings.

[§ 56 (1), 18 of 1965.]

(a) There shall be computed the amount of all capital expenditure incurred by the undertaking for the purpose of the cultivation of foodstuffs on such extent of such land as does not, in the aggregate, exceed the extent of the area or areas in respect of which such exemption

\* Subsections (2) and (3) are omitted—See List of Enactments omitted from the Revised Edition.

has been granted to such proprietor or all such proprietors, as the case may be.

(b) There shall be computed in the case of each such proprietor the amount which bears, to the amount of the capital expenditure computed under paragraph (a), the same proportion as the aggregate extent of the area in respect of which such exemption has been granted to that proprietor bears to the extent of land in respect of which the amount of such capital expenditure is computed under that paragraph.

(c) The amount computed under paragraph (b) in the case of each such proprietor shall be deemed, for the purposes of the Income Tax Ordinance, the Inland Revenue Act, No. 4 of 1963, or the Inland Revenue Act (No. 28 of 1979), to be outgoings and expenses incurred in the production of the profits or income of that proprietor from the business carried on by that undertaking and shall, accordingly, be deducted from the share of the divisible profit of that proprietor as ascertained under section 30 of the Income Tax Ordinance or under section 52 of the Inland Revenue Act, No. 4 of 1963, or under section 65 of the Inland Revenue Act (No. 28 of 1979), or added to the share of the divisible loss of that proprietor as so ascertained.

[§56(1), 18 of 1965.]

Provisions applicable where cultivation of foodstuffs is discontinued, &c.

5. (1) The provisions of section 2 or section 3 or section 4, as the case may be, shall not apply, and shall be deemed not to have applied at any time, in relation to any land, if the cultivation of foodstuffs on that

land is discontinued before the expiry of a period of three years from the commencement of the clearing of that land for cultivation or if the land is sold or transferred before the expiry of that period.

(2) Where any capital expenditure incurred in the clearing of any land and in the cultivation of foodstuffs thereon has, under the preceding provisions of this Ordinance, been treated as outgoings and expenses in the assessment of the profits or income of any person or of any business for any year of assessment or accounting period, and it appears to an Assessor that the cultivation of foodstuffs on that land has been discontinued, or that the land has been sold or transferred, before the expiry of a period of three years from the date of the commencement of the clearing of that land for cultivation, the Assessor may at any time assess such person at the amount or additional amount at which, according to the Assessor's judgment, such person would have been assessed if such expenditure had not been treated as outgoings or expenses as aforesaid; and such assessment may be made notwithstanding the expiration of the period of three years prescribed by section 69 of the Income Tax Ordinance or of the period of six years prescribed by section 94 of the Inland Revenue Act, No. 4 of 1963, or of the period of three years prescribed by section 115 of the Inland Revenue Act (No. 28 of 1979), and the provisions of that Ordinance or of those Acts, as the case may be, as to notice of assessment, appeal, and other proceedings shall apply to such assessment or additional assessment and to the tax charged thereunder.\*

[§56(1), 18 of 1965.]

• Sections 6, 7 and 8 are omitted—Sec List of Enactments omitted from the Revised Edition.